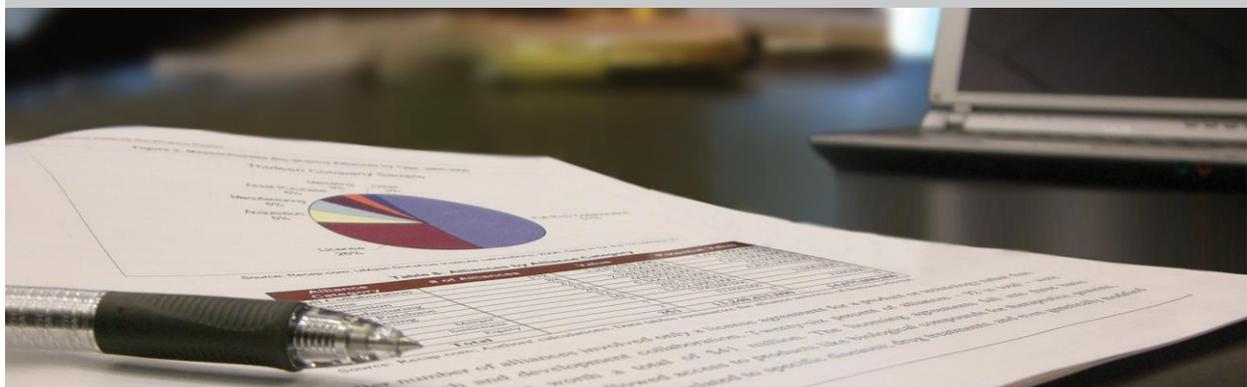


Diversity in Sports Wagering and Recommendations for Future Practices in the Massachusetts Industry

May 1, 2025



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Donahue Institute
Economic and
Public Policy Research

Diversity in Sports Wagering

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Acknowledgments

This project was competitively bid and awarded to the University of Massachusetts Donahue Institute (“UMDI”) in 2023, with a sub-contract award to Gemini Research. Financial support for this study comes from the Massachusetts Gaming Commission (“MGC” or “Commission”), for Sports Wagering Diversity Research Services, 2023-MGC SW Diversity Research.

We would like to thank Mark Vander Linden, Director of Research and Responsible Gaming; Bonnie Andrews, Research Manager, Research and Responsible Gaming; and Crystal Beauchemin, Business Manager of the Sports Wagering Division, Massachusetts Gaming Commission, whose leadership and research insights have contributed to our work. We would also like to thank the MGC staff for helping us to acquire data critical to this report. Finally, we would like to express our gratitude to the Massachusetts gaming establishments and sports wagering operators along with their teams for providing the data necessary to complete this project.

Executive Summary

The expanded gaming law, passed and signed in November 2011 directs the MGC to develop an annual research agenda to investigate the social and economic effects of expanded gaming. The sports wagering law signed in August 2022 expanded the scope of the agenda to include sports wagering, requiring that the MGC build upon the existing research. The law specified several topics of concern to include in the research agenda. This study addresses one of those mandated topics: a study of 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.

While the term diversity can be defined more broadly, this study's operational definition of diversity refers to the three identities of interest specified in the legislation: racial and ethnic minority; women; and veteran status. When referring to these groups in the aggregate, we use the terms 'diverse.' For individual workers these identities are self-reported. For business enterprises, identities are officially assigned based on ownership of the business: after an application process presenting qualifying criteria, an enterprise can be awarded diverse certification status by one of the Commonwealth's supplier diversity programs.

The request for response for this study required that researchers examine conditions in the Massachusetts sports wagering industry for three different groups: (1) the operators who offer retail and online sports wagering activities (Category 1 and Category 3 licensees); (2) the Massachusetts Gaming Commission 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.

This study of diverse participation reflects the mission of the MGC to "provide the greatest possible economic development benefits and revenues to the people of the Commonwealth," and its work to ensure that the state's gaming industry is inclusive and provides opportunities that reflect the diversity of the Commonwealth. 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. The work addresses specific research questions itemized and required by the request for response and these topics are reflected in the findings below. The research finds that diversity outcomes are different between casinos and sports wagering operators. The report attempts to make clear how differences in operating activities as well as operator agreements shape diversity outcomes across segments of the sports wagering industry.

SPORTS WAGERING INDUSTRY OVERVIEW

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. The nature and scale of sports wagering industry operations varies greatly across the two major licensee categories and the regulator, with differing levels of hiring and contracting with businesses for goods and services. The language of enabling legislation plays a role in these areas. Key differences are highlighted in the table below:

	Legislative directive for economic development and job creation?	Operations	Employment	Vendor Spending
Cat 1 Retail Sports Wagering Operators	Yes , casinos are subject to parameters and data collection set by the Expanded Gaming Act (EGA)*	Operating as retail sportsbooks within large, brick-and-mortar casino establishments in Massachusetts.	Employment related to sportsbooks alone is small compared to the casino. Typically sharing staff and expenses with casino operations.	Spending in the initial launch period tends to be concentrated on purchasing the necessary equipment needed for the sportsbook.
Cat 3 Mobile/ Online Sports Wagering Operators	Unclear , the sports wagering law does not specify parameters and data collection	Operating as companies or digital divisions of larger gaming enterprises. Managing digital gaming products, services, and platforms to engage patrons.	Employment in Massachusetts is relatively small while employment overall is expansive across the US.	Spending relative to Massachusetts operations primarily consists of setting up and maintaining data centers in a new location, including hardware costs and tech labor costs, and legal, government relations, and advertising and marketing.
MGC Regulatory Body monitoring Cat 1 & 3	No , but the MGC has voluntarily adopted parameters	Operating as a regulating agency which monitors sports wagering, casino gambling, and horse racing in Massachusetts.	Employment for the commission consists of part-time and full-time agency employees.	Spending consists of professional and technical services and operations-related goods and services such as office supplies and furnishings, IT hardware infrastructure and systems integration, and software.

*Note: for more information see Appendix E – The Massachusetts Expanded Gaming Act: economic development and job creation goals.

WORKFORCE DIVERSITY

Overall, a significant portion of the sports wagering industry comes from diverse background, both in Massachusetts and in the U.S., and compares favorably to similar industries. The national sports wagering workforce, however, is more diverse. Participation of minority workers tends to be higher, and participation of women and veterans tend to be lower. Compensation for jobs in Category 1 operations is lower than that of Category 3 operations due to the nature of the work and the occupations involved. Category-specific findings are as follows:

PARTICIPATION	
Cat 1	<p><i>A small but diverse group of Massachusetts workers are employed with opportunities across job levels</i></p> <p>Employment: On average, 51 workers are employed across the industry in Massachusetts in any given quarter during 2023. All retail sports wagering employees are located in Massachusetts, within the Commonwealth’s casinos.</p> <p>Diversity: Of the 51 average employees across the industry per quarter, an average of 29.7 percent identify with racial minority groups, while 1.5 percent are veterans, and 27.2 percent identify as women.</p> <p>Compensation: Minority workers and women make slightly more than the overall average compensation for Category 1 workers per quarter, while veterans make a much lower than the average compensation per quarter.</p> <p>Job Levels: Minority workers tend to be overrepresented in entry-level positions compared to the sports wagering industry overall while veterans are represented at this level exclusively. Women are evenly represented between entry-level positions and higher-level positions.</p> <p>Compared to similar industries (gambling industries without hotels, travel and accommodations): participation of diverse employees varies, depending on the major occupations in the industry.</p>
Cat 3	<p><i>A large, diverse group of workers are employed across the U.S. with some Massachusetts representation. Significant levels of compensation and opportunities for equitable representation across job levels.</i></p> <p>Employment: On average, 10,265 workers are employed across the industry in the U.S. in any given quarter during 2023. Nearly 12 percent of those mobile sports wagering employees, an average of 1,185 in a quarter, live in Massachusetts. However, according to questionnaire results very few of these workers are involved in running operations specific to Massachusetts.</p> <p>Diversity (U.S.): Of all U.S. employees, about 36.1 percent of the workforce is made up of workers who identify with racial minority groups, while 0.9 percent are veterans, and 28.3 percent identify as women.</p> <p>Diversity (Massachusetts): In Massachusetts, minority workers make up a smaller share of the workforce at 16.8 percent, while 0.6 percent are veterans, and 24.3 percent identify as women.</p>

Compensation (U.S.): Across the U.S., minority workers and women make slightly less than the overall average compensation for Category 3 workers per quarter, while veterans make higher than the average compensation per quarter.

Compensation (Massachusetts): In Massachusetts, diverse workers fare better than the average Category 3 worker. All three groups of diverse workers make slightly or even well-above the overall average compensation with minority workers making above the average, veterans making well above the average, and women making slightly above the average

Job Levels (Massachusetts): Minority workers are slightly overrepresented at the entry level and represented at similar levels to workers overall at the manager and supervisory level. Women tend to be slightly underrepresented at the entry level, and slightly overrepresented in manager or supervisory roles and at the executive level compared to the sports wagering industry overall. Veterans are heavily overrepresented at the manager or supervisor and executive levels.

Compared to similar industries (gambling industries without hotels, software, fintech, advertising and marketing) participation of minority workers tends to be much higher, and participation of women tends to be lower.

PROGRAMS AND POLICIES

We used questionnaires and stakeholder interviews to collect information on use of policies to promote employment diversity in three areas: **recruitment** of a diverse workforce; the presence of **training and other programs** to promote retention and development; and programs to support **inclusive outcomes** for women, minority and veteran employees in the areas of compensation, benefits, career trajectory, and turnover. Overall, all operators in both categories have workforce diversity initiatives in place.

PROGRAMS	
Recruitment	All operators have programs, policies, and practices in place related to recruitment.
Programs to promote	All operators also have training programs to promote retention and development of a diverse workforce.
Inclusive outcomes	Inclusive impact programs were widely adopted but not universally.

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 both Category 1 and Category 3 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. An additional barrier is the limited number of significant purchases, which are typically specialized and sole-sourced. Spending on advertising and marketing firms by both Category 1 and Category 3 operators highlights an opportunity for increased spending with diverse firms in these sectors. Category-specific findings are as follows:

PARTICIPATION	
Cat 1	<p><i>Spending across the U.S. and within Massachusetts goes almost entirely to non-diverse vendors and very few diverse vendors participate.</i></p> <hr/> <p>Category 1 spending across the U.S. is primarily to non-diverse firms and spending with Massachusetts firms is almost entirely non-diverse.</p> <hr/> <p>There are no Minority Business Enterprise (MBE) or Veteran Business Enterprise (VBE) firms in the industry’s Massachusetts contracts, and the average number of Women Business Enterprises (WBEs) is so low it appears to be negligible, making up 4.3 percent of all Massachusetts vendors.</p> <hr/> <p>Spending on advertising and marketing firms comprises about 15 percent of All U.S. spending and about 90 percent of all spending in Massachusetts.</p>
Cat 3	<p><i>Spending across the U.S. and within Massachusetts goes primarily to non-diverse vendors and relatively few diverse vendors participate.</i></p> <hr/> <p>Category 3 spending across the U.S. is primarily to non-diverse firms. Approximately 1.3 percent of vendors for the U.S. industry are registered as Minority Business Enterprises (MBEs), 1.1 percent are registered as Women Business Enterprises (WBEs), and only 0.2 percent are registered as Veteran Business Enterprises (VBEs)</p> <hr/> <p>Although more than 12 percent of Category 3 spending in Massachusetts goes to minority-owned firms, diverse vendor participation is very low. While MBE firms garner proportionally more on average than other types of diverse vendors, less than five MBE vendors participate. Average quarterly spending on other diverse vendor types is lower than the average.</p> <hr/> <p>Spending on advertising and marketing firms comprises about 65 percent of All U.S. spending and 50 percent of all spending in Massachusetts. However, no diverse vendors are represented in this Massachusetts spending.</p>

PROGRAMS AND POLICIES

We used questionnaires and stakeholder interviews to catalogue the use of vendor diversity policies in two areas: policies and practices related to **solicitation of and contracting with** minority, women, and veteran business enterprises in the Commonwealth; and programs and policies to **increase levels of engagement, volume, and scale**. Overall, all operators in both categories have vendor diversity initiatives in place.

PROGRAMS	
Solicitation of DBEs	All Category 1 and Category 3 license holders as well as the MGC have programs, policies, and practices in place related to solicitation of and contracting with minority, women, and veteran-owned business enterprises.
Programs to increase levels of engagement, volume, and scale	Category 1 operators and the MGC universally have programs and policies to increase levels of engagement, volume, and scale with these businesses, as do nearly all Category 3 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.

SPENDING BY THE MASSACHUSETTS GAMING COMMISSION

Voluntarily, The MGC follows procurement guidelines established by the Massachusetts Supplier Diversity Office (SDO) through the Supplier Diversity Program (SDP). The SDO sets annual benchmark goals expressed as a percentage of each organization's discretionary budget (MBE 8%; WBE 14%; VBE/SDVOBE 3%) which apply to all procurements for goods and services exceeding \$150,000. The MGC far exceeded their FY2023 benchmarks for contracting with women- and minority-owned businesses but fell short on their veteran-owned business benchmark.

- **Non-profit services:** When it comes to spending on diverse firms by industry, Other Services, which includes non-profit services, are the largest spending area for the MGC. This spending is entirely concentrated in non-profit services and went to a women-owned business.
- **Information services:** The category of Information services is the other main area of spending with diverse firms, concentrated among IT services and software providers, both provided by minority- and women-owned businesses.
- **Professional, scientific, and technical services and administrative and support services:** The MGC also spends in these areas. Both have a medium level of spending.

CONCLUSIONS AND RECOMMENDATIONS

Workforce Diversity

- **Recommendation #1:** Encourage the development of workforce diversity goals and standardized metrics for the MGC and for Category 3 operators.

Supplier Diversity

- **Recommendation #2:** Encourage operators to create structured strategies to increase the participation of diverse vendors.
- **Recommendation #3:** 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.

Sports Wagering Taxes

- **Recommendation #4:** Direct sports wagering tax revenue to support workforce development for the sports wagering workforce in Massachusetts.
- **Recommendation #5:** Direct sports wagering tax revenue towards organizations, programs, and initiatives that support and grow diverse-owned businesses in the Commonwealth.
- **Recommendation #6:** Use sports wagering taxes to create a permanent and significant funding stream for small business development technical assistance.

Massachusetts Gaming Commission Procedures

- **Recommendation #7:** Provide support for businesses to apply for SDO diverse business certification while registering as suppliers in the gaming industry.
- **Recommendation #8:** Provide support for businesses to register for the SDO's Small Business Purchasing Program (SBPP) while registering as suppliers in the gaming industry.
- **Recommendation #9:** Create and maintain a marketing directory to provide broader exposure for businesses with relationships to the industry, including those that have diverse ownership.
- **Recommendation #10:** Broaden diversity requirements to accept alternative types of diverse ownership certification.

Introduction

Overview: Background to the Research Project

The expanded gaming law, passed and signed in November 2011, directs the Massachusetts Gaming Commission (MGC) to develop an annual research agenda to investigate the social and economic effects of expanded gaming.¹ The sports wagering law, signed in August 2022, expanded the scope of the agenda to include sports wagering-related issues.² The sports wagering law (G.L. c.23N, section 25) requires the MGC to build upon the existing research and specifies several studies to be carried out on topics of particular interest. This report, commissioned by the MGC, responds to one of those mandated topics: a study of the participation of minority, women, and veteran business enterprises (MBE/WBE/VBE) as well as the participation of minority, women, and veteran workers in the sports wagering industry in the Commonwealth.³

While the term diversity can be defined more broadly, this study's operational definition of diversity refers to the three identities of interest specified in the legislation: racial and ethnic minority; women; and veteran status. When referring to these groups in aggregate, we use the terms 'diverse.' For individual workers, these identities are self-reported within an operator's employment data system. For racial and ethnic minority status, the assignment is made through self-identification with racial and ethnic categories that include Black/African American; Hispanic or Latino; Asian; American Indian/Alaskan Native; Native Hawaiian or Other Pacific Islander; and two or more races. For women or gender minority status, the assignment is made for self-identified women.

For business enterprises, identities are officially assigned by a certifying entity based on the ownership of the business. A major criterion is that the business must be at least 51 percent owned, managed, and controlled by a qualified principal of the specified group (minority, woman, or veteran) who is also a U.S. citizen or lawful permanent resident. The Massachusetts Supplier Diversity Office (SDO) determines Minority Business Enterprise (MBE), Veteran Business Enterprise (VBE), and Women Business Enterprise (WBE) according to SDO certification regulations.⁴ According to this document,

- A Minority Owned Business Enterprise (MBE) is defined as a business that is at least 51 percent owned, operated and controlled by one or more individuals from a traditionally underrepresented or underserved group including African Americans, Cape Verdeans, Western Hemisphere Hispanics, Asians, American Indians, Eskimos, and Aleuts.
- A Women Business Enterprise (WBE) is defined as a business that is at least 51 percent owned, operated and controlled by one or more women.

¹ G.L.c. 23K, section 71.

² G.L. c. 23N, section 23.

³ When referring to these groups in aggregate, we will use the term diverse business enterprises and diverse employees.

⁴ The Massachusetts Supplier Diversity Office publishes SDO certification regulations in a document entitled: 425 CMR: Supplier Diversity Office, 425 CMR 2.00: Certification. <https://www.mass.gov/doc/certification-regulations/download>

- A Veteran Business Enterprise (VBE) is defined as a business that is at least 51% owned, operated, and controlled by U.S. military veterans. Veteran status is conferred to a person who is a veteran, as defined in M.G.L. c. 4 s. 7

After an application process presenting the qualifying criteria along with a range of required documentation about the business, a business can be awarded diverse certification status by a supplier diversity program. Supplier diversity program certifications obtained by vendors from their state supplier diversity offices are recognized by MGC licensees and used to categorize diverse spending. The Massachusetts Office of Supplier Diversity accepts supplier diversity certifications from other states.

DATA LIMITATIONS

The operational data obtained to measure the levels of participation of diverse workers and diverse-owned business enterprises enabled us to answer required questions for this study. However, we acknowledge several data limitations.

Since the diversity status of the workers and businesses studied in this report require self-declaration or formal certification, there is a risk of underrepresentation. This is particularly true among groups who may be hesitant to self-identify, or for businesses which do not have the resources to undertake the necessary certification and application process. These factors could result in an undercount of actual diverse employees and vendors and, therefore, is a limitation in this study.

An additional limitation is a lack of race and ethnicity detail for workers in Category 3 data. This obscures information about historically under-represented racial and ethnic groups in the workforce.

Also, there is an absence of data on the recruitment origins of sports wagering employees in Massachusetts (in-state vs out-of-state). The lack of data on whether diverse hires relocated to Massachusetts or were drawn from within the state's existing workforce limits insights into the industry's impact on local versus external recruitment of underrepresented groups. These gaps affect the strength of the recommendations that can be made regarding employment practices in the sports betting sector.

A data limitation related to business diversity is the potential for overlapping classification categories. Categories for diverse ownership are not mutually exclusive. Vendors may appear in more than one category (e.g. a firm could be counted both as woman-owned and minority-owned), although such instances are rare and unlikely to meaningfully affect the findings.

Objectives

As required by the Request for Response, the study examines conditions in the Massachusetts sports wagering industry among three different groups: (1) the operators who offer retail and online sports wagering activities (Category 1 and Category 3 licensees); (2) the MGC in its role as a regulator of the industry; and (3) advertising, marketing, and promotional firms that provide a range of services to the sports wagering industry.

This study of diverse participation reflects the mission of the MGC to “provide the greatest possible economic development benefits and revenues to the people of the Commonwealth,” and its work to

ensure that the state’s gaming industry is inclusive and provides opportunities that reflect the diversity of the Commonwealth. 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. To this end, the work addresses specific research questions as itemized and required by the Request for Response:

- Participation of diverse business enterprises supplying goods and services to the sports wagering industry: relative participation levels; proportions of supplier spending; contract sizes; comparisons to similar industries; and the use of policies and programs to expand participation of and contracting with diverse businesses.
- Participation of diverse employees working within sports wagering: information on relative participation levels overall, as well as at various levels of employment within the organization; comparisons with participation levels in similar industries; and policies and practices in place related to recruit, retain, and support the development of these workers.
- Identification of barriers to attracting and contracting with diverse business enterprises, and barriers to recruiting and hiring diverse employees in the sports wagering industry. The discussion also provides examples of successful policies and practices which can increase racial and gender diversity.
- Finally, the study provides recommendations to increase the involvement of racial, gender and veteran-owned business enterprises in the sports wagering business and racial, gender, and veteran diversity in the sports wagering workforce.

Research activities and methods

To answer the research questions for this study several activities were undertaken. In Task One—Industry Definition and Methodology Development, the team researched the industry to clearly define its sectors, therefore creating a structure for data collection and analysis. In Task Two—Landscape Analysis, the team collected and analyzed data to enable us to measure the sports wagering industry against comparison industries and conditions in the broader economy. We also reviewed relevant policy reports and other literature to identify practices used to assess and set goals for employment and vendor diversity programs. In Task Three—Collection of Operator Data, data collection activities were designed to gather quantitative and qualitative information from the operators running the new sports wagering activities and from the MGC as the regulator. In Task Four—Key Informant Interviews were conducted to obtain recommendations from knowledgeable stakeholders about ways to ensure and improve employment and vendor diversity. Task Five involved data cleaning, coding and analysis, including operator data. The last task, Task Six, involved writing a summary report of findings and a final presentation.

TASKS ONE AND TWO: INDUSTRY DEFINITION AND LANDSCAPE ANALYSIS

Tasks One and Two involved literature scans and secondary data analysis to accomplish the following goals: 1) to define the sports wagering industry and the sectors involved using industry codes thus enabling it to be measured and compared; 2) to enable an understanding of the presence of diverse employees and vendor suppliers within the Massachusetts gaming industry, in the broader economy, and in related sectors; 3) to review practices for setting reasonable and appropriate goals and procedures for employment and vendor diversity programs.

Literature Review and Secondary Data Analysis

To better understand the sports wagering industry, characterize it using measurable industry codes, and to enable comparisons of the industry relative to other industries, we conducted scans of online reports, articles, and other materials which provided information about business activities across segments of the industry. Following from that literature scan, to better understand the occupational needs of sports wagering companies – and further characterize it as a sector - we assessed jobs postings data from Lightcast, a proprietary labor market analytics tool. To describe diverse employment levels in U.S. industries we used U.S. Bureau of the Census, Quarterly workforce indicators (QWI) data.

To study Massachusetts conditions related to supplier diversity, we adopted methodologies used for similar projects to assess spending on diverse businesses in the supply chain. We reviewed recent studies, reports and findings in that area. We also collected and analyzed public, secondary data to provide information about comparison industries and levels of diverse business ownership by sector in the broader economy. These data sets included U.S. Bureau of the Census Annual Business Survey data; Massachusetts Supplier Diversity Office business certification data; and Massachusetts Executive Office of Labor and Workforce Development ES-202 employment and wage data.

TASK THREE: COLLECTION OF OPERATOR DATA

Task Three involved collecting operating data for the four business segments to be considered in the sports wagering industry. The four areas included retail operations; online/mobile operations; the regulatory and licensing operation; and promotions and marketing companies. To collect data for this assessment, we submitted data requests to the MGC and to casinos and online operators (encompassing **sports wagering licensees and employers**). It was not possible to submit requests for data from businesses providing **promotion and marketing** as these companies are not organized as a group of licensees. Instead, we asked operators and the regulator to provide data about spending to promotional and marketing businesses involved in providing goods and services to the industry along with diversity certification information about these companies.

Collection of operating data

We requested aggregated operational data to measure levels of participation of minority-, women- and veteran workers and minority-, woman-, and veteran-owned business enterprises and other required questions of this study. The study team coordinated with the regular collection of casino data to collect Category 1 information for the project. The MGC has long collected operating data from casino licenses to research social and economic impacts including measures of diversity to describe workers and vendors. Data collection from Category 3 companies has been more limited, so a more extensive data collection process was initiated for this group. For the Category 3 licensees, the goal was to develop an operator data request to be aligned as much as possible with MGC's quarterly collection of aggregated operator data which includes diversity statistics. This would enable the analysis to be parallel to the quarterly reports while containing more detail. A data dictionary was used to specify definitions and parameters for reporting each measure along with a template providing a structure for providing the data.

Data collection parameters established with the group of sports wagering licensees require the research team to anonymize and aggregate all operator data into licensee groups, prohibiting the reporting of disaggregated results, or releasing original data sets in any way.

Written questionnaires

In addition to the initiatives to collect quantitative data, the research team created tools to gather qualitative information to enable us to understand more about hiring and spending decisions and about licensee practices to enhance diversity. We designed and distributed a set of nine questionnaires (one each for the three Category 1 and six Category 3 licensees) customized to the type of licensee (retail or mobile) to collect this additional information, including policies and programs to support and expand diversity. Questionnaires were sent to compliance officers for them to collect responses from staff data providers as needed. We then aggregated this data into multiple sets of anonymized tables which can be found in Appendices D and K.

TASK FOUR: KEY STAKEHOLDER INTERVIEWS

To obtain perspectives about successes and challenges related to the use of practices to support and expand diversity, we conducted 11 separate interviews with 10 organizations. Participating organizations included all three Category 1 licensees, a cross section of Category 3 licensees (five licensees representing both tethered and untethered types), and the MGC. For the interviews, we sought the participation of professionals who could provide a deeper and more informed perspective about the involvement of diverse employees and diverse business enterprises in the sports wagering industry, and how to strengthen conditions for these groups within the industry. In total, 22 sports wagering industry professionals participated in the interviews, 16 working for operators, and six employees of the regulator. For the interviews, we sought professionals with extensive familiarity with employment and vendor diversity-related practices. Those who participated in the interview sessions typically included a human resources or diversity, equity, and inclusion (DEI) officer, along with a compliance officer, legal counsel, or communications representative. Executives involved with finance, budgeting, and procurement also participated in the interview sessions.

Participants discussed conditions in the industry relative to diverse participation of vendors and workers; barriers to expanding diversity; successful approaches to improving conditions; and suggested recommendations. We hope that insights from the industry itself will help to inform the MGC about feasible ways to increase participation and better support conditions and prospects for diverse workers and business enterprises in the industry.⁵

TASK FIVE: OPERATOR DATA CLEANING, CODING AND ANALYSIS

Task Five involved data cleaning, coding and analysis of operator data collected for this project. Upon receipt of data submission packages, data are stored in a secure folder system according to their respective sports betting category (Category 1 and Category 3), the timeframe of the data, and the operator to whom the data belongs. These original datasets are referred to as raw data by the research team. In the same secure folder system, copies of the raw data are made and cleaned in terms of formatting to be integrated into the data analysis system, effectively known as working datasets. The working datasets are then combined into a single dataset, with the operator identity and timeframes preserved while the research team harmonizes variables across operators. This clean dataset is then

⁵ For more information on interview methodology and process see Appendix A: Key Stakeholder Interviews Methodology.

used to calculate counts, shares, and averages of employees, employee diversity categories, employee job levels, compensation⁶ for each group, vendors, vendor diversity categories, vendor industry categories, spending for each group, and other necessary variables for analysis. The final step in analysis is to aggregate these measures from each operator within their respective licensee category by quarter for the entire industry to maintain anonymity. Quarterly averages, and totals where appropriate, are then produced for report tables and figures.

TASK SIX: REPORT AND PRESENTATION

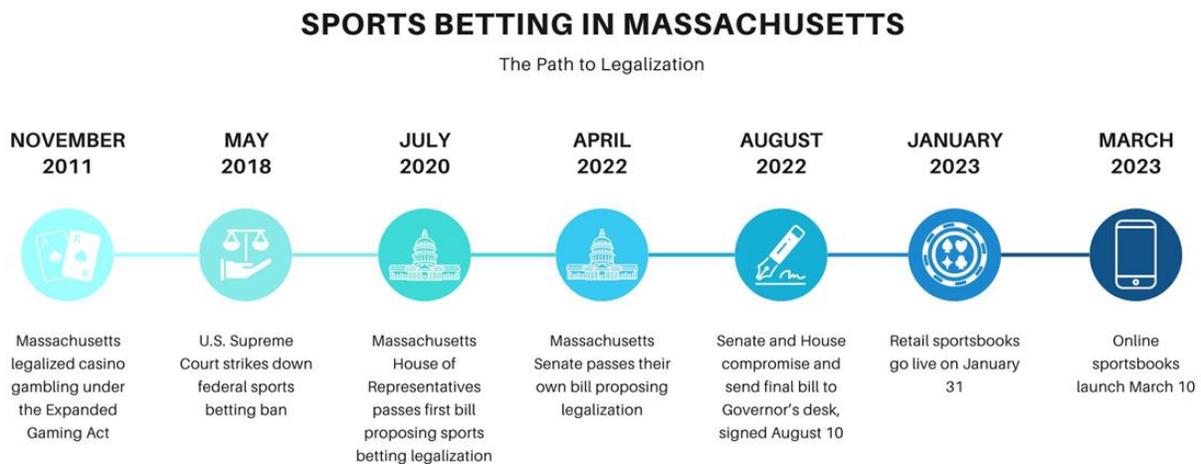
The last task involved preparing the deliverables required by the project. The preparation of the final report involved a series of internal reviews by the project team, followed by reviews by sports wagering operators to ensure data accuracy and anonymity. These steps were followed by a series of report reviews and revisions by the Research Review Committee of the MGC.

⁶ Category 3 operators reported Total Compensation, defined as (the total of wages, bonuses, etc.) paid to employees in each location, level, and category over the course of a quarter. Category 1 operators reported Wages, defined as the wages paid to that employee in that pay period, not including tips, gratuities, or bonuses, and Tips, defined as any tips or other gratuities that the employee received from customers in that pay period, which are combined to reflect total compensation.

Background: Massachusetts Sports Wagering Industry

This section provides a brief history of the legalization of sports wagering in Massachusetts and describes the industry based on the forms of sports wagering reflected in Massachusetts license categories. The potential for legalized sports wagering across the United States became possible in 2018 when the Supreme Court declared the Professional and Amateur Sports Protection Act of 1992 (PASPA) unconstitutional. This opened the door for individual states to pass legislation to introduce sports wagering, which 38 states and Washington, DC have done in the six years since the PASPA decision. Building on the 2011 Massachusetts Expanded Gaming Act, G.L.c.23K, the Commonwealth legalized sports wagering activities in 2022 through an Act to Regulate Sports Wagering (House Bill No. 5164). The MGC was tasked with overseeing the promulgation of the sports wagering industry in the state.

Figure 1: Timeline of Sports Wagering Legalization in Massachusetts



Current Operators

Massachusetts General Laws c.23N creates license categories for three distinct types of sports wagering operators based on modes of play: in-person gambling at casinos; in-person wagering at establishments that either conduct live horse racing or simulcast wagering on horse or greyhound racing; and online or mobile wagering.

Mass. General Laws c.23N categories of sports wagering licensees include:

- **Category 1** for licensed casinos to offer in-person sports wagering
 - The sports wagering operator licensing fee for a 5-year license is \$5 million. Category 1 Sports Wagering Licensees are taxed on 15 percent of gross sports wagering revenue.
- **Category 2** for racetracks and/or simulcast centers
 - Category 2 licenses are for in-person wagering at certain horse and greyhound racing sites. The Category 2 license also allows those racing facilities to host up to one

individually branded app or digital platform that obtains a Category 3 license. Category 2 Sports Wagering Licensees are taxed on 15 percent of gross sports wagering revenue.

- **Category 3** for online/mobile operators to offer online/mobile sports wagering
 - Tethered licensees contract with a Category 1 licensee to provide an online sports wagering platform. Untethered licensees run independent online sports wagering platforms.
 - The sports wagering operator licensing fee for a 1-year license is \$1 million. Category 3 Sports Wagering Licensees are taxed on 20 percent of gross sports wagering revenue.

More than 30 companies seeking to be prospective operators submitted requested documents and other pertinent materials to the MGC during the application process. The three licensed casinos in Massachusetts, Encore Boston Harbor, MGM Springfield, and Plainridge Park Casino were granted Category 1 licenses to offer in-person sports wagering. Category 1 licenses became effective at the end of January 2023. Eight operators were granted Category 3 licenses to offer mobile or online sports wagering. With licenses that rolled out starting in March 2023, the list initially included virtually all the major operators in the U.S. industry:

- BetMGM
- Caesars Sportsbook
- Fanatics Betting & Gaming
- Penn Sports Interactive
- DraftKings
- FanDuel
- Betr
- WynnBet

All Category 3 sports wagering operators who renewed their licenses in 2024—coinciding with the start of the data collection period for this study—were included in the analysis. The list of six licensees included BetMGM; Caesars Sportsbook; Fanatics Betting & Gaming; Penn Sports Interactive; DraftKings and FanDuel. Betr and WynnBet were not included in this study because these companies did not renew their Category 3 licenses in 2024 and no longer operate mobile sports wagering platforms in Massachusetts. Despite Betr and WynnBet not renewing their licenses in 2024, the six participating licensees accounted for over 90 percent of the national industry, making like for like comparison between the state and nation possible.⁷ Bally Bet was not included in the analysis for this study because the company opened its Massachusetts sportsbook on July 1, 2024, after data collection was completed. As of 2024, no Category 2 licenses had been awarded.

Policy Priorities for the Legalization of Sports Wagering

This section touches on the policy background that shapes expectations for sports betting industry operations in Massachusetts. Given the recent introduction of legal sports wagering in the gambling landscape of the U.S., and the speed with which this form of gambling has become available to consumers, the MGC has been keenly interested in research to monitor social and economic impacts

⁷ <https://www.casinoreports.com/us-sports-betting-market-stats-database/>

occurring with the introduction of legal sports wagering to Massachusetts. The MGC has been stewarding research on special topics of concern which were defined by the legislature in 2022 through Mass. General Laws c.23N § 23. These research interests included a study of participation by minority business enterprises, women business enterprises and veteran business enterprises in the sports wagering industry in the Commonwealth, the topic of this report.

Economic development goals

Sports betting was enabled for economic reasons. Lawmakers were concerned that Massachusetts was losing out on \$35-65 million⁸ in tax revenue per year as Massachusetts residents gambled on sports in neighboring states.⁹ Indeed, over the first 18 months of legalized sports wagering, almost \$160 million was collected in taxes by the Commonwealth. However, when it comes to expectations regarding economic impacts, there are major differences between the enabling legislation for casino gaming and for sports wagering in the Commonwealth. The 2011 Expanded Gaming Act established parameters to ensure that casino operations would generate positive employment impacts and broader economic benefits to the Commonwealth, including the hiring of a diverse workforce and a commitment to supplier diversity. However, these types of measures were not specified in the language of the 2022 enabling legislation for sports wagering operators.¹⁰

These differences have resulted in varying levels of expectation and monitoring of the two operator categories during the study period. Based on priorities outlined in the 2011 Expanded Gaming Act, casinos are required to establish goals and track outcomes for vendor spending, including local and diverse business enterprises. Similarly, they also have targets and track outcomes related to hiring a diverse and local workforce. Casino operators maintain policies and procedures to support their goals: to promote contracting with businesses and hiring of workers located in the surrounding region and to increase supplier diversity and workforce diversity. To reinforce the process, gaming establishments engage with the MGC on a regular basis, providing monitoring reports and data. Chapter 23K also outlines the role of the MGC in promoting diversity within the casino sector, which includes initiatives like the Vendor Advisory Committee and close collaboration with casinos to achieve diversity goals.

In contrast to the mandates for casinos, Chapter 23N did not outline economic development-related parameters for sports wagering operators nor did it direct the MGC to foster diversity initiatives or monitor them. Mobile/online operators are responsible for setting their own diversity goals within their businesses and are required only to report their diversity data to the Commission. On a quarterly basis, the MGC requires sports wagering operators to report statistics related to workforce diversity and spending on diverse business enterprises.

Despite the legislative differences, as discussed later in this report, there is widespread adoption of diversity policies and programs among Massachusetts sports wagering operators. Figures 3 and 4 in this report illustrate that all sports wagering licensees operating in Massachusetts maintain policies and

⁸ Colin Young, "Mass. Senate Tees Up Sports Bill for Vote This Week," *NBC 10 Boston*, April 25, 2022, https://www.nbcboston.com/news/local/senate-tees-up-sports--bill-for-vote-this-week/2702410/?os=vb__&ref=app.

⁹ Depending on sports wagering legislation in these states.

¹⁰ See Appendix E for a review of the specifications in the Massachusetts Gaming Act to define required outcomes for economic and workforce development.

programs to promote workforce diversity and to promote supplier diversity. However, casino and sports wagering industry outcomes are different, driven in many cases by very different operating activities. The following section discusses how differences in business activities result in major differences in the hiring of workers and spending on goods and services across licensee types.

Sports Wagering Industry Segments: Hiring and Vendor Spending

This section discusses how the nature and scale of operations varies across the segments of the industry resulting in differing levels of hiring, and spending on goods and services. The language of enabling legislation also plays a role, with differing implications for the hiring of workers and contracting with businesses for goods and services.

Category 1 Operators: Casinos

Category 1 operators are gaming establishments which run retail sportsbooks in their facilities located in Massachusetts. Their operations are designed to be patron destinations, offering recreational activities and sometimes hotels and/or conference facilities. Depending on the presence of a hotel, they can be categorized as **Casinos** NAICS 713210 or **Casino Hotels** NAICS 721120. These operations contain many different departments and offer several types of gambling across the facility: table games, slot machines and in-person or ‘retail’ sportsbooks.

EMPLOYMENT

Very few workers are hired to work at retail sportsbooks and they are a part of a much larger workforce of casino employees. Overall, in 2023 there are approximately 7,400 people working in Massachusetts based casinos, with 85 percent of those jobs being held by Massachusetts residents.¹¹ Job opportunities at the casinos are plentiful with positions across a large spectrum of occupations, and many jobs are accessible to workers regardless of educational background or experience in the industry. Research on new casino hires in Massachusetts found between 76 and 86 percent of new hires had no previous experience in the industry.¹² On-the-job training is often provided with opportunities for cross-training and there is some opportunity for mobility across departments.

As one part of these large operations, a small group of employees is needed to run the sportsbook at the casino. Positions include clerks, cashiers, and writers as well as a few managers and supervisors. Casinos offer related amenities like sports bars and restaurants to serve sportsbook patrons. For the most part, however, employees in these retail operations are considered casino employees rather than sportsbook employees alone. As such, the number of workers employed by Category 1 licensees who are dedicated to retail sports-wagering activities is small, typically less than one percent of all employees. As of 2023, retail sportsbooks employed approximately 44 Massachusetts residents.¹³

¹¹ This number is based on total aggregate employment across the casino industry in 2023 rather than quarterly average employment which is used later in the study. From Peake et al., The Early Economic Impacts of Sports Wagering in Massachusetts. SEIGMA.2024.

¹² Details can be found in new employee survey reports on the SEIGMA website and on the MGC website.
<https://www.umass.edu/seigma/reports>; <https://massgaming.com/about/research-agenda-search/?cat=economic-impact>

¹³ Peake et al., The Early Economic Impacts of Sports Wagering in Massachusetts. SEIGMA.2024.

SPENDING ON GOODS AND SERVICES

Spending on vendors serving retail sportsbooks individually is minimal relative to total vendor spending at the casino. Spending during the first year of sportsbook operations tended to be concentrated in the opening period of the sportsbook, when new equipment needed to be purchased. Also, to help establish the new gambling activities professional and technical services firms were contracted for legal, marketing, and other services. In-state firms patronized for retail sports wagering operations included performing arts and spectator sports firms, and professional and technical services firms. Out-of-state purchases were made from companies selling gaming machines, financial services, and legal and consulting services, among others.¹⁴

Category 3 Operators: Sports-Tech Companies and Divisions

Category 3 operators can be categorized in the North American Industry Classification System (NAICS) as gambling companies (**Other Gambling Industries NAICS 713290**). However, operators of mobile and online sports wagering are very also tech operations. Category 3 operators develop and manage digital products, services, and platforms to engage patrons in online and mobile sportsbooks.

EMPLOYMENT

In 2023, mobile sports betting operators employed an average of 10,265 employees across the industry in a quarter. Nearly 12 percent of those employees, an average of 1,185 in a quarter, are employed in Massachusetts. Massachusetts is known as a strong location for technology firms in the U.S. so it is not surprising that more than 10 percent of the workforce in this technology-intensive industry is in Massachusetts. However, most of that employment either existed in Massachusetts prior to the legalization of sports betting or represented remote work that was not necessarily tied to the expansion of gambling in Massachusetts.

Mobile or online operators hire far fewer workers in Massachusetts than casinos because a dedicated physical presence is not required to offer mobile sports wagering in that state. Employees work on operations that are running in multiple states. Most Category 3 operators responded that they use a centralized team to manage new states, adding to existing employees' portfolios rather than hiring new people to work in a particular state. However, respondents indicated that in some cases they did hire new people when necessary to manage new high-value players in a state. The work of these companies requires highly trained employees with specialized skills in technology and business-related areas. Large numbers of software developers, marketing specialists, and customer service representatives are hired as a result. Operations that are similar in nature to those of software development companies and fintech firms running digital platforms.

SPENDING ON GOODS AND SERVICES

According to Category 3 licensee responses in the study questionnaire, when entering a new state market, spending tends to go for specialized suppliers and providers of information technology

¹⁴ Findings from the Early Impacts of Sports Wagering Report, 2023.

equipment and information services, and a range of professional technical services including legal, operational, and advertising, marketing and promotional services needed to enter the new market.¹⁵

Regulatory Activities: The Massachusetts Gaming Commission

As the regulatory agency which monitors casino gambling, sports wagering and horse racing in the Commonwealth, the MGC is categorized in the industry coding system as public administration, specifically as an administrator of economic programs (**NAICS 926150** - Regulation, Licensing, and Inspection of Miscellaneous Commercial Sectors). Although the MGC is a sports wagering regulator, the data and activities discussed in this report reflect all its regulatory activities, not just those related to sports wagering.

EMPLOYMENT

The MGC runs an operation of 970 employees under contract including part-time, part-time seasonal racing employees, and full-time agency employees. Like other state government agencies, the MGC hires a range of workers across departments, including Massachusetts residents. The MGC's regular activities include running licensing programs for gaming employees; licensing and registering vendors who conduct business with gaming establishments and sports wagering operators; licensing for all participants in the Massachusetts horse racing industry; and monitoring and regulating these industries according to Massachusetts rules and regulations.

SPENDING ON GOODS AND SERVICES

The involvement of diverse vendors with the MGC is shaped by the types of goods and services needed by the Commission and the availability of diverse vendors in those areas.¹⁶ Diverse businesses are most plentiful and engaged with the MGC to provide professional technical services and operations-related goods and services such as office supplies and furnishings, IT hardware infrastructure and systems integration, and software.¹⁷ For fiscal year 2023, the MGC met all of its benchmarks for spending on diverse vendors except for spending on veteran-owned businesses. Commission staff note that many of the vendors that are certified Veteran-owned provide services not currently utilized by the MGC such as construction services. The MGC reports that while adopting new benchmarks and goals has taken more time and costs, supplier relationships are growing.

As this overview shows, the various segments of the sports wagering industry offer quite different opportunities for workers and vendors based on the nature of their business activities. Additionally, aside from the regulator and one operator based in Massachusetts, sports wagering is a small industry relative to the number of employees that work within the Commonwealth, the number of vendors contracted for Massachusetts operations, and the amount of money spent on vendors located in the Commonwealth. In the following sections, we discuss findings based on operating data which distinguish the different segments of the industry. We first address employee diversity within the sports wagering industry. Next, we address diversity among vendors and other businesses that contract with sports

¹⁵ Findings from *Diversity in Sports Wagering* project questionnaire to Category 3 operators. March 2024.

¹⁶ We received detailed MGC spending information for diverse businesses only so that is the focus here.

¹⁷ Information from spending data and interviews.

wagering operators. In the last section of the report, we provide recommendations for improving diversity in the sports wagering industry.

Employee Diversity

Overview

This chapter presents data about employee diversity—specifically minority, women, and veteran workers—in the sports wagering industry segments in Massachusetts. Overall, a significant portion of the sports wagering industry comes from diverse background, both in Massachusetts and in the U.S., and compares favorably to similar industries. Minority workers are well represented compared to similar industries while women are slightly underrepresented. Veterans work in the industry, but data are limited for this population. Diverse Massachusetts employees tend to be compensated more than the industry average. However, compensation for jobs in Category 1 operations is lower than that of Category 3 operations due to the nature of the work and the different occupations involved.

The first part of the chapter analyzes diverse employees as a percentage of total employment and at various job levels within the organizations using quantitative operator data provided by Massachusetts licensees. Next, using data from similar industries, we compare workforce diversity in Massachusetts sports wagering companies to workforce diversity in comparison industries. Finally in this section, we discuss the use of organizational policies and practices to promote and enhance employee diversity using data from an operator questionnaire and in-depth interviews with operators. Barriers and examples of success are also presented.

Participation

This section assesses the level of participation of minority, women, and veteran employees working for sports wagering licensees and employers as a percentage of employees overall and at various job levels within the organizations. For this section, we analyze aggregated operator data provided by Category 1 and Category 3 licensees to discuss the participation of workers for both types of sports wagering operations.

Operator Data

The collection of employment data was specified to include only workers involved in sports wagering operations.¹⁸ On the retail side, the employment data includes workers staffing sports wagering retail operations, or sportsbooks, at the three Massachusetts casinos. On the mobile/online side, the data includes U.S. employees of sports-tech companies (Fanatics, FanDuel, DraftKings) and digital sports wagering divisions that are a part of larger gambling enterprises (Caesars Sportsbook; BetMGM; Penn Interactive). Defined this way, retail operators employ an average of 51 workers per quarter who are dedicated to retail sports wagering operations. Mobile operators licensed in Massachusetts employ an average of 10,265 workers across the U.S. and nearly 12 percent of these workers live in Massachusetts.

¹⁸ To obtain consistency between the industry data provided to the MGC on a regular basis, we asked operators to provide the same data provided to the MGC on a quarterly basis.

WORKFORCE DIVERSITY

As Table 1 shows, Category 3 sports wagering operators employ an average of 10,265 employees across the industry in a quarter. Nearly 12 percent of those employees, an average of 1,185 in a quarter, are employed in Massachusetts.¹⁹ Looking at diversity for all U.S. employees, about 36.1 percent of the Category 3 workforce is made up of workers who identify with racial minority groups, while 0.9 percent are veterans, and 28.3 percent identify as women. In Massachusetts, minority workers make up a smaller share of the workforce at 16.8 percent, while 0.6 percent are veterans, and 24.3 percent identify as women.

In terms of compensation, the average compensation per employee for Category 3 operators across the US is about \$34,000 per quarter. Minority workers and women make slightly less than the average at about \$32,000 and \$30,000 per quarter, while veterans make higher than average compensation at about \$38,000 per quarter. In Massachusetts, the average compensation per employee is just over \$36,000 per quarter. All diversity groups make above the overall average with minority workers making about \$45,000 per quarter and women making \$40,000 per quarter.

Table 1: Average Quarterly Employment and Compensation per Employee for Category 1 and Category 3 Employees across Diversity Categories, All US and Massachusetts

Massachusetts				
	Cat 3		Cat 1	
	Employment	Compensation per Employee	Employment	Compensation per Employee
All	1,185 (100.0%)	\$36,388 (100.0%)	51 (100.0%)	\$9,384 (100.0%)
Minority	199 (16.8%)	\$44,695 (122.8%)	15 (29.7%)	\$9,657 (102.9%)
Veterans	≤10 (0.6%)	Insf. Data	≤5 (1.5%)	Insf. Data
Women	288 (24.3%)	\$40,243 (110.6%)	14 (27.2%)	\$10,171 (108.4%)
All US				
	Cat 3		Cat 1	
	Employment	Compensation per Employee	Employment	Compensation per Employee
All	10,265 (100.0%)	\$33,577 (100.0%)	<i>None reported</i>	
Minority	3,704 (36.1%)	\$31,848 (94.9%)		
Veterans	87 (0.9%)	\$37,718 (112.3%)		
Women	2,905 (28.3%)	\$29,537 (88.0%)		

Source: Operator data collected from sports betting licensees by UMDI

Category 1 operators function differently than Category 3 operators primarily because of the nature of retail versus mobile/online sports wagering, and due to the operation being tethered to the casino operators. For Category 1 operators, the integration of sportsbooks looks more like the opening of a new department within the casino as operator data show that most of the sportsbook employees have

¹⁹ The following analysis will refer to quarterly averages across the industry, created by summing employment across the industry in a single quarter and averaging across the four quarters to get to a quarterly average.

been reassigned from other departments. Category 1 employment occurs in Massachusetts alone due to the physical location of the retail sportsbooks. Some casino employees have historically commuted from other states in New England, but the subset of casino workers who work at Category 1 sportsbook operations is from Massachusetts alone.

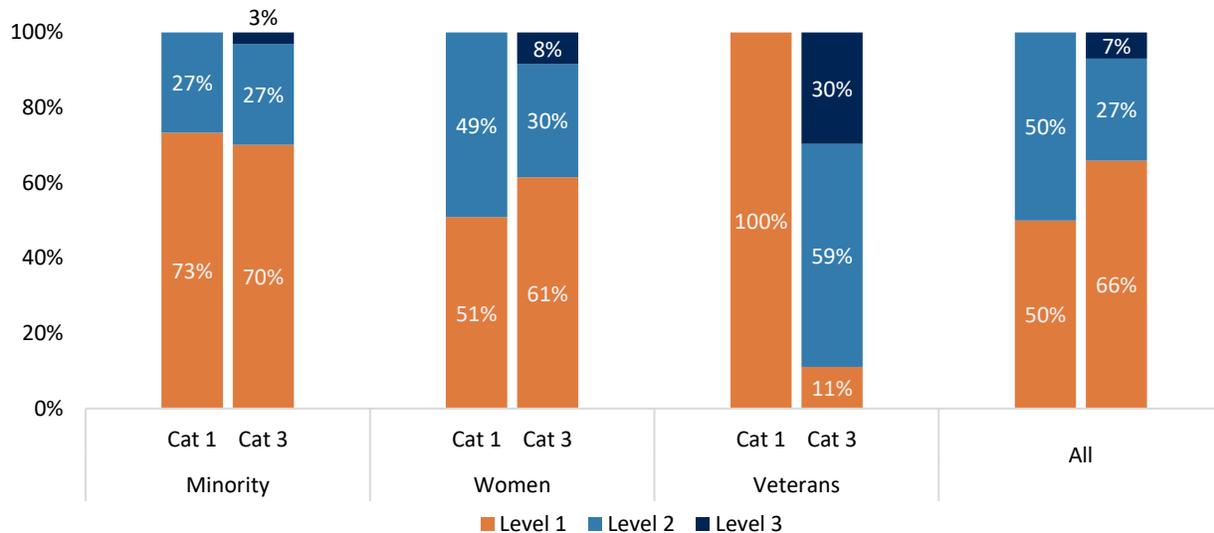
In Massachusetts, Category 1 sports wagering operators employ an average of fifty-one employees across the industry in a quarter. Of those employees, an average of 29.7 percent identify with racial minority groups, while 1.5 percent are veterans, and 27.2 percent identify as women.

In terms of compensation, the average compensation per employee for Category 1 operators in Massachusetts is about \$9,400 per quarter. Minority workers and women make slightly more than the average at about \$9,700 and \$10,100 per quarter. Due to the small number of veteran employees at Category 1 operators, the values for average quarterly compensation per employee have been suppressed. It is important to note that the compensation for jobs in Category 1 operations is expected to be lower than that of Category 3 operations due to the nature and level of job positions. At Category 1 operators, most employees are entry-level workers who work floor jobs at the casino, these jobs typically do not require a college degree and focus on customer service. At Category 3 operators, most jobs require a college degree and a certain level of experience in the tech industry as the job duties of many are like those of occupations in computer science and information technology, accounting and marketing. For comparison and evaluation purposes, the presence of diversity is compared to similar industries later in this report.

Overall, the Category 1 industry workforce is smaller and not as well compensated as the Category 3 industry. Both industries are made up of diverse workers at proportions that are not insignificant. Minority workers are well represented compared to similar industries while women are slightly under-represented. Diverse Massachusetts employees tend to be compensated more than the overall average. However, minority and women workers in the U.S. industry overall are compensated at lower rates than the overall average. While few in number, veteran workers in the U.S. industry are compensated at higher rates than the overall average.

DIVERSITY BY LEVEL OF EMPLOYMENT

Figure 2: Shares of Diverse Employees by Job Level in Category 1 and Category 3 Operations, Massachusetts, 2023



Source: Operator data collected from sports betting licensees by UMDI
 Note: analysis is limited to operators who provided employment counts by level.

To contextualize the diversity discussion above, Figure 2 above displays the share of workers in each diversity category who are employed in jobs at various levels of hierarchy. For comparison purposes, this analysis includes only Massachusetts employees. Level 1 refers to entry-level workers, while level 2 refers to managers and supervisors, and level 3 are executive positions. The shares in this figure refer to the number of workers in each diversity category who are employed at that level out of all employees in the same diversity category employed across all levels. Note that these numbers are based on percentages of average quarterly employment across the industry.

For all workers in Category 3 operations, 66 percent of employees on average hold entry-level positions, while 27 percent hold level 2 positions, and 7 percent hold top level positions. For all workers in Category 1 operations, half of the employees on average hold entry-level positions, and the other half hold manager or supervisor roles. There are no executives present in the Category 1 data, which is not surprising due to the nature of the department within casinos.

Looking at the population of minority workers in Category 3 operations, 70 percent hold entry level positions, while 27 percent are employed at level 2, and 3 percent are employed at level 3, similar proportions to that of all employees. At Category 1 operations, 73 percent of minority workers hold entry-level positions compared to 50 percent of the full population, while the remaining 27 percent hold level 2 positions.

For women in the Category 3 industry, 61 percent are employed in entry-level positions, just lower than the overall workforce, while 30 percent hold level 2 positions and 8 percent are employed at executive positions, slightly higher at both levels than the overall workforce. At Category 1 operations, just over

half of the women are employed in entry-level positions, while just under half are employed at level 2 positions, similar to the workforce overall.

The veteran population at Category 3 operations are employed at very low rates in entry-level positions, just 11 percent of all veterans, and 59 percent are employed at the second level. A sizable percentage of veterans are employed at the executive level, making up 30 percent of all veterans employed. At Category 1 operations, all veterans are employed at entry-level positions.

When compared to workers overall, Massachusetts minority workers tend to be overrepresented in entry-level positions at both Category 1 and Category 3 operations. Category 3 minority workers are represented similarly in manager/supervisor roles and slightly underrepresented as executives. Compared to Massachusetts industry workers overall, women are slightly underrepresented in entry level and slightly overrepresented in manager or supervisory roles and at the executive level. Veterans in Category 3 operations are heavily overrepresented at the manager or supervisor and executive levels, while in Category 1 they are exclusively represented at the entry level.

EMPLOYMENT DIVERSITY: COMPARISONS WITH SIMILAR INDUSTRIES

One of the requirements of the RFR is to compare levels of diverse workforce participation in the sports wagering industry with these populations in similar industries. To select comparison industries for Category 1 and Category 3 operators, we chose industries with similar business activities. We also examined job postings to choose industries with similar occupational compositions. Workforce diversity data for minority and female casino workers is available from casino operator data, and workforce diversity data for comparison industries is available from the U.S. Bureau of the Census.

Category 1

Category 1 operators primarily exist as casino and hotel operators, with retail sports wagering a small slice of their overall operations. The number of workers affiliated with retail sports wagering is very small when compared to the Massachusetts casino workforce overall. Furthermore, many of these workers also staff other casino departments so there is overlap with the rest of the casino workforce.

Employees affiliated with retail sports wagering are not as racially and ethnically diverse as the casino workforce overall (30% minority workers versus 56% in the Massachusetts casino workforce) and women represent 27 percent of the retail sports wagering workforce in contrast to 44 percent in the broader casino workforce. There are very low numbers of veteran employees on the retail side.

For Category 1 operators, we also include **Gambling Industries** as a comparison industry, which includes casinos without hotels, as seen in Table 2. When comparing Massachusetts retail operations with Gambling Industries without hotels, racial and ethnic diversity levels are higher (30% versus 19%) but there is a similar level of female workers (27% versus 33%). These rough comparisons suggest that Massachusetts retail operators are more successful at hiring minority workers but have slightly lower success rates hiring women than their gambling industries counterparts.

Outside of gambling industries, the Massachusetts retail sports wagering workforce has proportionally fewer minority and female workers than the Travel Accommodations industry (30% versus 49%; and 27% versus 53%). This is likely because workers are working in gaming departments rather than working across the facility in multiple occupations in the hotel, in restaurants and other types of services.

Table 2: Comparison Industries – Sports Wagering Workforce Diversity, 2022

Industries	Percent Minority	Percent Female
Retail operators (Category 1), Massachusetts	30%	27%
Mobile/online operators (Category 3), All U.S.	36%	28%
Comparison Industries - Massachusetts		
Accommodation and Food Services	38%	55%
Traveler Accommodation	49%	53%
Arts, Entertainment, and Recreation	18%	50%
Gambling Industries without Hotels	19%	33%
Information	23%	39%
Software Publishers (includes app developers)	26%	35%
Finance and Insurance	22%	53%
Activities Related to Credit Intermediation (includes fintech)	26%	44%
Professional, Scientific, and Technical Services	26%	46%
Advertising, Public Relations, and Related Services	18%	57%

Source: Quarterly workforce indicators (QWI), U.S. Bureau of the Census; *Mobile operator comparisons*

Category 3

Mobile operators can be compared with the broader gambling industry of which they are a part, as seen in Table 2. The racial and ethnic diversity of these operators is much higher when compared to Gambling Industries without hotels (36% compared to 19%) and the proportion of women in the industry is slightly lower (28% compared to 33%).

In contrast to many other gambling enterprises in that NAICS sector, Category 3 operators develop and manage digital products and services on online platforms while also managing associated revenues. These operations primarily do business through a mobile app.

We use Lightcast data to look at their hiring practices to further characterize these companies.²⁰ Mobile sports wagering companies hiring in Massachusetts post primarily software development roles, representing more than half of all job postings. This, combined with the fact that app development is so crucial to their day-to-day operations, led us to use **Software Publishers** as one of our comparison industries. Mobile operators with business in Massachusetts employ a much higher proportion of minority workers (36% versus 26%) and a slightly lower proportion of female employees (28% versus 35%) compared to the software industry.

To cover the financial side of their business operations, also a major activity, we use the NAICS sector called **‘Activities Related to Credit Intermediation’** which primarily represents fintech²¹ companies. As Category 3 operators managed nearly all of the almost \$9 billion worth of bets placed in Massachusetts during the first 18 months of sports wagering legalization, we wanted to capture industries that similarly

²⁰ Lightcast is a proprietary database providing detailed information on workforce characteristics and recruiting trends.

²¹ Financial technology (fintech) is used to describe new technology that seeks to improve and automate the delivery and use of financial services.

handle financial activities digitally. Mobile operators with business in Massachusetts employ a much higher proportion of minority workers (36% versus 26%) and a much lower percentage of female employees (28% versus 44%) than the fintech industry.

Finally for Category 3 operators, we can choose **Advertising, Public Relations, and Related Services** as a comparison industry. Marketing jobs are the second most posted position for Category 3 operators in our scan of job postings, and all companies have been running non-stop national advertising campaigns since the Supreme Court struck down restrictions on sports wagering. We chose this industry as a comparison primarily to complement software publishers and fintech, which, combined with advertising, cover a large proportion of the Category 3 workforce. Mobile operators with business in Massachusetts employ a much higher proportion of minority workers (36% versus 18%) and a much lower percentage of female employees (28% versus 57%) than the advertising and marketing industry.

In conclusion, when it comes to similar (comparison) industries, Massachusetts retail and mobile sports wagering operators are more successful at hiring minority employees compared to comparison industries. At the same time, these operators have been less successful than their comparison industry counterparts in employing women. A discussion of specific challenges and potential approaches to expanding the presence of female workers appears later in this chapter in the *industry perspectives* section.

Programs and Policies for Employment Diversity

In addition to analyzing operator data, we collected organizational data to determine the kinds of policies and practices in place in the industry to promote workforce diversity. We collected information through customized surveys sent to licensed operators and the MGC. We also conducted a stakeholder interview process, gathering information from industry professionals on the use of programs and policies to increase diversity; barriers to success; approaches that work; and recommendations.

As specified by the RFR, we collected information on the use of policies to promote employment diversity in three areas: **recruitment** of a diverse workforce; programs to support **inclusive outcomes** for women, minority and veteran employees in the areas of compensation, benefits, career trajectory, and turnover; and the presence of **training programs** to promote retention and development.

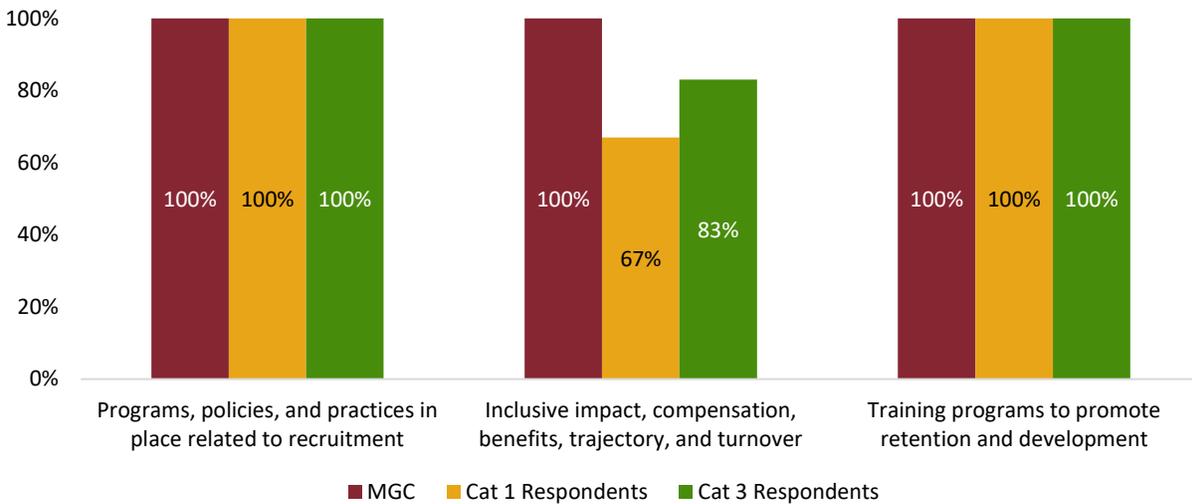
Operator Questionnaire

Through operator questionnaires, we found that all license holders as well as the MGC have programs, policies, and practices in place related to recruitment, and all operators also have training programs to promote retention and development of a diverse workforce. The third category, “inclusive impact” programs, are widely adopted but interpreted in various ways. Operators universally offer programs to support career paths and monitor turnover of diverse employees, but they do not offer targeted compensation or benefits policies. The MGC reported that it runs inclusive impact programs²² and a majority of both retail and mobile operators reported the same. However, two operators expressed that giving special consideration towards specific groups would not meet their goal of being an equal opportunity employer. While we do not report individually on operators in this report, we can say that

²² “Inclusive impact” refers to Diversity, Equity and Inclusion (DEI) programs in any number of areas.

we did not notice any difference in outcomes between these two operators and the rest in terms of the diversity of their workforce. Also, we noted that in some cases programs categorized by operators in the areas of recruitment and retainment nevertheless could be categorized as ‘inclusive impact’ programs.

Figure 3 Workforce diversity: participation in policies and programs



Sources: Operator questionnaires and stakeholder interviews, Spring 2024.

Each operation related to sports wagering in Massachusetts uses different strategies to accomplish their goals of increasing workforce diversity.²³ The MGC prioritizes equity and inclusion in recruitment by implementing diverse interview panels and slates, ensuring equitable hiring practices at each recruitment stage and hiring a dedicated employee to focus on advancing equity within the organization through initiatives like pay equity reviews, inclusive benefits, and career growth programs to foster a supportive work environment. Additionally, the MGC incorporates diversity training, leadership development, and employee-led groups aimed at retention and professional growth, enhancing internal mobility.

Category 1 operators work to increase recruitment of diverse employees by setting specific hiring targets to achieve gender parity and represent local veteran and minority populations, creating platforms and career resources to facilitate inclusive recruitment. Hiring managers are instructed to prioritize skills over credentials, and some employers provide free English for Speakers of Other Languages (ESOL), GED, and citizenship programs to increase accessibility. To retain their workforce, Category 1 operators offer growth-oriented programs, including women’s leadership development, diversity scholarships, and veteran ambassador roles, and integrate DEI training across development initiatives.

To boost workforce diversity during recruiting, Category 3 operators focus on early engagement with diverse candidates through partnerships with diverse organizations and recruitment events, using Employee Resource Groups (ERGs) and sponsoring conferences to attract talent from historically

²³ See Appendix D - Sports Wagering Operators Diversity Policies and Programs for additional details about programs used in the industry.

underrepresented groups. They retain employees through DEI-focused onboarding, D&I Committees, the Employee Resource Groups, and mentorship programs that foster community and skill-building.

To obtain a better understanding of the use of programs and policies to promote diversity and equitable workforce development, the study conducted In-depth interviews with a subset of professionals employed by the licensees and the regulator.²⁴ Twenty-two professionals involved with diversity programs and policies were interviewed, 16 working for operators, and 6 employees of the regulator. We sought the participation of professionals who could provide a deeper and more informed perspective about the involvement of diverse employees and diverse business enterprises in the sports wagering industry, and how to strengthen conditions for these groups within the industry. Participation in the interview sessions typically included a human resources or diversity, equity, and inclusion (DEI) officer, along with a compliance officer, legal counsel, or communications representative. Executives involved with finance, budgeting, and procurement also participated in the interview sessions. Their perspectives on the benefits and limitations of these programs based on their work in the industry are reflected in the following section of the report.

Industry Perspectives: Workforce Diversity

Respondents in the interview group noted that sports wagering is a new industry in the United States, particularly in Massachusetts, where legal operations began in 2023. Additionally, it is a small industry in terms of the number of employees that work within the Commonwealth, the number of vendors with which they contract, and the amount of money they spend on purchases in the Commonwealth. Thus, licensees are limited in the number of diversity initiatives and policies they can have at the employee and vendor level.

OVERVIEW

Compared with casino gambling, sports wagering does not employ many people in Massachusetts, and a few interviewees said that sports wagering is slightly less diverse than the casino industry. For Category 1 licensees, sports wagering employees represent a small fraction of the casino workforce. Most sports wagering occurs online, and only a few employees are needed to interact with customers directly. In many cases, employees working in sportsbooks are casino employees on assignment from the existing casino workforce. There are no specific policies to ensure diversity among sportsbook employees. However, diversity is an overall goal for casinos, with targets for hiring diverse applicants and applicants from the surrounding communities in their agreements with the MGC, host community, and often within their organization. These affect casino hiring strategies and inform HR's recommendations for hiring an employee. In our interviews with representatives, we were told that the percentage of women, minorities, and veteran employees tracked roughly with that of the entire casino.

In the case of tethered and untethered Category 3 licensees, most employees are based outside of Massachusetts. Much of the workforce is in technology, sales and marketing, or customer service - all

²⁴ In-depth interviews were conducted with industry representatives during the spring and summer of 2024. For more detail, see the methodology overview in Appendix A.

optionally situated in Massachusetts. Some interviewees mentioned that they may have several customer service representatives within the Commonwealth.

“Massachusetts resident employees represent a very small fraction for us in terms of [the total number of sports wagering employees].”

- **Category 3 tethered licensee representative**

“Our [Massachusetts] numbers aren't that large. But we do have individuals who are Massachusetts residents who work for the company.”

- **Category 3 untethered licensee representative**

Some roles are outsourced to other companies, often in different countries. For Category 3 licensees, the exception is DraftKings, which has a large footprint in Massachusetts, although it also has principal offices in other states. Despite their size, many of the Category 3 licensees' policies and approaches to diversity are similar to those of their peers based in different states. The MGC has policies and practices related to diversity for Category 3 licensees similar to those for Category 1 licensees, setting a goal for 25 percent ethnic diversity in their workforce.

All interviewees mentioned that diversity is an important principle in their organizations and that they were taking steps to increase diversity within their workforce. One Category 3 tethered interviewee said that the customer and employee base in sports wagering has become more racially diverse but is still predominantly male. Two Category 1 licensee representatives mentioned that they had substantially increased women's participation in the workforce at all levels. Category 1 licensees suggested that the proportional involvement of women, minorities, and veterans in sports wagering usually aligned with the proportion participating in the casino business overall, which was in line with that seen in other companies.

“If we look at our sports wagering team and compare it to the workforce as a whole, we're along pretty similar lines, although it is a smaller sample size.”

- **Category 1 licensee representative**

“The industry is probably dominated by White males... in terms of the type of industry that we are, and the customers and the people who engage with our products. History has been more of White males who have dominated this workforce.”

- **Category 3 untethered licensee representative**

INDUSTRY POLICIES

Programs, policies, and practices in place related to recruitment

According to operator data in the questionnaire, we note that all operators in the Massachusetts industry run programs to increase the recruitment of a diverse workforce. According to the operator questionnaire and industry representatives interviewed, the most significant effort by licensees to increase diversity in their workforce is through recruitment. Most interviewees mentioned engaging and participating in job fairs and using search firms, recruitment platforms, and websites (e.g., job boards) designed for specific categories of diverse applicants, such as job fairs for African Americans, women, or veterans. Some operators host diversity-focused recruitment job fairs (e.g., for veterans), and partner with diverse owned business and professional development organizations to attract a more diverse slate of applicants for open positions. Interviewees from Category 1 and Category 3 licensees pointed out that they partner with colleges and universities with a diverse student body (e.g., Historically Black Colleges and Universities) to recruit employees from diverse backgrounds.

Several interviewees mentioned that they actively encourage people from historically underrepresented groups to apply, as many potential employees often see sports wagering as a White male-dominated business. Some Category 1 licensees tried to recruit from diverse populations in the surrounding communities by recruiting through local organizations such as educational institutions or partnering with them to get referrals. Additionally, several interviewees mentioned internal referral programs that encourage and compensate veterans, minorities, and female employees for referring new employees, and multiple respondents in the operator questionnaire indicated that they encourage internal Employee Resource Groups (ERGs)²⁵ to attract and recruit applicants with similar life experiences to their own. Some operators have ambassadors in these programs who serve as liaisons to recruit diverse employees.

“We could probably say that the sportsbook industry mainly gets people through referrals. And so, with the referral-based system, most people in that industry are probably referring their friends, who are also excited about sports. So, the employee profiles kind of match up with our patrons.”

“Sports wagering industry employees reflect the people on the other side of the counter. Our employees reflect our guest base. We tend to have a larger population of non-diverse bettors in our marketplace. Our female, veteran, and diverse population mirrors the population working for us.”

- **Category 1 licensee representatives**

Category 1 licensees as a group have specific policies, measurable targets, and reporting requirements to provide accountability that they are committed to diversity in their industry. These policies and targets are in place because of requirements placed by the MGC on casino operators, which have been implemented throughout the organizations, including the sports wagering branch. The MGC has established its own goal as an organization of 25 percent for ethnic diversity but has not established

²⁵ Internal communities of workers with shared identities and interests.

specific objectives for hiring women and veterans. Even so, the fraction of female employees and veterans is similar to that of Category 1 licensees. Category 3 licensees, on the other hand, tended to have their own practices geared towards increasing diversity and mostly directed us to general statements of intent or corporate social responsibility reports. For example, one untethered Category 3 licensee noted that the recruitment team incorporates diversity and inclusion into their digital recruitment marketing tools, but they do not have specific guidelines. Most sports wagering operators' employee footprint in Massachusetts was small, which was used to explain the absence of policies and targets. Representatives from the MGC mentioned requiring all sports wagering licensees to report on diversity numbers in their quarterly reports. Still, they had no authority to compel non-casino licensees to foster diversity initiatives.

“We changed our job descriptions, ensuring they're more neutral in language... In the sports wagering field, many people think that either I have to be a sports fanatic or I have to be a male, and then it's wagering... So we've consciously tried to change our sourcing and hiring efforts.”

- **Category 3 untethered licensee representative**

Inclusive impact compensation, benefits, trajectory, and turnover

The term ‘inclusive impact’ refers to initiatives and practices that promote diversity, equity, and inclusion. The study sought to document the use of inclusive impact programs in worker compensation, benefits, work trajectory and turnover. According to operator data in the questionnaire, we note that the majority of Category 1 and Category 3 operators in the Massachusetts sports wagering industry run inclusive impact programs for workers, but they design these programs in implicit ways. These programs include skills-based rather than credentials-based recruiting, DEI and anti-harassment training for all employees, mentorship programs for ERG members, and leadership tracks for lower-level employees, who tend to be more diverse, to increase representation at higher levels of the organization.

None of the interviewees mentioned programs to support inclusive outcomes in the areas of compensation and benefits. Much of this was grounded in not wanting discriminatory or preferential policies for employees based on their background. Some of these practices are interpreted by companies to be unlawful. In general, the approach is to offer benefits that may be particularly useful to certain underrepresented employees but to offer them to everyone. For example, flexible working hours benefit families with young children. Another Category 1 licensee mentioned an ESOL training program that principally benefits recent immigrants who are often racial minorities.

Category 1 and Category 3 licensees often had employee mentoring programs and Employee Resource Groups (ERGs) to benefit minority employees, women, and veterans, and the MGC is also setting up such groups. Mentors, usually in middle management, were asked to participate in ERGs, where they could encourage and guide employees from historically underrepresented demographic groups to succeed and advance in their careers within the organization. Mentoring and ERGs are the operators' primary mechanisms to encourage staff retention and promote diverse employee career development.

“We are surveying and looking at the career progression of those individuals that have gone through those programs. Are they getting promoted? Are they considering top

talent? Are they getting the stretch assignments and making sure that the investment in these individuals is taken seriously, and the company acknowledges that these are the individuals we're invested in?"

- **Category 3 untethered licensee representative**

Interviewees noted that the industry has a relatively high turnover rate, which makes career advancement difficult. Operators are providing more benefits and flexibility to employees, using mentoring, training programs, and support groups to encourage employees to stay in the organization and advance within it. Representatives from the MGC also mentioned the importance of having mechanisms for regular employee feedback to better understand the specific challenges that diverse employees face and devise strategies for addressing them.

The MGC and some licensee representatives noted the importance of conducting pay audits and having transparent pay structures that would allow a team member involved in equity to see where more significant intervention is needed and where to direct their efforts. Many interviewees remarked on the importance of collecting data to evaluate performance, and as the MGC pointed out, that needs to be followed by transparency in the results and a dedicated effort by a person or group of people in the organization to address any shortcomings.

"We've got a transparent pay policy. We identify pay ranges for different roles, so there's no discrepancy in who's getting paid and what versus what. This allows for equity, visibility, or knowledge of what people are getting paid and where you fall. We're very conscious of ensuring that things are equitable and that those in underrepresented communities are not treated differently from others."

- **Category 3 untethered licensee representative**

Programs to promote retention and development

Programs to retain and develop a diverse workforce can be divided into two broad categories. On the one hand, there are programs to promote a more inclusive environment by creating a better work culture. These training programs are meant to reduce implicit bias, educate employees on non-discrimination, and foster tolerance and inclusivity. The bigger licensees often require all employees to attend these short sessions and may require managers to participate when entering that role. Most of these are one-off events offered when employees begin working with an operator, although some licensees mentioned that they encourage employees to take them more than once. More effort is needed to quantify the impact of these programs on employees.

"We have conscious inclusion training and general unbiased interview practices. Conscious inclusion training is completed by all managers and above and focuses on helping managers understand their unconscious bias and how they can move from unconscious bias to conscious inclusion."

- **Category 3 tethered licensee representatives**

The other category of training programs is professional development programs, which are meant to benefit employees and promote their advancement within the organization. These programs are usually open to all employees, but they may be sponsored by Employee Resource Groups (ERGs) so that most attendees are diverse members of the ERGs. In addition to the benefits of learning in the training programs, these often provide opportunities for diverse employees to find mentors and network within the organization. A few training programs target specific demographic groups, such as training programs designed for veterans or leadership programs for women. In this same category of programs are training programs geared towards diverse employees, such as the ESOL programs mentioned previously, and cross-functional training in operational areas with predominantly diverse employees. One example provided was training employees in the food and beverage sectors to learn sportsbook operational skills.

One Category 1 operator mentioned that they have twelve-week programs to train emerging leaders to move into management roles. Managers are encouraged to select diverse employees to participate in this program. After completing those programs, they are placed in development plans to get promoted and advance within the company. Additionally, they have leadership programs geared towards students that provide internships and encourage them to apply for organizational roles once they graduate.

Most interviewees pointed to Employee Resource Groups (ERG) as significant programs that promote a diverse workforce and encourage diverse employees to climb the corporate ladder. Managers were often encouraged to mentor and guide employees from diverse backgrounds to advance within the organization. The most common ERGs organized within sports wagering operators are those for women, people of color, and LGBTQI+ employees. Although there are programs that are designed specifically for veterans, there were fewer mentions of ERGs for them, although this may be due to the small fraction of the organization's employees represented by veterans. The success of ERGs in retaining diverse employees or promoting their advancement needs to be clarified. Although the researchers asked for contact information for participants in ERGs, none of the interviewees provided it.

Outside of dedicated training programs, examples of retainment and development practices given in the operator questionnaire include administrative work like regular reviews of employee engagement survey data and compensation by sex and race to ensure that employees feel valued and are not facing wage discrimination.

In the next sections, we present stakeholder perspectives on barriers to the employment of women, minorities and veterans in the sports wagering industry, examples of successful practices, and recommendations.

BARRIERS TO DIVERSE EMPLOYMENT

Various interviewees stated that the main barrier to diverse employment in the sports wagering industry is at the recruitment stage. Most applicants tend to be White males, possibly due to a perception that the sports wagering industry shares the demographic profile of its largest audience. Despite efforts to increase the recruitment of diverse employees by using targeted strategies mentioned above (e.g., job fairs for veterans), these are only sometimes successful as there is a small pool of candidates. Despite investment in diverse job fairs, most interviewees noted that there is still room to increase the proportion of diverse employees within their organizations.

“We spend a lot of time and finances looking for diverse candidates. But sometimes those arenas don’t give us results. So, we may spend \$3,000 for corporate sponsorship to be at a veteran’s job fair at Gillette Stadium, and we might only speak to four candidates. Of the four candidates, we may only have one to pass on to someone in our organization or team. So many folks are looking for diversity, veterans, and females, and there aren’t enough candidates for all of us from a recruitment perspective. The other piece is that because so many people are looking for diversity, females, and veterans, we may have a higher turnover rate because they’re often being recruited or snatched by other organizations.”

- **Category 1 licensee representative**

An additional barrier is the high turnover rate. Most diverse employees are recruited at lower-paying entry-level positions with the highest turnover. Often, there are structural barriers that limit the recruitment and retention of diverse employees. These include language barriers, the need for childcare and flexible work schedules, and State requirements of no previous criminal record for MGC and gambling employees. This last requirement entails a costly background check, which creates an additional financial barrier for diverse applicants. Representatives from the MGC and Category 3 licensees mentioned that many offered positions require specialized skills or degrees, such as computer programming expertise or law degrees. The proportion of diverse applicants to those positions is smaller than entry-level positions because the pool of diverse applicants is smaller in relative and absolute terms. Many people also have negative associations with gambling, which may deter them from applying to work in the industry.

“The sports wagering industry is very much technical. Those skills or roles were heavily male dominated for many years. And so, as with other underrepresented groups, it takes time to find those with the aptitude and get the skills development training to get them up to par for the positions.”

- **Category 3 tethered licensee representative**

“We do a lot of job fairs, and there’s a kind of stigma for the casino industry... that we are a bad industry... a seedy industry. That there is high crime in our industry.”

- **Category 1 licensee representative**

Category 1 licensees are more motivated to address these barriers and increase diversity within their workforce because these numbers are monitored by the MGC. Category 3 licensees, on the other hand, do not have that statutory obligation, and their efforts to ensure greater diversity are not easily monitored, though almost all Category 3 operators self-reported that they engage in a wide range of employee diversity practices.

SUCCESS EXAMPLES

As mentioned above, because they regularly report these numbers to the MGC and are compelled through legislation to implement diversity initiatives, Category 1 licensees have been more successful at recruiting a diverse workforce. As part of operations with intensive diversity programs, they are meeting or exceeding some of their targets for diverse employees, which has the additional benefit of creating a more varied pool of referrals. Some operators have succeeded in hiring and promoting more women, partly due to having more women in managerial positions. Seeing themselves represented at higher levels within the organization and being encouraged by female managers has increased the proportion of women working there.

“One of the most interesting anecdotes was when we trained people to work at the sports wagering windows. We were having problems training, so we administered a test. It was a test of the ability to take bets. It wasn't a test of sports knowledge. We found overwhelmingly that the women scored far higher on the test, and we ended up with a much larger percentage of women working in the sportsbook... and so when we opened the sports windows, I'd say 80 percent were women.”

- **Category 1 licensee representative**

“40 percent of our executive leadership team are women. This is something that is taken very seriously in terms of driving diversity.”

- **Category 3 untethered licensee representative**

Various interviewees mentioned that their efforts recruiting at job fairs for women, people of color, and veterans had yielded some success in hiring more diverse employees. Some Category 1 licensees mentioned that by working with the surrounding communities, they have built stronger relationships, which have motivated locals to apply for work there.

“From our external partnerships, one of the benefits is understanding best practices from other companies and what they are doing in that DEI space. One of the things we are very focused on with our external partners, and some of our other corporate partners, is sharing best practices and being heavily focused on collaboration.”

- **Category 3 tethered licensee representative**

Category 1 licensees readily shared their Corporate Social Responsibility reports, which show workforce diversity increasing over time, both overall and at the leadership level (managerial and above). Some organizations employed roughly the same number of men and women, although this did not hold for leadership positions. Larger and more established organizations have software and other tools to measure the diversity of their applicant pool and workforce, which would be helpful for all sports wagering organizations.

Interviewees from Category 1 and Category 3 licensees displayed pride in Employee Resource Groups, citing them often as one of the most important programs that supported diverse employees. ERGs provide professional development and mentoring opportunities that benefit people from historically underrepresented groups. These programs also encourage diverse employees to stay in their organization and reduce turnover.

RECOMMENDATIONS

When asked for recommendations on increasing diversity within the sports wagering industry, most interviewees said the biggest challenge is getting diverse employees to apply to positions within these organizations. Nonetheless, sports bettors are increasingly diverse, and there are now more women and minorities participating, which also translates into more diverse candidates applying for positions in the sports wagering industry. There is an assumption that engagement with sports wagering by diverse groups increases familiarity with the industry, making employment opportunities more visible. From this perspective, one Category 1 interviewee mentioned that they are focusing on new sports that may be more interesting to women or minorities, such as women's basketball and soccer. The idea is that with a more diverse clientele, they are more likely to have a more varied employee applicant pool. The MGC also noted that they are revising their recruitment strategy to include diverse interview panels and candidate slates when recruiting for new positions.

“When you have a situation where 80 percent of eligible candidates are all White males, it's easy to close the requisition and say, I have a candidate here that can serve the job. The process might be longer in terms of making sure that we are following the diverse slate philosophy. So, often, jobs might have to stay open longer than they would have.”

- **Category 3 untethered licensee representative**

Comparing the responses between Category 1 and Category 3 licensees shows that requiring licensees to quantify their progress, implement diversity initiatives, and report these results to the MGC effectively motivates licensees to adopt more robust and more effective programs, policies, and practices. These programs, policies, and practices help as well as the types and sheer volume of jobs offered by casinos explain why Category 1 licensees have a diverse workforce. Representatives from the MGC noted that there needs to be a formal, structured recruitment strategy and mechanisms for measuring these approaches' effectiveness. Asking this of all licensees would increase workforce diversity across the sports wagering industry.

Vendor Diversity

Overview

This chapter discusses vendor diversity—specifically, the participation of minority-owned, veteran-owned, and women-owned businesses—among the firms providing goods and services to the sports wagering industry. It is important for diverse firms to establish business-to-business supplier relationships with large operators and government agencies such as those found in the sports wagering industry as these can be important stabilizing factors for a business. Suppliers for large operators and agencies can enjoy predictable, regular purchases and long-term business relationships with their customers.

Compared to national vendor spending, spending on Massachusetts firms is relatively modest given the strong presence of tech, financial services, and professional services firms in the state. During 2023, Category 3 operators contracted with nearly 1,200 vendors across the U.S, with whom they spent an average of \$558 million per quarter overall. More than 100 Massachusetts vendors were involved, averaging nearly \$30 million in sales each quarter. However, participation and spending on diverse firms makes up only a very small portion of engagement and spending for both Category 1 and Category 3 operators. In interviews, both Category 1 and 3 licensees 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. The scarcity of certified diverse businesses in the economy generally and in the top spending sectors for sports wagering operators provides one explanation for the very low levels of diverse business participation in the sports wagering industry. Spending on advertising and marketing firms by both Category 1 and Category 3 operators highlights an opportunity for increased spending with diverse firms in these sectors.

Participation

This section uses operator spending data to assess the level of involvement of minority-, female-, and veteran-owned businesses providing services and supplies to the industry. Using the spending data, we analyze diverse businesses as a percentage of total participation, proportion of dollars spent on vendors, and mean and median annual spending on diverse vendors compared to all vendors. As specified by the RFR, in this analysis we isolate and discuss the involvement of firms that offer advertising, marketing and public relations services.

Operator Data

VENDOR DIVERSITY

The analysis in this section aims to measure the participation of diverse vendors among the spending or contracting practices of Category 1 and Category 3 operators.²⁶ The table below shows average quarterly counts and shares of vendors in each diversity category along with the average quarterly spending for each group.

Table 3: Average Quarterly Participation and Shares of Spending across Diversity Categories for Category 1 and Category 3 Operations, All US and Massachusetts

All US				
	Cat 3		Cat 1	
	Vendors	Spending	Vendors	Spending
All	1,187 (100.0%)	\$558,098,566 (100.0%)	26 (100.0%)	\$779,556 (100.0%)
MBE	15 (1.3%)	\$4,404,611 (0.8%)	≤5 (7.8%)	\$520 (0.1%)
VBE	≤5 (0.2%)	\$16,014 (<0.1%)	≤5 (3.9%)	\$8,428 (1.1%)
WBE	13 (1.1%)	\$1,201,012 (0.2%)	≤5 (5.9%)	\$1,393 (0.2%)
Massachusetts				
	Cat 3		Cat 1	
	Vendors	Spending	Vendors	Spending
All	103 (100.0%)	\$28,708,625 (100.0%)	6 (100.0%)	\$123,545 (100.0%)
MBE	≤5 (4.1%)	\$3,625,228 (12.6%)	0 (0.0%)	\$0 (0.0%)
VBE	0 (0.0%)	\$0 (0.0%)	0 (0.0%)	\$0 (0.0%)
WBE	≤5 (0.7%)	\$9,124 (<0.1%)	≤5 (4.3%)	\$325 (0.3%)

Source: Operator data collected from sports betting licensees by UMDI

During 2023, Category 3 operators contracted with an average of 1,187 vendors per quarter, with whom they spent an average of \$558 million per quarter. Of those vendors, 103 (8.6%) are Massachusetts firms, with whom the industry spent an average of \$28.8 million per quarter.

Looking at spending across the U.S., about 1.3 percent of contracted vendors are registered as Minority Business Enterprises (MBEs), while only 0.2 percent are registered as Veteran Business Enterprises (VBEs), and 1.1 percent are registered as Women Business Enterprises (WBEs). Though the 15 MBEs represent 1.3 percent of all vendors contracted, spending with MBEs represents even less, at 0.8 percent of all spending on average in a quarter. For the two VBEs making up 0.2 percent of vendors, less than 0.1 percent of overall spending goes to these firms. Finally, for the 13 WBEs making up 1.1 percent of vendors, only 0.2 percent of overall spending occurs in this category.

In Massachusetts, MBEs make up 4.1 percent of Massachusetts firms interacting with Category 3 operators. There are no contracts with VBE firms in 2023, and five or fewer WBE firms make up 0.7

²⁶ Given the data collected are provided in quarterly increments, this analysis was done by totaling vendors and spending across diversity categories and locations to get industry level averages for both Category 1 and Category 3 operators. These numbers are averages and also rounded, which may be misleading in some cases where the average is not a whole number or is less than 0.

percent of all Massachusetts firms. Spending to the five or fewer MBEs, however, makes up 12.7 percent of spending in Massachusetts. Less than a 0.1 percent of spending goes to Massachusetts WBEs.

Throughout 2023, Category 1 operators contracted with an average of 26 vendors per quarter, with whom they spent an average of \$780,000 per quarter. Six of those vendors, about 23 percent, are Massachusetts firms, with whom they spent an average of \$123,500 per quarter.

Spending across the U.S. at Category 1 operators is made up primarily of non-diverse firms, with 7.8 percent of vendors registered as MBEs, 3.9 percent as VBEs, and 5.9 percent as WBEs. Though five or fewer MBEs represent 7.8 percent of all vendors contracted, spending with MBEs represents only 0.1 percent of all spending on average in a quarter. For the five or fewer VBEs making up 3.9 percent of all vendors, 1.1 percent of overall spending went to these firms. Finally, for the five or fewer WBEs making up 5.9 percent of vendors, only 0.2 percent of overall spending is done in this category.

Category 1 spending with Massachusetts firms is almost entirely non-diverse. There is no presence of MBE or VBE firms in the industry’s Massachusetts contracts, and the average number of WBEs is so low it appears negligible, making up 4.3 percent of all Massachusetts vendors. About 0.3 percent of Massachusetts vendor spending goes to these WBE firms, and the remainder is spent on non-diverse firms.

Overall, participation and spending with diverse firms makes up a very small portion of engagement and spending with both Category 1 and Category 3 operators. In Massachusetts, the participation of diverse firms is also low. Although more than 12 percent of Category 3 spending in Massachusetts goes to minority-owned firms, diverse vendor participation is very low. Only five diverse vendors of all categories in Massachusetts participate across both industries on average in a quarter.

To further understand the extent to which Category 1 and Category 3 operators contract with diverse firms, contract counts and sizes (dollar amounts) were requested in the data collection process. However, very few operators were able to provide contract data. As a substitute, this section analyzes quarterly average spending per vendor as a proxy for contract sizes.

Table 4: Average Quarterly Spending Per Vendor and Vendor Counts Across Diversity Categories for Category 1 and Category 3 Operators, All US and Massachusetts

All US		
	Cat 3	Cat 1
All	\$470,077 (1,187)	\$30,571 (26)
MBE	\$293,641 (15)	Insf. Data
VBE	Insf. Data	Insf. Data
WBE	\$96,081 (13)	Insf. Data
Massachusetts		
	Cat 3	Cat 1
All	\$280,084 (103)	\$21,486 (6)
MBE	Insf. Data	\$0 (0)
VBE	\$0 (0)	\$0 (0)

WBE	Insf. Data	Insf. Data
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Source: Operator data collected from sports betting licensees by UMDI

Table 4 above shows average quarterly spending per vendor as well as average quarterly vendor counts for Category 1 and Category 3 operators across the U.S. and Massachusetts. Due to the very small number of average quarterly contracts with diverse firms, the values for average quarterly spending per vendor for diversity categories with an average of five or fewer vendors per quarter have been suppressed. The following analysis will analyze the general direction of average quarterly spending per diverse vendor compared to the overall average quarterly spending per vendor, identifying whether the spending sizes are larger or smaller, accompanied by a percentage to indicate how much larger or smaller.

For Category 3 operators, average quarterly spending to the 1,187 firms across the U.S. was about \$470,000 per vendor. For MBEs, average quarterly spending per vendor is lower than the overall average, about 37.5 percent smaller per vendor, while spending to WBEs was much lower, about 79.6 percent smaller per WBE. Average quarterly spending per vendor for VBEs across the U.S. has been suppressed.

For Category 3 spending in Massachusetts, average quarterly spending per vendor was a bit higher than spending per vendor throughout the U.S., with quarterly averages of about \$280,000 per vendor to about 103 firms. Average quarterly spending for MBEs and WBEs in Massachusetts have been suppressed, and there was no spending with VBE firms in Massachusetts.

For Category 1 operators, average quarterly spending across the U.S. was about \$31,000 per vendor to about 26 firms. Spending per vendor to MBE and WBE firms have been suppressed, and there was no spending to VBE firms. In Massachusetts, average quarterly spending per vendor was \$21,500 to about 6 participating firms. Average quarterly spending per vendor for WBE's has been suppressed, and there is no spending to MBE and VBE firms.

Due to the very limited participation of diverse vendors in the sports betting industry, it is difficult to infer how average quarterly spending per diverse vendor compares to the overall average quarterly spending per vendor. For the instances in which average quarterly spending data have not been suppressed, sports betting operators tend to spend less per vendor on diverse firms.

ADVERTISING, MARKETING AND PROMOTIONAL SPENDING

The Advertising, Marketing and Promotional sector was of particular interest in our research relative to total spending, the participation of diverse firms, and spending to diverse firms. Through questionnaires and operator data we found that spending on advertising and marketing firms comprises a substantial portion of professional technical services spending in the sports wagering industry. Both Category 1 operators and Category 3 operators must invite customers to participate in their new business ventures, so promotional and advertising material is essential. For that reason, our data request included a breakdown of overall spending as well as spending to firms in the marketing, advertising, and promotional sector. The following section aims to analyze the extent to which operators contract with advertising and marketing firms, and the participation of diverse vendors in supplying these services.

Table 5: Average Quarterly Counts, Spending, and Shares of Marketing, Advertising, and Promotional Vendors vs All Vendors in Category 1 and Category 3 industries, All US and Massachusetts

All US				
	Cat 3		Cat 1	
	Vendors	Spending	Vendors	Spending
All	1,187 (100%)	\$558,098,566 (100%)	26 (100%)	\$779,556 (100%)
Marketing	358 (30.1%)	\$360,800,243 (64.6%)	≤5 (16.7%)	\$117,222 (15.0%)
Massachusetts				
	Cat 3		Cat 1	
	Vendors	Spending	Vendors	Spending
All	103 (100%)	\$28,708,625 (100%)	6 (100%)	\$123,545 (100%)
Marketing	29 (28.2%)	\$14,320,990 (49.9%)	≤5 (39.1%)	\$111,144 (90.0%)

Source: Operator data collected from sports betting licensees by UMDI

Category 3 operators work with an average of 358 vendors in the advertising and marketing sector per quarter, making up just over 30 percent of all vendors on average in a quarter. Spending with these firms is about \$361 million on average in a quarter, making up nearly 65 percent of all spending in the U.S.

In Massachusetts, 29 of the 103 firms that Category 3 operators contracted with are in the advertising and marketing sector, making up about 28 percent of all Massachusetts vendors on average in a quarter. Spending with marketing firms, however, makes up nearly half of all spending in Massachusetts, accounting for about \$14.3 million on average in a quarter.

Marketing firms represent a smaller share of Category 1 vendors overall, making up about 16.7 percent of vendors engaged in an average quarter. Spending with these firms makes up a similar proportion of spending, with about \$117,200 or 15 percent of spending going to marketing firms on average in a quarter.

In Massachusetts, five or fewer of the 6 firms that Category 1 operators engage with are in the marketing sector, which makes up just under 40 percent of all Massachusetts vendors on average in a quarter. Spending with these firms makes up a substantially large portion of average quarterly spending in Massachusetts, with about \$111,100 or 90 percent allocated to advertising and marketing firms on average in a quarter.

Table 6: Average Quarterly Counts, Spending, and Shares of Marketing, Advertising, and Promotional Vendors in Category 1 and Category 3 industries across Diversity Category, All US and Massachusetts

All US				
	Cat 3		Cat 1	
	Vendors	Spending	Vendors	Spending
All	358 (100.0%)	\$360,800,243 (100.0%)	≤5 (100.0%)	\$117,222 (100.0%)
MBE	≤5 (0.8%)	\$149,775 (<0.1%)	0 (0.0%)	\$0 (0.0%)
VBE	0 (0.0%)	\$0 (0.0%)	0 (0.0%)	\$0 (0.0%)
WBE	≤5 (1.3%)	\$86,685 (<0.1%)	≤5 (11.8%)	\$541 (0.5%)
Massachusetts				
	Cat 3		Cat 1	
	Vendors	Spending	Vendors	Spending
All	29 (100.0%)	\$14,320,990 (100.0%)	2 (100.0%)	\$111,144 (100.0%)
MBE	0 (0.0%)	\$0 (0.0%)	0 (0.0%)	\$0 (0.0%)
VBE	0 (0.0%)	\$0 (0.0%)	0 (0.0%)	\$0 (0.0%)
WBE	0 (0.0%)	\$0 (0.0%)	≤5 (11.1%)	\$325 (0.3%)

Source: Operator data collected from sports betting licensees by UMDI

Digging deeper to look at diverse vendor spending within the marketing sector, the levels of participation and spending with diverse marketing firms are low and insignificant across all Category 3 and Category 1 contracts.

For Category 3 operators, MBEs account for 0.8 percent of marketing vendors on average in a quarter, and less than 0.1 percent of average quarterly spending. WBEs account for 1.3 percent of marketing vendors on average in a quarter and less than 0.1 percent of spending on average in a quarter. In Massachusetts, none of the marketing vendors are diverse.

For Category 1 operators, WBEs account for 11.8 percent, or five or fewer marketing vendors on average in a quarter, and only 0.5 of spending is done with WBE marketing firms on average in a quarter. In Massachusetts, Category 1 operators contract with five or fewer WBE firms on average in a quarter. Average quarterly spending with WBEs makes up only 0.3 percent of average quarterly spending in Massachusetts to marketing firms. There is no contracting with MBE or VBE marketing firms for Category 1 operators.

Overall, marketing, advertising, and promotional spending makes up a substantial portion of spending by Category 1 and Category 3 operators. Spending on marketing firms comprises about 65 percent of All U.S. spending for Category 3 operators and about 15 percent for Category 1 operators on average. In Massachusetts, marketing spending accounts for 50 percent of all spending on average for Category 3 operators and about 90 percent for Category 1 operators (Table 5). The participation of diverse vendors in this sector, however, is very low. Given the nature of marketing and advertising, it is expected that these firms will continue to have a need for marketing firms. As such, there may be room for operators in both categories to intentionally increase contracts and spending with diverse firms in these sectors, both in and outside of Massachusetts.

Massachusetts Gaming Commission

The MGC follows procurement guidelines established by the Supplier Diversity Office through the Supplier Diversity Program (SDP). The SDO sets annual benchmark goals expressed as a percentage of each organization’s discretionary budget (MBE 8%; WBE 14%; VBE/SDVOBE²⁷ 3%)²⁸ which apply to all procurements for goods and services exceeding \$150,000. Full participants in the SDO’s procurement programs accept and track the benchmark goals, and report in a consistent manner. Some additional non-executive departments and quasi-public organizations receive resources and technical assistance from the SDO and voluntarily submit narratives to the SDO about their supplier diversity programs.

According to the SDP, participating organizations may use two types of spending to achieve program spending goals:

- Direct spending with MBE, WBE, VBE, SDVOBE, DOBE, and LGBTBE²⁹ prime contractors; and
- Indirect spending resulting from business partnerships between the organizations’ contractors and MBE, WBE, VBE, SDVOBE, DOBE, or LGBTBE vendors used in the contractors’ operations. This includes subcontracting, as well as other types of business-to-business relationships.

Through interviews, MGC staff made it clear that the approaches and tools they have adopted in following the SDP have played a critical role in increasing the volume of MGC relationships with and spending on diverse supplier businesses.

PARTICIPATION, BENCHMARKS, AND 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. The MGC’s latest spending ratio of 34 percent on minority-owned businesses is much higher than the percentage of minority-owned businesses in the state overall (13%), as shown in Table 11. Spending on women-owned businesses is much the same, significantly higher at 30 percent versus 18 percent of these businesses in the state overall. Veteran spending has room to improve, however, with 4 percent of Massachusetts businesses owned by veterans, compared to only making up 0.4 percent of MGC vendor spending.

Table 7: Vendor Diversity Benchmark Attainment, 2023

	FY2023 Discretionary Budget	FY2023 SDP Benchmark	FY2023 Actual Expenditure	% of Benchmark Met
Minority Business Enterprises (MBE)	\$6,965,934	\$557,275 (8%)	\$2,368,574 (34%)	425.0%
Women Business Enterprises (WBE)	\$6,965,934	\$975,231 (14%)	\$2,101,978 (30%)	215.5%
Veteran Business Enterprises (VBE)	\$6,965,934	\$208,978 (3%)	\$29,244 (0.4%)	14.0%

Source: Massachusetts Supplier Diversity Office, Annual Report FY2023

Note: Companies can be certified MBE, WBE and VBE so there may be overlap in the totals.

²⁷ Service-Disabled Veteran-Owned Business Enterprise

²⁸ Non-discretionary spending includes pension and insurance-related expenditures, payments of grants and subsidies, entitlement programs, and loans and special payments.

²⁹ DOBE stands for Disability-owned business enterprise; LGBTBE stands for Lesbian, Gay, Bisexual, and Transgender-owned business enterprise.

Spending by the MGC on minority- and women- owned businesses was relatively stable between FY2020 and FY2022, before nearly quadrupling in FY2023. This jump was concentrated in a few large contracts, rather than representing an increase in the number of vendors, so there may be a risk of regressing to the mean if the specific contracts are not renewed.

Table 8: Vendor Diversity Expenditures, MGC, FY2020-FY2023

	FY2020	FY2021	FY2022	FY2023	FY20 - FY23 %Change
Minority Business Enterprises (MBE)	\$484,953	\$359,657	\$400,417	\$2,368,574	388.4%
Women Business Enterprises (WBE)	\$490,775	\$388,790	\$428,036	\$2,101,978	328.3%
Veteran Business Enterprises (VBE)	\$48,366	\$51,792	\$72,139	\$29,244	-39.5%

Source: Massachusetts Supplier Diversity Office, Annual Report FY2023

Note: Companies can be certified MBE, WBE and VBE so there may be an overlap in the totals.

Table 9: Massachusetts Gaming Commission Spending on Diverse Vendors, Industries ranked

	MGC Spending
Other Services (especially Non-Profit)	High
Information	High
Professional, Scientific and Technical Services	Medium
Administrative and Support Services	Medium
Retail Trade	Low
Accommodation and Food Services	Low
Construction	Low
Manufacturing	Low
Wholesale Trade	Low

Source: MGC Data.

Note: Ranked in order of most to least spent in industry

When it comes to spending on diverse firms by industry, Other Services, particularly non-profit services, are the largest spending area for the MGC, though this spending is entirely concentrated among women-owned businesses.³⁰ The category of Information is the other main area of spending with diverse firms, concentrated among IT services and software providers, both provided by minority- and women-owned businesses. Professional, scientific, and technical services and administrative and support services both have a medium level of spending, mostly concentrated in advertising and marketing and travel expenses, respectively. Advertising and marketing is a particularly significant expenditure area, involving marketing consultants, branding, and promotional materials, making up essentially all professional technical services spending by the MGC. The MGC spends much less in the remaining industries, with spending spread fairly evenly between minority-owned and women-owned businesses. The only industry in which the MGC contracted with a veteran-owned business was retail trade, specifically for office supplies.

³⁰ See Table 19 in Appendix C for more detail.

Vendor Diversity: Comparisons With Similar Industries

The goal of this section is to compare levels of diverse vendor participation in the sports wagering industry with outcomes in similar industries, as a parallel to the previous section which compares diverse employment to similar industries.³¹ Unlike the employment analysis, however, an analysis of supplier diversity is limited by a lack of data sources that can be generalized to make comparisons. Data showing the extent to which diverse suppliers are being used by an organization are typically obtainable only through initiatives called *disparity studies*, which are designed to assess and advance equity within specific government agencies or businesses. However, disparity studies are customized to particular organizations, not to entire industries, and are typically not publicly released. For the purposes of this report, this section will touch on vendor diversity for Category 1 operators as a subset of casinos and ultimately focus on assessing the presence of diverse firms in the industries to which Category 3 operators spend the most.

Category 1

Because retail sports betting operations exist within casino operations, it follows that vendor spending for these operators mostly consists of the goods and services needed beyond what the casino covers. For example, janitorial or security expenses may be covered by the casino for the entire facility in which the operator exists, while expenses like sports betting kiosks or advertising fall to the sports betting operator. As a result, there are very few industries with which retail sports betting vendor participation can be compared, and very little data with which to make comparisons. Additionally, retail operational spending on diverse vendors is nearly non-existent, as discussed earlier in this report. Participation of diverse vendors at casinos in FY2023, used as a proxy for participation of diverse vendors at Category 1 operators, include: 5 percent MBE spending, 7 percent WBE spending, and 2 percent VBE spending.³²

Category 3

Mobile sports betting operators function similarly to software and fintech firms, though diverse business enterprise (DBE) spending data are not available for software and fintech industry sectors. Survey data collected from operators offer information on the primary types of products and services purchased by sports wagering operators. Using data on largest categories of spending to identify key industries utilized by Category 3 operators, we are able to check the availability of DBEs in those sectors and assess the degree to which DBEs may be able participate in contracts with mobile sports betting operators. According to the questionnaire, Category 3 operators tend to spend large amounts on **professional, scientific, and technical services** (consulting, R&D, legal services; accounting and payroll, computer systems design; advertising and marketing); **information services** (software publishers; telecommunications; data processing hosting and related services); and **wholesale distributors**, (durable goods - computers, electronics, technical equipment and infrastructure). Category 3 survey respondents indicated that the two most common new areas of spending after an expansion to a new state are advertising and marketing and legal services.

³¹ Our method for choosing comparison industries is discussed in the previous chapter, *Employment Diversity*.

³² Supplier diversity statistics are published in quarterly reports and annually in the MGC's annual report. These reports can be found on the MGC website.

With top spending sectors identified, two sources can be used to assess the participation of diverse vendors against the availability of diverse vendors. From Annual Business Survey data, presented in Table 11, we know that the presence of U.S. diverse businesses in these areas is significant. Looking at professional, information, and wholesale industries, minority-owned businesses comprise 17, 15, and 20 percent, respectively. Women-owned businesses total 23, 14, and 10 percent, respectively.

However, Table 12 shows that *certified* diverse-owned businesses in these areas make up a much lower percentage of their industries (1.8% at most), and operators universally look towards certified businesses when trying to boost diverse vendor engagement, potentially missing out on the vast majority of diverse-owned businesses. The scarcity of certified diverse businesses in the economy provides an explanation for the very low levels of diverse business participation in the sports wagering industry.

Some professional services subsectors like advertising and marketing have slightly higher rates of diverse certifications, with certified women owned businesses making up four percent of the industry in Massachusetts, more than twice the rate of the larger professional services sector. Given the relatively high presence of WBE’s providing advertising and marketing services, it might be feasible to increase the presence of WBE contractors in this area.

Table 10: Top spending sectors for Category 3 Operators: high, medium, and low rankings

Industry Sector	Category 3 Operator Ranking
Professional, Scientific, and Technical Services	High
Information Services	High
Wholesalers	High
Finance and Insurance	Medium
Administrative and Support Services	Medium
Real Estate, Rental, and Leasing	Medium
Other Business Sectors	Low
Utilities	Low
Transportation and Warehousing	Low

Source: Sports wagering operator questionnaire, 2024.

Note: Survey respondents were asked to rank spending by industry as high, medium, or low. The above table reflects where the majority of responses for each industry fell.

Table 11: Diverse Business Ownership in Massachusetts and U.S., 2021

NAICS	Minority		Women		Veteran	
	MA	US	MA	US	MA	US
Utilities	3%	5%	3%	5%	Insf. Data	4%
Wholesale trade	Insf. Data	20%	10%	16%	5%	6%
Transportation and warehousing	13%	26%	17%	15%	Insf. Data	6%
Information	10%	15%	14%	15%	2%	4%
Finance and insurance	Insf. Data	13%	Insf. Data	17%	Insf. Data	7%

Real estate and rental and leasing	4%	14%	23%	27%	Insf. Data	5%
Professional, scientific, and technical services	9%	17%	23%	25%	6%	6%
Administrative and support services	11%	18%	Insf. Data	21%	6%	6%
Other services	24%	27%	30%	28%	Insf. Data	4%
All Industries	13%	21%	18%	21%	4%	5%

Source: US Census Bureau, Annual Business Survey 2022, Massachusetts and U.S.

Note: Top spending sectors for Category 3 operators appear in bold in this table.

Table 12: Certified Diverse Business Ownership in Massachusetts, 2022

NAICS	MBE	WBE	VBE
Utilities	0.5%	0.7%	Insf. Data
Wholesale trade	0.3%	0.5%	Insf. Data
Transportation and warehousing	1.6%	0.9%	Insf. Data
Information	0.4%	0.3%	Insf. Data
Finance and insurance	0.2%	0.2%	Insf. Data
Real estate and rental and leasing	0.6%	0.7%	Insf. Data
Professional, scientific, and technical services	1.0%	1.8%	0.1%
<i>Advertising, Public Relations, and Related Services</i>	<i>1.0%</i>	<i>4.1%</i>	<i>Insf. Data</i>
<i>Legal services</i>	<i>0.2%</i>	<i>0.5%</i>	<i>Insf. Data</i>
Administrative and support services	1.1%	1.4%	0.1%
Other services (except public administration)	0.1%	0.1%	Insf. Data

Source: Massachusetts Supplier Diversity Office and Massachusetts Executive Office of Labor and Workforce Development's ES-202 employment and wage reports.

Note 1: MBE + WBE rates remove the overlap of businesses that are both MBE and WBE. These rates are estimates and should be interpreted as such.

Note 2: Top spending sectors for Category 3 operators appear in bold in this table.

Programs and Policies for Vendor Diversity

We designed tools to identify the organizational policies and practices in place to promote supplier diversity in the sports wagering industry. We collected information on policies and programs through customized questionnaires sent to both types of licensed operators and the MGC. Additionally, through an intensive stakeholder interview process we gathered in-depth perspectives from industry professionals on the use of these programs and policies to increase diversity. We also collected information on barriers to success, approaches that work, and recommendations going forward.

As specified by the RFR, we discuss the use of vendor diversity policies in two areas: policies and practices related to **solicitation of and contracting with** minority, women, and veteran business enterprises in the Commonwealth; and programs and policies to **increase levels of engagement, volume, and scale**.

Operator Questionnaire

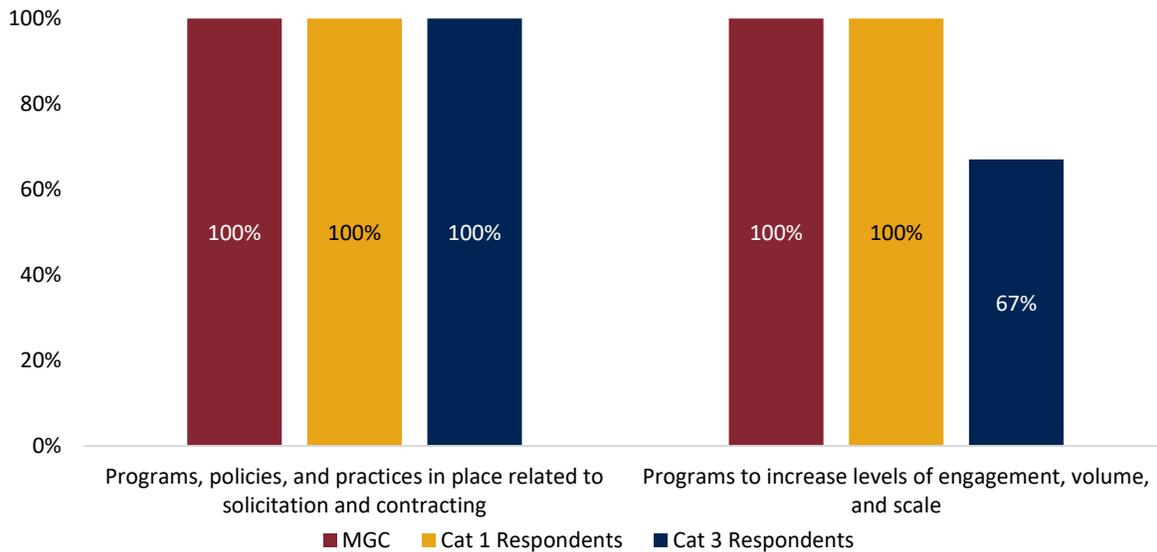
Through the operator questionnaires we found that all license holders as well as the MGC have programs, policies, and practices in place related to **solicitation of** and contracting with minority, women, and veteran-owned business enterprises. Category 1 operators and the MGC universally have programs and policies to **increase levels of engagement, volume, and scale** with these businesses, as do nearly all Category 3 operators.³³

The main ways that Category 1 operators actively recruit diverse vendors is by partnering with chambers of commerce and advisory groups to identify regional suppliers, providing a dedicated vendor website for updates and registrations, and hosting supplier networking events for direct engagement with casino departments. Some also support local economies by purchasing gift certificates from community businesses for loyalty and reward programs and leverage diversity databases to expand vendor partnerships with minority- and women-owned enterprises. Once connections with businesses are established, programs that Category 1 operators use to boost their level of engagement include mentorship and development programs with casino executives, quarterly best-practice seminars, and constructive feedback on proposal rejections. They also collaborate directly with certification bodies to promote RFP opportunities and encourage certification among eligible vendors, facilitate partnerships between small and large suppliers, and some have appointed a dedicated Procurement Diversity Manager to lead supplier diversity efforts.

Category 3 operators also prioritize diverse supplier spending and actively recruit diverse suppliers. Approaches include, for example, dedicating procurement roles to building relationships with historically underrepresented suppliers, partnering with diverse business organizations, and ensuring minority, women and disadvantaged business enterprises (MWDBEs) are included in competitive bids. These operators utilize supplier databases, integrate DEI requirements in contracts, train buyers on supplier diversity, and track diverse vendor spending to measure and reinforce their commitment to inclusive procurement practices. To increase volume with diverse vendors, program examples include an internal platform that tracks spending and identifies potential diverse vendors, focusing on local and regional relationships, along with programs to train buyers on the benefits of inclusive procurement.

³³ See Appendix D - Sports Wagering Operators Diversity Policies and Programs: detail for more program information.

Figure 4: Participation in Policies and Programs to Increase Supplier Diversity



Sources: Operator questionnaires and stakeholder interviews, Spring 2024.

Industry Perspectives: Vendor Diversity

This section provides industry perspectives on the use of programs and policies to promote vendor diversity, through a series of in-depth interviews with a subset of licensees and the MGC. We gathered information about the use of supplier diversity programs in two categories: policies and practices to **solicit and contract** with diverse business enterprises; and programs to **increase levels of engagement, volume, and scale of contracts** with these enterprises. This section provides findings, including perspectives on barriers, examples of success, and recommendations going forward.

OVERVIEW

Retail sports wagering operators spend relatively little on outside vendors and usually contract with only a few suppliers providing specialized products. Thus, there are few opportunities and not a large pool of businesses for them to diversify their purchases. Few of these specialized vendors are based in Massachusetts, and overall very few are certified as diverse businesses. While the perspectives in this section are from operator interviews, based on our analysis of secondary data we believe that very few diverse companies exist that can fulfill these specialized vendor roles.³⁴ The MGC mentioned that the most plentiful diversity-owned companies are women-owned, facilitating contracting with them.

The sports wagering purchasing needs of Category 1 licensees are usually only for specialized products, such as a specific type of paper or kiosks for them to place bets. These are often sole-sourced from a single specialized vendor. The companies that provide online wagering services for these licensees are

³⁴ Analysis of data on business ownership and certifications for this study confirms that diverse firms are less represented in the sectors where Category 3 operators make their largest purchases (see Tables 10 and 11), and on top of that very low proportions of businesses in these sectors are certified (see Table 12).

also sole-sourced, with an exclusivity agreement for a given casino. Many casino vendors are diverse businesses, but these contracts are not specifically for sports wagering.

“On the vendor side, in sports wagering, there's not a ton that we spend operationally. It's office supplies, toner, and things like that. There's not a lot of opportunity for diverse spend in the sports wagering area.”

- **Category 1 licensee representative**

Category 3 licensees also have very limited suppliers, and their needs are also highly specialized. Some of these include technological infrastructure for hosting sports wagering applications or processing payments. Professional technical services, including advertising and marketing, also represents a major area of spending. Since sports wagering is relatively new in the United States, especially compared with Europe, interviewees said that foreign companies provided some services.

One area where Category 1 and Category 3 licensees suggested there was room to increase diversity is when contracting with advertising and marketing businesses. These do not need to be as specialized as other gambling procurements, and there are many vendors who provide these services. Operators have more choices, including diverse vendors. Thus, they present an opportunity to contract with certified diverse businesses. This may also present an opportunity for licensees to contract with Massachusetts-based companies.

“The only opportunity for discretionary spending would be office supplies and marketing... That would be the biggest opportunity.”

- **Category 1 licensee representative**

INDUSTRY POLICIES

Programs, policies, and practices in place related to Solicitation and Contracting

All operators we surveyed reported that they maintain programs meant to increase diversity in solicitation and contracting, most commonly through partnerships with local and national business advocacy groups and building databases of diverse vendors. However, across the board Category 1 and 3 licensees 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.

“The only vendor specific to sports wagering is a single supplier that supplies paper for the sports wagering kiosks. When we opened up sports wagering in 2023, we didn't know how many paper kiosk rolls we would need. We have about five years of inventory.”

- **Category 1 licensee representative**

Category 1 licensees, despite the small size of their sports wagering spending, have agreements with the MGC that date to the licenses given to operate a casino in Massachusetts. These agreements about diversity are understood to extend to sports wagering and were renewed recently. The agreements include plans that the Category 1 licensees submit to the MGC and are publicly available on the MGC website.³⁵ The plans include goals and targets for engaging with minority, women, and veteran-owned businesses. They also designate teams to address diversity in procurement and hiring in their organizations.

Operators often post statements committing to diversity on their websites and train employees who deal with procurement on the importance of diversity. Some interviewees mentioned a written commitment by procurement teams to seek diverse-certified businesses and that these teams also help guide companies to certify as diverse-owned if needed. Massachusetts has a Supplier Diversity Office, which has helped organizations find and contract diverse vendors and sets benchmarks that organizations can try to meet. The parent companies of Category 1 licensees usually have programs to increase supplier diversity led by a strategy team that engages with diverse trade organizations (e.g., the National Veteran-Owned Business Association). They actively seek diverse businesses through these and other business associations.

Programs to increase levels of engagement, volume, and scale

Even though sports wagering operators spend small amounts on diverse vendors, interviewees demonstrated a genuine interest in fostering their relationships with diverse vendors. Questionnaire results showed that operators have several programs in place to increase scale, most notably mentorship and feedback programs for smaller vendors who need guidance on how to meet operator standards. Operators often encouraged businesses to certify as diverse if they qualified and would guide them through the process, which can be lengthy and cumbersome.

“We work with many diverse businesses that may not have received their certification for one reason or another, and so we are very active in pushing them through the process or the resources to get it. We’re also developing some additional programs that will help support that.”

- Category 3 tethered licensee representative

According to the operator questionnaire, all Category 1 operators and the majority of Category 3 operators maintained policies aimed at increasing levels of engagement, volume, and scale from diverse contractors. Because of the small number of vendors engaged by Category 3 operators, it is possible the companies that do not maintain such policies have decided it is not worth the effort as they struggle to find diverse vendors to begin with.

However, Category 1 companies universally maintain policies to increase levels of engagement. The parent companies of Category 1 licensees often have policies explicitly considering diverse companies when they need a supplier. One interviewee mentioned that the procurement team is outstanding

³⁵ Diversity plans can be found on the following page: <https://massgaming.com/about/diversity/>

about contacting diverse suppliers when needed and considering diversity spending first. Nonetheless, the same interviewee noted that finding a replacement can be challenging when they lose a diverse supplier.

A Category 1 licensee representative mentioned that they often encourage diverse vendors to scale up, as the casinos frequently require suppliers who can provide products on a large scale. Nonetheless, this was usually challenging for smaller companies, as expansion requires significant capital investment. Licensees contract with diverse vendors for minor needs but rely on big, established companies for large, specialized purchases. The MGC noted that they have diversity benchmarks for large procurements and are also adapting those for smaller procurements. Even small procurements require Supplier Diversity Plans in public vendor bid proposal postings.

BARRIERS TO CONTRACTING WITH DIVERSE VENDORS

The primary barrier to contracting diverse vendors is the limited number of significant purchases, which are usually specialized and sole-sourced. Category 1 licensees often encounter this situation, requiring only a few specialty products, such as paper or kiosk manufacturers. Category 3 licensees have larger contracts with vendors, but these are usually specialized products, such as digital infrastructure or payment support, provided by few large, and specialized companies. Some vendors are not based in the United States and do not qualify as diverse companies. The MGC mentioned that it was particularly challenging to engage with veteran-owned businesses because very few of them provided the services they regularly used (research and legal services).

“[We can only do business] if diverse vendors can do the type of work we need. Otherwise, we won't be switching the vendors we have.”

- **Category 3 untethered licensee representative**

Very few companies are diverse-owned and provide the specialty products and services the sports wagering industry needs. Thus, it is not easy to find and engage in business with diverse companies, and it is challenging to replace a diverse company if it loses its contract.

“When we started, we had a veteran-owned vendor, and they were fantastic. Then, they were purchased by a larger company with a national presence, and now they are no longer a diverse-owned business. That's happened three or four times now with some of our main suppliers.”

- **Category 1 licensee representative**

Many interviewees mentioned an additional barrier: the cumbersome process of certifying as a diverse-owned company in Massachusetts. Although they try to encourage, guide, and help some companies through the process, some vendors do not find it worthwhile and do not undergo certification, even after efforts to convince them. Additionally, Category 1 licensees require all companies to register with the MGC as suppliers. This process is also a burden; some diverse vendors would rather not engage and avoid contracts with casino-based operators.

“Certification can be challenging. It can take a lot of resources that suppliers may not have available to them or understand how to navigate that process. We also see challenges with suppliers being able to scale up. They may be able to offer us a product or service for the sports wagering piece of our business in Massachusetts. Still, they can't offer that service to the entire sports wagering business... they have a product or service they can offer us in one location, but they can't scale across the company.”

- **Category 3 tethered licensee representative**

SUCCESS EXAMPLES

Most operators generally state that contracting with diverse vendors amounts to a tiny fraction of their overall spending. Nonetheless, there does seem to be great potential for an increase—at least for Category 3 licensees. One licensee mentioned that although less than 1 percent of their spending in the United States went to diverse businesses, that still amounted to millions of dollars spent on over one hundred companies in one year. Other Category 3 licensees could have at least comparable spending levels, which may provide opportunities to increase the proportion of expenditures that goes to diverse companies.³⁶ Further, only half of those companies were officially certified as diverse, which suggests that this fraction could also increase if there were incentives for companies to do so. One tethered Category 3 licensee representative said that for the parent company (which includes many land-based casinos), 12 percent of purchases were from diverse suppliers, which suggests that Category 1 licensees may be able to meet higher targets.

The parent companies of Category 1 licensees often have large company-wide programs to increase their diversity spending, which have been successful. For example, one company had a 70 percent increase in companywide diverse expenditure in three years. Tracking diverse spending is a relatively recent phenomenon that drives increased spending on diverse vendors. A couple of licensees from different categories mentioned having recently updated or planning on updating their tools for tracking diverse suppliers.

Licensee representatives said purchasing from diverse companies had helped foster mutually beneficial relationships. For Category 1 licensees, these relationships helped create rapport with the surrounding communities and encouraged other parts of the parent organization to engage with these vendors. Diversity is becoming increasingly important for bigger corporations, and there is a push to increase diversity on all levels.

“On a national level, diversity is becoming more of a mindset. And it's been pushed down across all avenues over the past four or five years.”

- **Category 1 licensee representative**

³⁶ We believe this example reflects enterprise-level spending rather than the more limited spending made by the digital group.

RECOMMENDATIONS

One area where licensee representatives suggested that there might be an opening to contract diverse vendors is marketing and advertising. Some interviewees indicated that there may be increased interest in this space, including from certified diverse-owned companies. Moreover, there may be an opportunity to encourage companies to contract with local vendors within the Commonwealth. Another interviewee mentioned that Massachusetts often has diverse vendors for office supplies and software resellers. One Category 3 licensee representative suggested that requiring procurement processes to have targets for diverse spending would help increase the volume and scale of business with diverse-owned vendors.

Category 1 licensee representatives noted that one way to increase purchases from diverse vendors is to lower the barriers for them to register as such and to register with the MGC. This latter process, in particular, can be an obstacle for smaller businesses. Interviewees noted that there needs to be an increase in the supply of diverse vendors to make it easier to engage with these companies.

Conclusions and Recommendations

Workforce Diversity

This section contains recommendations for increasing racial and gender diversity, as well as diversity in terms of veteran status in the workforce in the sports wagering industry.

As with the rest of the country, there has been a renewed focus on increasing diversity in Massachusetts since 2020, when national protests increased discussions around this topic. Interviewees noted that having a more diverse workforce helps boost employee engagement and morale, promotes more varied perspectives, and fosters innovation within their organizations.

Various operators from different categories have all increased their efforts to expand diversity in their workforce and have been successful to varying degrees. Category 1 licensees have been especially effective, as they were able to build upon their uniquely intensive diversity programs, which have been in place since casinos were legally allowed to operate in Massachusetts. Interviewees and a review of the documents shared suggest that, on the workforce side, the most significant gains over time have been with women, who are participating in increasing numbers in gambling and the sports wagering industry. There have been gains with other minority groups and veterans, but these have been smaller. Nevertheless, the 2023 operator data still show lower proportions of women in this industry than in all comparison industries.

Many of the interviewees emphasized that diversity was an essential pillar in their organizations and that they actively tried to recruit a more diverse workforce. A few interviewees noted that declaring a commitment to diversity, equity, and inclusion and assigning one or more employees to specifically address that within an organization was a signal to other industries and the public at large that this is an important matter, and this has led to positive change within institutions and the industry. Representatives from the MGC mentioned that creating a foundational work culture that supports DEI initiatives is the most critical step to enhancing these goals within their organization.

In contrast, Category 3 operators maintain a less structured approach to growing a diverse workforce. Most diversity commitments by Category 3 licensees are limited to statements of purpose and do not include actual policies with targets and measurable goals. The strategies were often limited to participating in diverse job fairs, posting on websites targeting historically underrepresented demographic groups, or supporting Employee Resource Groups (ERG). Evaluating how successful these strategies have been beyond anecdotal accounts is a challenge.

Recommendation #1: Encourage the development of workforce diversity goals and standardized metrics for the MGC and for Category 3 operators

Casino programs and policies are structured towards meeting workforce diversity goals for minority, women, and veteran participation and these programs measure progress with standardized metrics. The MGC could expand their approach for their own policies and programs to encompass all these types and establish helpful metrics for evaluating the success of their efforts. The MGC could recommend the

same approach for licensed Category 3 operators, particularly for their Massachusetts-related workforce.

A. Massachusetts Gaming Commission

As discussed in the industry perspectives section, the MGC already has specific ideas about how it can strengthen its workforce diversity policies. This concept of establishing goals and adopting metrics is already seen as an important step to strengthen its policies.

The Commission has established an official diversity goal of achieving 25 percent ethnic diversity. The agency has demonstrated consistency in meeting this target. However, the Commission does not have specific objectives for the inclusion of women or veterans and employs lower proportions of these workers compared to the state population. There are ongoing internal discussions about setting goals in these areas.

- Solidify target diversity goals for women and veteran workers so progress can be measured.

MGC professionals interviewed for this project also see the need to establish a clear, structured recruitment strategy—standard operating procedures—and to implement mechanisms including data collection for measuring the effectiveness of these strategies. According to the professionals interviewed, this type of structured system is currently lacking.

- Establish a clear, structured recruitment strategy—standard operating procedures—and implement mechanisms including data collection for measuring the effectiveness of these strategies.

B. Category 3 operators

Given the less structured approach to workforce diversity programs by mobile/online operators, the MGC could also recommend some basic, standardized approaches to promoting the workforce diversity of these operators.

- Encourage the development of workforce diversity goals for recruitment and hiring.
- Establish and standardize metrics to allow assessments of the effectiveness of programs and policies over time. It would be beneficial to use the same target areas and core metrics used by casinos, with goals established by each individual Category 3 operator, as they are very different companies compared to Category 1 operators (casinos).
- Ask operators to provide information on diversity initiatives, goals, and progress reports as with land-based casinos. This might help ensure that sports wagering operators implement effective strategies to increase diversity.

Supplier Diversity

This section contains recommendations for increasing the participation levels of diverse business enterprises providing goods and services to the sports wagering industry.

On the vendor side, Category 1 licensees had more robust programs and policies to increase purchases from diverse-owned businesses. These include plans, reports, goals, and targets they present to the MGC regularly. Doing business with diverse-owned vendors is seen as a valuable way for operators to engage with the local community, particularly for Category 1 licensees. Additionally, diverse-owned vendors can provide variety to specific sectors, such as food and beverages.

Category 3 licensees, lacking such comprehensive requirements, had fewer explicit policies and generally could not point to specific goals. Only two tethered Category 3 licensees provided us with documents about their institution's diversity policies and programs. At best, they pointed out one or two sentences on their website regarding a commitment to diversity. Untethered Category 3 licensees had little impetus to demonstrate a commitment to diversity in Massachusetts.

Recommendation #2: Encourage operators to create structured strategies to increase the participation of diverse vendors.

As discussed earlier, the MGC has a smaller role in regulating the sports wagering industry compared to their regulation of casino operations, due to an absence of legislation mandating operators to establish targets or implement diversity initiatives. Policies to increase diversity will only be implemented if the MGC can influence Category 3 operators. Sports wagering retail operators already work within the rubric of casino supplier diversity policies and programs. In spite of limitations, the MGC could actively encourage Category 3 operators to adopt approaches to increase supplier diversity related to their Massachusetts-specific operations. The MGC could offer recommendations and resources to operators who seek to promote opportunities for diverse businesses within the industry. Suggested policies:

- Recommend that all operators establish a **supplier diversity plan**³⁷ for their procurements. An approach to adopt a supplier diversity plan would go a long way to ensuring that licensees are making committed efforts to purchasing from diverse-owned businesses.
- Encourage operators to pursue supplier diversity goals in the same categories pursued by casinos, measuring progress with standardized metrics. Operators could adopt their own approaches as done by the non-executive departments and quasi-public organizations that voluntarily report each year to the SDO.³⁸
- Establish internal requirements for procurement processes and set targets and measurable **goals for diverse spending** which could help increase the volume and scale of business with diverse-owned vendors.
- Encourage operators to set targets and measurable goals for spending on Massachusetts businesses, including Massachusetts small business enterprises. A recommendation to promote spending on Massachusetts businesses appear as Recommendation 8 below.
- Encourage all licensees to update their tools for tracking diverse suppliers. While a few licensees mentioned that they are already upgrading their tools in this area, all organizations, including the MGC, would benefit from having **digital tools to measure diversity** in their workforce and

³⁷ A 'supplier diversity plan' is a business initiative that aims to include suppliers from historically underrepresented groups in a company's supply chain.

³⁸ The supplier diversity activities conducted by a range of organizations are described on pp. 53-68 of the Massachusetts SDO annual report.

among their suppliers. These tools would allow companies to compare milestones against goals to evaluate the success of strategies used to increase diversity.

- Recommend a set of standardized data metrics to track progress towards goals, based on the metrics used by casinos to track spending on diverse vendors.
 - Company databases could store the metrics for participating vendors to enable tracking of participation over time.
 - Metrics that have been recommended for other supplier diversity initiatives³⁹ include:
 - Name, address, phone number, and email address
 - Type of business/associated work
 - Expenditures
 - Ownership status (minority-, women-, veteran-owned)
 - Business certification status
 - Contractor or subcontractor status

Recommendation #3: 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.

Outreach efforts by sports wagering operators could be supported by resources and tools provided by the SDO, replicating some of the SDO's existing outreach initiatives in the state,⁴⁰ The SDO offers customized support for partner agencies and this support could be expanded to the MGC and its licensees. For example, the SDO works with the Cannabis Control Commission "to promote procurement opportunities to SDO-certified businesses."⁴¹ These types of SDO initiatives to expand outreach to SDO-certified business in the state could be extended to suppliers participating in the sports wagering industry.

- Work with the SDO to make affirmative marketing tools and other resources available to operators who want to reach Massachusetts diverse suppliers and encourage their participation.

Sports Wagering Taxes

An additional direction for recommendations has to do with sports wagering taxes and how they are allocated by the Commonwealth. The funding generated by sports wagering revenue taxes already provides significant support to Massachusetts municipalities and organizations through dedicated allocations to five different state funds. In FY 2024 alone, \$117.6 million was collected and distributed to these funds. The largest portion of sports wagering tax revenue is designated for the General Fund, to which 45 percent is allotted. The next biggest recipient is Local Aid to municipalities, into which 28 percent is allotted, then the Workforce Investment Trust Fund at 18 percent, an additional 9 percent is

³⁹ These metrics were provided as a recommendation to the City of Worcester in Spitzer et. al., *Diverse Businesses Goal Setting Analysis for the City of Worcester, Massachusetts*. UMass Donahue Institute. August 2022.

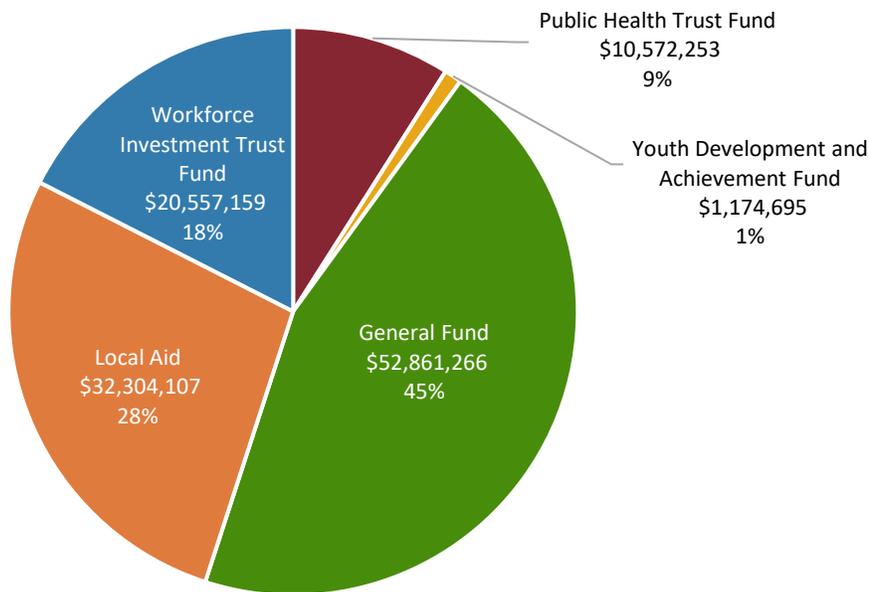
⁴⁰ Supplier Diversity Office *Program Outreach and Engagement* activities are described on pages 43 – 46 of the latest SDO annual report.

⁴¹ Supplier Diversity Office Comprehensive Annual Report Fiscal Year 2023. Page 46. <https://www.mass.gov/doc/sdo-fy23-annual-report/download>

allocated to the Public Health Trust Fund (PHTF), and 1 percent is allocated to the Youth Development and Achievement Fund, a financial assistance program that aims to support Massachusetts students in higher education at approved institutions.

Sports wagering tax revenues could be more intentionally focused towards programs that increase diversity in the sports wagering industry. Some sports wagering tax revenues could be allocated to decrease structural barriers facing the sports wagering workforce. Other funding could support the development of the small business community, including diversely owned enterprises that want to participate in the industry. We understand that recommendations concerning how to allocate sports wagering taxes collected may be difficult to implement, potentially involving legislative action. Given the current economic and fiscal climate new directions may not be feasible. Nevertheless, some ideas for how to focus sports wagering tax revenues are discussed below.

Figure 5: Sports Wagering Tax Distribution, FY 2024



Source: MGC

WORKFORCE SUPPORT

Recommendation #4: Direct sports wagering tax revenue to support workforce development for the sports wagering workforce in Massachusetts.

Through the Workforce Investment Trust Fund and the Youth Development and Achievement Fund, sports wagering tax revenue provides much needed support for workforce development programs in the Commonwealth. According to the legislation, money in the Workforce Investment Trust Fund “is competitively granted to develop and strengthen workforce opportunities for low-income communities and vulnerable youth and young adults in the commonwealth, including providing opportunities and

strategies to promote stable employment and wage growth.”⁴² We recommend that some of the funded programs address workforce issues in the sports wagering industry that were raised in this study. Through the interview process, stakeholders in the industry identified several structural barriers faced by diverse employees in the industry. Often, these are barriers that limit the recruitment and retention of diverse employees. For Category 1 operators utilizing a highly diverse workforce, these include language barriers, the need for childcare and flexible work schedules, and State requirements of no previous criminal record for MGC and gambling employees. This last requirement entails a costly background check, which creates an additional financial barrier for diverse applicants.

In contrast, much of the Category 3 workforce requires specialized, higher-level education and training in tech, sales and marketing, and other professional fields. Structural barriers to a more diverse workforce are related to limitations and barriers for students within the educational pipeline. It takes years of effort and tuition payments to obtain higher educational credentials.

In this context, the Commonwealth could consider better directing sports wagering tax revenue allocations through the Workforce Investment Trust Fund and the Youth Development and Achievement Fund to address known structural barriers limiting the sports wagering industry workforce in Massachusetts.

- Funding could be allocated to support ESOL programs and to subsidize childcare programming, especially in communities hosting retail sportsbooks.
- If possible, revenue tax funds could be earmarked to pay for or subsidize gaming employment background checks to eliminate financial barriers for diverse applicants residing in Massachusetts.
- Workforce Investment Trust Fund and Youth Development and Achievement Fund funds could be directed to support programs directly relevant to expanding workforce diversity in the Category 3 companies (mobile/online operators). This could include supporting students from historically underrepresented groups to obtain technology-related training and education, as well as business and marketing-related training.
 - Given the low levels of women in the sports wagering workforce as well as in tech occupations, special attention could be given to support female students.
 - Support for students from racial and ethnic groups that are underrepresented in technology-related fields could also be prioritized.

BUSINESS ENTERPRISE SUPPORT

Notably missing in sports wagering tax revenue allocations is any dedicated support for business development programs. According to the stakeholder interviews, many operators struggle to locate and engage with certified diverse vendors. We see an opportunity to use sports wagering revenue to help develop diverse-owned businesses who want to contract with sports wagering operators but face barriers to do so. Therefore, we recommend that in addition to the workforce funds already supported, the state channel a significant portion of the tax revenue in a new direction: to grow and develop

⁴² This and other language describing the two workforce-related funds can be found at <https://malegislature.gov/Laws/GeneralLaws/PartI/TitleII/Chapter23N/Section18>

business capacity in the Commonwealth, including a focus on diversely owned businesses. Specific recommendations are presented below.

Recommendation #5: Direct sports wagering tax revenue towards organizations, programs, and initiatives that support and grow diverse-owned businesses in the Commonwealth.

Supplier diversity programs and policies alone cannot solve the broader structural issues and mismatches that constrain the capacity of minority-owned, woman-owned, and veteran-owned companies to engage with the industry. As discussed in the report, larger economic factors are at work when it comes to improving supplier diversity in the sports wagering industry. As discussed in the *industry perspectives* section, operators we surveyed report that they maintain programs meant to increase diversity in solicitation and contracting, most commonly through partnerships with local and national business advocacy groups and building databases of diverse vendors. However, across the board, Category 1 and 3 licensees emphasized that vendor spending was generally limited to a few specialized companies and that there was not much opportunity to diversify their spending on diverse businesses. This finding is especially clear in the analysis of operator vendor spending presented earlier in the report.

As discussed in earlier sections, economic data show that diversely owned firms represent only a fraction of companies in the broader economy. Moreover, as evidenced by Massachusetts Supplier Diversity Office data, very few of these companies are certified to do business as diverse-owned enterprises. The sectors represented and the smaller size of most diverse companies are also limiting factors because the sports wagering industry tends to purchase specialized goods and services at a large scale.

Within this broader context, programs to expand solicitation to diverse firms and policies to expand spending—including target goals for spending on diverse vendors—could help. But other avenues that support business development such as technical assistance training; flexible and affordable financing; commercial district revitalization; sector-specific coaching and networking groups; and other supportive programs and initiatives; could grow the number and strength of diverse small businesses in the Commonwealth.

In addition to better support for diverse-owned businesses, Massachusetts small businesses more generally need better support to grow their capacity.

Recommendation #6: Use sports wagering taxes to create a permanent and significant funding stream for small business development technical assistance.

Results of the questionnaire show that operators have several programs in place to increase the scale of spending with diverse businesses, most notably mentorship and feedback programs for smaller vendors who need guidance on how to meet operator standards. Beyond these efforts by operators is a system of organizations providing technical assistance to help small businesses grow in Massachusetts. However, funding for these programs and services is limited and this reduces availability and access.

A recent study of diverse businesses found significant demand for business development technical services, while at the same time funding for programs and infrastructure is stretched thin: “While there are dozens of organizations across the Commonwealth and Boston that offer services, competition for scarce resources, coordination, and information sharing can be barriers to ensuring that business

owners are able to access services that are appropriate for their size, stage of development, industry, cultural background, and neighborhood.”⁴³

Given the significant need to expand the capacity of diverse businesses to participate, known needs for technical assistance, and ongoing limitations of funding to support these services, it is important to consider how sports wagering tax revenue could be directed in new ways to support small business development services in a permanent and significant way. Recommendations include:

- Create a permanent and generous funding stream for existing small business development training and coaching programs offered by neighborhood development corporations, chambers of commerce, business associations, larger cities, and others.
- Ensure that funded programs reflect current needs of diverse-owned small businesses including: business technical assistance; coaching for obtaining business certification; sector-specific technical assistance in sectors most likely to obtain large contracts from government, large institutions, and the private sector; low-interest loans for businesses that have the required technical expertise but lack the capital to meet the scale required by sports wagering contracts; and others.⁴⁴
- Ensure that there is funding for regular surveys of the small business community, including diverse small businesses, to provide ongoing assessments of needs.⁴⁵

Massachusetts Gaming Commission Procedures

A final direction for recommendations has to do with ways the MGC could evolve its procedures and processes to make participation in the industry more accessible, including facilitating the participation of diverse-owned businesses.

Recommendation #7: Provide support for businesses to apply for SDO diverse business certification while registering as suppliers in the gaming industry.

Stakeholders interviewed noted that there needs to be an increase in the supply of certified diverse vendors to make it easier to engage with these companies. But for businesses to be counted as diverse, they must first be certified by the Supplier Diversity Office. The requirements for the process make this an involved and time-consuming process. Additionally, every non-gaming vendor wanting to work for a Massachusetts gaming licensee must register with the MGC prior to conducting business.

According to interviews, unfortunately, both requirements present hurdles for many diverse businesses. Both operators and the MGC have difficulties making sure that vendors get certified. According to the MGC, “some businesses may be diverse owned but if they are not certified as such the MGC does not receive credit for that spend. Also, businesses must be 51 percent owned in a particular category to get

⁴³ Kerry Spitzer et.al. *Supporting Diverse Small Business Owners in Boston*. UMass Donahue Institute. May 2024, p 18. https://donahue.umass.edu/documents/JPMC_Report_Final_043024.pdf

⁴⁴ Spitzer, et. al.

⁴⁵ Statewide diverse small business surveys are regularly commissioned by Coalition for an Equitable Economy in partnership with The MassINC Polling Group and Mass Growth Capital Corporation. The latest poll results can be found here - <https://www.massincpolling.com/our-work/small-business-owners-report-challenges-hiring-seeking-capital>

the SDO Certification which can sometimes be a challenge.” According to stakeholder interviews, operators often encourage businesses to certify as diverse if they qualify and guide them through the process, which is lengthy and cumbersome. On top of that, the process of registering with the MGC to do business within the industry was named as a particular obstacle for smaller businesses.

Given the challenges presented by both procedures, the MGC could evolve its process to provide better support. The process could allow businesses to obtain technical assistance to become SDO certified and to become registered for participation in the sports wagering industry. Offering more support could assist in increasing the number of certified diverse suppliers available to contract with the industry.

- Create a streamlined process for businesses to obtain both SDO certification and registration to do business in the industry.
- Facilitate the provision of technical assistance services to aid businesses who have the capacity to obtain SDO certification as they obtain MGC registration to work within the gaming and sports wagering industries.
- Utilize technical assistance services from the Massachusetts Supplier Diversity Office which already provides these types of services to companies involved with the Cannabis Control Commission, and also to Third-Party Certification Partners.

However, even with technical assistance, many diverse-owned businesses will still find the process of becoming SDO-certified too complicated, labor-intensive, and expensive to undertake. Given the prohibitive obstacles for many small businesses, the MGC could consider new ways to enhance access for participation in the sports wagering industry.

Recommendation #8: Provide support for businesses to register for the SDO’s Small Business Purchasing Program (SBPP) while registering as suppliers in the gaming industry.

To enhance marketing opportunities, The MGC could support Massachusetts small businesses to register for the SBPP, while they register to become suppliers to the sports wagering industry. SBPP membership could serve as an accessible entry point to better marketing for diverse-owned businesses who do not have the capacity to become immediately SDO certified. Membership in the SBPP could become an additional marketing tool for businesses in addition to supplier diversity certification. New businesses interested in supplying the industry, as well as local suppliers already working with casinos, could be invited to register for SBPP membership. The MGC could maintain a database containing all suppliers and their various certifications and make it available to operators for marketing purposes. As a way to encourage contracting with Massachusetts small businesses, Category 3 operators could be encouraged to partner with companies who are SBPP members if an appropriate SDO-certified firm cannot be found.

- Encourage diverse-owned businesses that do not have the capacity to obtain SDO certification to apply for SBPP membership while registering with the MGC.
- SBPP membership could serve as an additional entry point to expanded marketing for diverse-owned businesses who do not have the capacity to become fully SDO certified.
- If appropriate, businesses could be encouraged and supported to work towards full SDO certification.

Recommendation #9: Create and maintain a marketing directory to provide broader exposure for businesses with relationships to the industry, including those that have diverse ownership.

The MGC registration process could gather information from industry suppliers to provide expanded marketing services. Businesses who elect to participate could provide information on business specialties, formal certifications, diverse business characteristics, and other criteria. Access to the directory could help operators identify appropriate businesses. The process could also help the MGC identify potential technical services needed by the applicants.

The directory could be used for marketing and solicitation of diverse vendors, whether or not they are SDO certified. One example of this strategy in use is the City of Worcester's Diverse Business Directory which was developed to expand information on diverse-owned businesses, regardless of SDO certification status.⁴⁶ The business directory includes businesses which are majority-owned in one of six diversity categories, and who elect to be listed.

Recommendation #10: Broaden diversity requirements to accept alternative types of diverse ownership certification.

New types of supplier diversity certifications are being developed to enable the business community to reach and purchase from certified diverse suppliers. One commonly mentioned example is Supplier Gateway's enhanced digital certification (EDC) service.⁴⁷ Articles about this certification describe the benefits of a faster, more affordable supplier certification process for eligible businesses.⁴⁸ The MGC could consider an alternative supplier diversity certification as an appropriate substitution for businesses who do not have the resources or capacity to become SDO-certified. If accepted, operator outreach efforts could be extended to EDC certified businesses in addition to SDO-certified suppliers. EDC certified businesses could be considered to provide goods and services in instances where SDO-certified suppliers cannot be found, including for smaller-scale spending on goods and services. In the benchmarking towards goals, operators could, ideally, obtain credit for purchasing from suppliers with EDC certification in addition to purchasing from SDO-certified suppliers.

- Adopt a third-party supplier diversity certification option for eligible diverse-owned businesses who do not have the capacity to apply for SDO certification.
- Choose an alternative supplier diversity certification option with an application process that is affordable, easy to accomplish, and can be combined with the process to register with the MGC to do business with the industry.
- Allow operators to benchmark progress towards supplier diversity goals through purchasing from suppliers with an alternative / EDC certification in addition to purchasing from SDO-certified suppliers.

⁴⁶ To review the Diverse Business Directory, see <https://www.worcesterma.gov/business-community-development/diverse-business-directory>

⁴⁷ This particular service certifies small, woman-owned, minority-owned, veteran-owned, disability-owned, LGBT+-owned, and HUBZone businesses. See <https://www.suppliergateway.com/suppliers/enhanced-digital-certification/>

⁴⁸ Strickler, Leanne. *Enhanced Digital Certification: A Fast, Easy, Affordable Small Business and Diversity Certification*. Supplier Gateway. June 10, 2021. <https://www.suppliergateway.com/2021/06/10/enhanced-digital-certification-fast-easy-and-affordable/>

Appendices

Appendix A – Massachusetts Sports Wagering Diversity Key Stakeholder Interviews

Methodology

As outlined in the research proposal's six core tasks, **Task Four** involved conducting key stakeholder interviews to understand diversity within the sports wagering industry. Specifically, during these interviews, our research team sought to speak with industry professionals about minorities, veterans, and women who participate in the industry as employees, vendors, and business owners and the barriers they face.

We set up a stakeholder research group, which established the categories of people to be interviewed and the questions that should be asked during the interviews. We determined that the team should interview representatives from the three major casinos in Massachusetts (Category 1 licensees), representatives from Category 3 licensees, including tethered and untethered licensees, and representatives from the MGC. Additionally, we tried to interview representatives from diverse vendor companies who interfaced with operators and with members of an employee representative group. Contact information for the latter two categories proved challenging to obtain, even though we asked all stakeholders for contact suggestions. The stakeholder research group developed an initial contact list of potential interviewees. Subsequently, an interview guide was created including questions covering the topics under study, an informed consent form for participants to sign before each interview, and an outreach letter and email to be sent for initial contact.

The researchers shared these documents with the MGC Research Division for review and received feedback and contact information for additional representatives. The research team then submitted these documents to the University of Massachusetts Amherst Institutional Review Board to approve this social/behavioral human subjects research protocol.⁴⁹ Upon approval, the research team contacted representatives from all the categories mentioned previously and scheduled and conducted interviews with representatives from various organizations.

Stakeholders' responsiveness varied significantly, and some contacts had to be frequently reminded of the request. Nonetheless, ultimately, all organizations that were invited participated in an interview or submitted a written response. Many of the original contacts redirected us to other people. We usually asked to speak with the person responsible for diversity programs internally (HR) and externally (purchases), but the company essentially decided who would participate. Altogether, thirty-six people were contacted, of which twenty-two people representing ten different organizations were interviewed for this section, with names, organizations, and interview dates are listed below. We tried

⁴⁹ Because the methodology and protocols for participation were approved by the University of Massachusetts Amherst Institutional Review Board, none of the materials from this process can be accessed through a FOIA request.

to use snowball sampling to interview diverse vendor companies or employee representative groups, but this was mostly unsuccessful (the interviewees never provided the contact information).

Before conducting an interview, the interview guide and informed consent form were shared with the participants, and all participants were required to read and sign the form before beginning an interview. By sending the questions in advance, the researchers hoped that interviewees would be better prepared to answer the questions with data from their organization. All but two interviews were conducted via Zoom and lasted 45-60 minutes. The interviews were audio and video recorded, and the interviews were automatically transcribed. The MGC representatives asked to submit written responses to the questions, as they required various persons to provide input for different sections. All interviews and responses were received and recorded between May and August 2024. A summary of the interviews and excerpts from some are found in the main report.

The stakeholders who participated in the interviews were directly involved in the sports wagering industry. Other than the MGC representatives, all interviewees were employees of operators involved in sports wagering (licensees). Most participants were either executives or subject matter specialists. Participation usually involved a Human Resources or Diversity, Equity, and Inclusion (DEI) officer, and the other was usually a Compliance Manager, Legal Counsel, or Communications Representative. Executives involved with Finance, Budgeting, and Procurement also participated.

Interviewees

- Plainridge Park Casino - business enterprises (Category 1)
 - Two participating executives / specialists
- Plainridge Park Casino - employees (Category 1)
 - Two participating executives / specialists
- MGM Springfield (Category 1)
 - Two participating executives / specialists
- Caesars (Category 3 - tethered)
 - Two participating executives / specialists
- FanDuel (Category 3 - untethered)
 - Two participating executives / specialists
- BetMGM (Category 3 - tethered)
 - Two participating executives / specialists
- Encore Boston Harbor (Category 1)
 - One participating executive / specialist
- Penn Sports Interactive / The Score (Category 3 - tethered)
 - Two participating executives / specialists
- Massachusetts Gaming Commission
 - Six participating executives / specialists
- DraftKings (Category 3 - untethered)
 - One participating executive / specialist

Interview Themes and Findings

The stakeholders who participated in the interviews were directly involved in the sports wagering industry. Other than the MGC representatives, all interviewees were employees of operators involved in sports wagering (licensees). Most of the interviews with sports wagering licensees involved two participants. One of the two participants was usually a Human Resources or Diversity, Equity, and Inclusion (DEI) Specialist, and the other was usually a Compliance Manager, Legal Counsel, or Communications Representative.

Respondents noted that sports wagering is a relatively new industry in the United States, particularly in Massachusetts, where legal operations began in 2023. Additionally, except for one operator based in Massachusetts, it is a small industry in terms of the number of employees that work within the Commonwealth, the number of vendors with which they contract, and the amount of money they spend on purchases in the Commonwealth. Thus, licensees are limited in the number of diversity initiatives and policies they can have at the employee and vendor level. In the following sections, we first address employee diversity within the sports wagering industry and then address diversity among vendors and other businesses that contract with sports wagering operators. Finally, we provide recommendations for improving diversity in the sports wagering industry.

Employee Diversity

OVERVIEW

Compared with casino gambling, sports wagering does not employ many people in Massachusetts, and a few interviewees said that sports wagering is slightly less diverse than the casino industry. For Category 1 licensees, sports wagering employees represent a small fraction of the casino workforce. Most sports wagering occurs online, and only a few employees are needed to interact with customers directly. In the case of tethered and untethered Category 3 licensees, most employees are based outside of Massachusetts. Much of the workforce is in technology, sales and marketing, or customer service - all optionally situated in Massachusetts. Some interviewees mentioned they may have several customer service representatives within the Commonwealth.

“Massachusetts resident employees represent a very small fraction for us in terms of [the total number of sports wagering employees].”

- **Category 3 tethered licensee representative**

“Our [Massachusetts] numbers aren't that large. But we do have individuals who are Massachusetts residents who work for the company.”

- **Category 3 untethered licensee representative**

Some roles are outsourced to other companies, often in different countries. For example, one large Category 3 untethered licensee had more employees in total outside the United States than female employees in the United States. For Category 3 licensees, the exception is DraftKings, which has a large footprint in Massachusetts, although it also has principal offices in other states. Despite their size, many of the Category 3 licensees' policies and approaches to diversity are similar to those of their peers based in different states. The MGC has policies and practices related to diversity for Category 3 licensees similar to those for Category 1 licensees, setting policies and targets on diversity within the organization. However, these are less ambitious than the policies and targets set by the casino operators.

All interviewees mentioned that diversity is an important principle in their organizations and that they were taking steps to increase diversity within their workforce. One Category 3 tethered interviewee said that the customer and employee base in sports wagering has become more racially diverse but is still predominantly male. Two Category 1 licensee representatives mentioned that they had substantially increased women's participation in the workforce at all levels. Category 1 licensees suggested that the proportional involvement of women, minorities, and veterans in sports wagering usually aligned with the proportion participating in the casino business overall, which was in line with that seen in other companies.

“If we look at our sports wagering team and compare it to the workforce as a whole, we're along pretty similar lines, although it is a smaller sample size.”

- **Category 1 licensee representative**

“The industry is probably dominated by White males... in terms of the type of industry that we are, and the customers and the people who engage with our products. History has been more of White males who have dominated this workforce.”

- **Category 3 untethered licensee representative**

PROGRAMS, POLICIES, AND PRACTICES IN PLACE RELATED TO RECRUITMENT

The most significant effort by licensees to increase diversity in their workforce is through recruitment. Most interviewees mentioned engaging and participating in job fairs and using search firms, recruitment platforms, and websites (e.g., job boards) designed for specific categories of diverse applicants, such as job fairs for African Americans, women, or veterans. Some operators host diversity recruitment job fairs (e.g., for veterans). Interviewees from Category 1 and Category 3 licensees pointed out that they partner with colleges and universities with a diverse student body (e.g., Historically Black Colleges and Universities) to recruit employees from diverse backgrounds. Several interviewees mentioned that they actively encourage people from underrepresented groups to apply, as many potential employees often see sports wagering as a White male-dominated business. Some Category 1 licensees tried to recruit from diverse populations in the surrounding communities by recruiting through local organizations such as educational institutions or partnering with them to get referrals. Additionally, several interviewees mentioned internal referral programs that encourage and compensate veterans, minorities, and female employees for referring new employees. Some operators have ambassadors in these programs who serve as liaisons to recruit diverse employees.

“We could probably say that the sportsbook industry mainly gets people through referrals. And so, with the referral-based system, most people in that industry are probably referring their friends, who are also excited about sports. So, the employee profiles kind of match up with our patrons.”

“Sports wagering industry employees reflect the people on the other side of the counter. Our employees reflect our guest base. We tend to have a larger population of non-diverse bettors in our marketplace. Our female, veteran, and diverse population mirrors the population working for us.”

- **Category 1 licensee representatives**

Category 1 licensees were the only group with specific policies, measurable targets, and reports to provide accountability that they were committed to diversity in their industry. These policies and targets are in place because of requirements placed by the MGC on casino operators, and they were implemented throughout the organization, including the sports wagering branch. The MGC has similar policies and targets for ethnic diversity but has no guidelines for hiring women and veterans in the sports betting arms of the retail licensees. Even so, the fraction of female employees and veterans is similar to that of other Category 1 licensees. Category 3 licensees, on the other hand, tended to have less specific practices geared towards increasing diversity and generally directed us to general

statements of intent or corporate social responsibility reports. For example, one untethered Category 3 licensee noted that the recruitment team incorporates diversity and inclusion into their digital recruitment marketing tools, but they do not have specific guidelines. Most sports betting operators' employee footprint in Massachusetts was small, which was used to explain the absence of policies and targets. Representatives from the MGC mentioned requiring all sports wagering licensees to report on diversity numbers in their quarterly reports. Still, they had no authority to compel non-casino licensees to foster diversity initiatives.

“We changed our job descriptions, ensuring they're more neutral in language... In the sports betting field, many people think that either I have to be a sports fanatic or I have to be a male, and then it's betting... So we've consciously tried to change our sourcing and hiring efforts.”

- **Category 3 untethered licensee representative**

INCLUSIVE IMPACT, COMPENSATION, BENEFITS, TRAJECTORY, AND TURNOVER

None of the interviewees mentioned any specific benefits or compensation explicitly offered to employees from diverse backgrounds. Much of this was grounded in not wanting discriminatory or preferential policies for employees based on their background. In general, the approach is to offer benefits that may be particularly useful to certain underrepresented employees but to offer them to everyone. For example, flexible working hours benefit women with young children. Another Category 1 licensee mentioned an English as a Second Language (ESL) training program that principally benefits recent immigrants who are often racial minorities.

Category 1 and Category 3 licensees often had employee mentoring programs and Employee Resource Groups (ERGs) to benefit minority employees, women, and veterans, and the MGC is also setting those up. Mentors, usually in middle management, were asked to participate in ERGs, where they could encourage and guide employees from underrepresented demographic groups to succeed and advance in their careers within the organization. Mentoring and ERGs are the operators' primary mechanisms to encourage staff retention and promote diverse employee career development.

“We are surveying and looking at the career progression of those individuals that have gone through those programs. Are they getting promoted? Are they considering top talent? Are they getting the stretch assignments and making sure that the investment in these individuals is taken seriously, and the company acknowledges that these are the individuals we're invested in?”

- **Category 3 untethered licensee representative**

Interviewees noted that the industry has a relatively high turnover rate, which makes career advancement difficult. Operators are providing more benefits and flexibility to employees, using mentoring, training programs, and support groups to encourage employees to stay in the organization and advance within it. Representatives from the MGC also mentioned the importance of having

mechanisms for regular employee feedback to better understand the specific challenges that diverse employees face and devise strategies for addressing them.

The MGC and some licensee representatives noted the importance of conducting pay audits and having transparent pay structures that would allow a team member involved in equity to see where more significant intervention is needed and where to direct their efforts. Many interviewees remarked on the importance of collecting data to evaluate performance, and as the MGC pointed out, that needs to be followed by transparency in the results and a dedicated effort by a person or group of persons in the organization to address any shortcomings.

“We’ve got a transparent pay policy. We identify pay ranges for different roles, so there’s no discrepancy in who’s getting paid and what versus what. This allows for equity, visibility, or knowledge of what people are getting paid and where you fall. We’re very conscious of ensuring that things are equitable and that those in underrepresented communities are not treated differently from others.”

- **Category 3 untethered licensee representative**

TRAINING PROGRAMS TO PROMOTE RETENTION AND DEVELOPMENT

Training programs to increase diversity can be divided into two broad categories. On the one hand, there are programs to promote a more inclusive environment by creating a better work culture. These training programs are meant to reduce implicit bias, educate employees on non-discrimination, and foster tolerance and inclusivity. The bigger licensees often require all employees to attend these short sessions and may require managers to participate when entering that role. Most of these are one-off events offered when employees begin working with an operator, although some licensees mentioned that they encourage employees to take them more than once. More effort is needed to quantify these programs' impact on employees.

“We have conscious inclusion training and general unbiased interview practices. Conscious inclusion training is completed by all managers and above and focuses on helping managers understand their unconscious bias and how they can move from unconscious bias to conscious inclusion.”

- **Category 3 tethered licensee representatives**

The other category of training programs is professional development programs, which are meant to benefit employees and promote their advancement within the organization. These programs are usually open to all employees, but they may be sponsored by Employee Resource Groups (ERGs) so that the majority of attendees are diverse members of the ERGs. In addition to the benefits of learning in the training programs, these often provide opportunities for diverse employees to find mentors and network within the organization. A few training programs target specific demographic groups, such as training programs designed for veterans or leadership programs for women. In this same category of programs are training programs geared towards diverse employees, such as the ESL programs mentioned previously, and cross-functional training in operational areas with predominantly diverse

employees. One example provided was training employees in the food and beverage sectors to learn sportsbook operational skills.

One Category 1 operator mentioned that they have twelve-week programs to train emerging leaders to move into management roles. Managers are encouraged to select diverse employees to participate in this program. After completing those programs, they are placed in development plans to get promoted and advance within the company. Additionally, they have leadership programs geared towards students that provide internships and encourage them to apply for organizational roles once they graduate.

Most interviewees pointed to Employee Resource Groups (ERG) as significant programs that promote a diverse workforce and encourage diverse employees to climb the corporate ladder. Managers were often encouraged to mentor and guide employees from diverse backgrounds to advance within the organization. The most common ERGs organized within sports wagering operators are those for women, people of color, and LGBTQI+ employees. Although there are programs that are designed specifically for veterans, there were fewer mentions of ERGs for them, and this may be due to the small fraction of the organization's employees represented by veterans. The success of ERGs in retaining diverse employees or promoting their advancement needs to be clarified. Although the researchers asked for contact information for participants in ERGs, the interviewees did not provide it.

BARRIERS TO DIVERSE EMPLOYMENT

Various interviewees stated that the main barrier to diverse employment is at the recruitment stage. Most applicants tend to be White males, possibly due to a perception that the sports betting industry shares that demographic profile. Despite efforts to increase the recruitment of diverse employees by using targeted strategies mentioned above (e.g., job fairs for veterans), these are only sometimes successful as there is a relatively small pool of candidates. Despite investment in diverse job fairs, most interviewees noted that there is still room to increase the fraction of diverse employees within their organizations.

"We spend a lot of time and finances looking for diverse candidates. But sometimes those arenas don't give us results. So, we may spend \$3,000 for corporate sponsorship to be at a veteran's job fair at Gillette Stadium, and we might only speak to four candidates. Of the four candidates, we may only have one to pass on to someone in our organization or team. So many folks are looking for diversity, veterans, and females, and there aren't enough candidates for all of us from a recruitment perspective. The other piece is that because so many people are looking for diversity, females, and veterans, we may have a higher turnover rate because they're often being recruited or snatched by other organizations."

- **Category 1 licensee representative**

An additional barrier is the high turnover rate. Most diverse employees are recruited at lower-paying entry-level positions with the highest turnover. Often, there are structural barriers that limit the recruitment and retention of diverse employees. These include language barriers, the need for childcare and flexible work schedules, and State requirements of no previous criminal record for MGC and gambling employees. This last requirement entails a costly background check, which creates an

additional financial barrier for diverse applicants. Representatives from the MGC and Category 3 licensees mentioned that many offered positions require specialized skills or degrees, such as computer programming expertise or law degrees. The proportion of diverse applicants to those positions is smaller than entry-level positions because the pool of diverse applicants is smaller in relative and absolute terms. Many people also have negative associations with gambling, which may deter them from applying to work in that industry.

“The sports wagering industry is very much technical. Those skills or roles were heavily male-dominated for many years. And so, as with other underrepresented groups, it takes time to find those with the aptitude and get the skills development training to get them up to par for the positions.”

- **Category 3 tethered licensee representative**

“We do a lot of job fairs, and there’s a kind of stigma for the casino industry... that we are a bad industry... a seedy industry. That there is high crime in our industry.”

- **Category 1 licensee representative**

Category 1 licensees are more motivated to address these barriers and increase diversity within their workforce because they present these numbers to the MGC. Category 3 licensees, on the other hand, do not have that statutory obligation, and their efforts to ensure greater diversity may not be as significant.

SUCCESS EXAMPLES AND RECOMMENDATIONS

As mentioned above, because they regularly report these numbers to the MGC and are compelled through legislation to implement diversity initiatives, Category 1 licensees have been more successful at recruiting a diverse workforce. As part of operations with intensive diversity programs, they are meeting or exceeding some of their targets for diverse employees, which has the additional benefit of creating a more varied pool of referrals. Some operators have succeeded in hiring and promoting more women, partly due to having more women in managerial positions. Seeing themselves represented at higher levels within the organization and being encouraged by female managers has increased the proportion of women working there.

“One of the most interesting anecdotes was when we trained people to work at the sports betting windows. We were having problems training, so we administered a test. It was a test of the ability to take bets. It wasn't a test of sports knowledge. We found overwhelmingly that the women scored far higher on the test, and we ended up with a much larger percentage of women working in the sports book... and so when we opened the sports windows, I'd say 80 percent were women.”

- **Category 1 licensee representative**

“40 percent of our executive leadership team are women. This is something that is taken very seriously in terms of driving diversity.”

- **Category 3 untethered licensee representative**

Various interviewees mentioned that their efforts recruiting at job fairs for women, people of color, and veterans had yielded some success in hiring more diverse employees. Some Category 1 licensees mentioned that by working with the surrounding communities, they have built stronger relationships, which have motivated locals to apply for work there.

“From our external partnerships, one of the benefits is understanding best practices from other companies and what they are doing in that DEI space. One of the things we are very focused on with our external partners, and some of our other corporate partners, is sharing best practices and being heavily focused on collaboration.”

- **Category 3 tethered licensee representative**

Category 1 licensees shared their Corporate Social Responsibility reports, which show workforce diversity increasing over time, both overall and at the leadership level (managerial and above). Some organizations employed roughly the same number of men and women, although this did not hold for leadership positions. Larger and more established organizations have software and other tools to measure the diversity of their applicant pool and workforce, which would be helpful for all sports betting organizations.

Interviewees from Category 1 and Category 3 licensees displayed pride in Employee Resource Groups, citing them often as one of the most important programs that supported diverse employees. ERGs provide professional development and mentoring opportunities that benefit people from underrepresented groups. These programs also encourage diverse employees to stay in their organization and reduce turnover.

When asked for recommendations on increasing diversity within the sports betting industry, most interviewees said the biggest challenge is getting diverse employees to apply to positions within these organizations. Nonetheless, sports bettors are increasingly diverse, and there are now more women and minorities participating, which also translates into more diverse candidates applying for positions in the sports betting industry. From this perspective, one Category 1 interviewee mentioned that they are focusing on new sports that may be more interesting to women or minorities, such as women’s basketball and soccer. The idea is that with a more diverse clientele, they are more likely to have a more varied employee applicant pool. The MGC noted that they are revising their recruitment strategy to include diverse interview panels and candidate slates when recruiting for new positions.

“When you have a situation where 80 percent of eligible candidates are all White males, it’s easy to close the requisition and say, I have a candidate here that can serve the job. The process might be longer in terms of making sure that we are following the diverse slate philosophy. So, often, jobs might have to stay open longer than they would have.”

- **Category 3 untethered licensee representative**

Comparing the responses between Category 1 and Category 3 licensees shows that requiring licensees to quantify their progress, implement diversity initiatives, and report these results to the MGC effectively motivates licensees to adopt more robust and more effective programs, policies, and practices. These programs, policies, and practices help explain why Category 1 licensees also have a more diverse workforce. Representatives from the MGC noted that there needs to be a formal, structured recruitment strategy and mechanisms for measuring these approaches' effectiveness. Asking this of all licensees would increase diversity across the sports betting industry.

Vendor Diversity

OVERVIEW

Sports betting operators spend relatively little on outside vendors and usually contract with only a few suppliers providing specialized products. Thus, there are few opportunities and not a large pool of businesses for them to diversify their purchases. Few of these vendors are based in Massachusetts, and only some are certified as diverse businesses. The MGC mentioned that the most plentiful diversity-owned companies are women-owned, facilitating contracting them.

The purchasing needs of Category 1 licensees are usually only for specialized products, such as a specific type of paper or kiosks for them to place bets. These are often sole-sourced from a single specialized vendor. The companies that provide online betting services for these licensees are also sole-sourced, with an exclusivity agreement for a given casino. Many casino vendors are diverse businesses, but these contracts are not specifically for sports wagering.

“On the vendor side, in sports wagering, there's not a ton that we spend operationally. It's office supplies, toner, and things like that. There's not a lot of opportunity for diverse spend in the sports wagering area.”

- **Category 1 licensee representative**

Category 3 licensees also have very limited suppliers, and their needs are also highly specialized. Some of these include technological infrastructure for hosting sports betting applications or processing payments. Since sports betting is relatively new in the United States, especially compared with Europe, interviewees said that foreign companies provided some services.

One area where Category 1 and Category 3 licensees suggested there was room to increase diversity is when contracting with advertising and marketing businesses. These do not need to be as specialized as other gambling procurements, and there are many vendors who provide these services. Operators have more choices, including diverse vendors. Thus, they present an opportunity to contract with certified diverse businesses. This may also present an opportunity for licensees to contract with Massachusetts-based companies.

“The only opportunity for discretionary spending would be office supplies and marketing... That would be the biggest opportunity.”

- **Category 1 licensee representative**

PROGRAMS, POLICIES, AND PRACTICES IN PLACE RELATED TO SOLICITATION AND CONTRACTING

Across the board, Category 1 and 3 licensees 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.

“The only vendor specific to sports wagering is a single supplier that supplies paper for the sports wagering kiosks. When we opened up sports wagering in 2023, we didn’t know how many paper kiosk rolls we would need. We have about five years of inventory.”

- **Category 1 licensee representative**

Category 3 licensees, in particular, mentioned that they usually don’t have specific programs or policies for soliciting and contracting with diverse companies. Category 1 licensees, on the other hand, despite the small size of their sports betting spending, have agreements with the MGC that date to the licenses given to operate a casino in Massachusetts. These agreements about diversity are understood to extend to sports betting and were renewed recently. The agreements include plans that the Category 1 licensees submit to the MGC and are publicly available on the MGC website.⁵⁰ The plans include goals and targets for engaging with minority, women, and veteran-owned businesses. They also designate teams to address diversity in procurement and hiring in their organizations.

Operators often post statements committing to diversity on their websites and train employees who deal with procurement on the importance of diversity. Some interviewees mentioned a written commitment by procurement teams to seek diversity-certified businesses and that these teams also help guide companies to certify as diverse-owned if needed. Massachusetts has a Supplier Diversity Office, which has helped organizations find and contract diverse vendors and sets benchmarks that organizations can try to meet. The parent companies of Category 1 licensees usually have programs to increase supplier diversity led by a strategy team that engages with diverse trade organizations (e.g., the National Veteran-Owned Business Association). They actively seek diverse businesses through these chambers of commerce and other business associations.

PROGRAMS TO INCREASE LEVELS OF ENGAGEMENT, VOLUME, AND SCALE

Even though sports betting operators spend small amounts on diverse vendors, interviewees demonstrated a genuine interest in fostering their relationships with diverse vendors. Operators often

⁵⁰ Diversity plans can be found on the following page: <https://massgaming.com/about/diversity/>

encouraged businesses to certify as diverse if they qualified and would guide them through the process, which can be lengthy and cumbersome.

“We work with many diverse businesses that may not have received their certification for one reason or another, and so we are very active in pushing them through the process or the resources to get it. We’re also developing some additional programs that will help support that.”

- **Category 3 tethered licensee representative**

The parent companies of Category 1 licensees often have policies explicitly considering diverse companies when they need a supplier. One interviewee mentioned that the procurement team is outstanding about contacting diverse suppliers when needed and considering diversity spending first. Nonetheless, the same interviewee noted that finding a replacement can be challenging when they lose a diverse supplier.

A Category 1 licensee representative mentioned that they often encourage diverse vendors to scale up, as the casinos frequently require suppliers who can provide products on a large scale. Nonetheless, this was usually challenging for smaller companies, as expansion requires a significant capital investment. Licensees contract with diverse vendors for minor needs but rely on big, established companies for large, specialized purchases. The MGC noted that they have diversity benchmarks for large procurements and are also adapting those for smaller procurements. Even small procurements require Supplier Diversity Plans in public vendor bid proposal postings.

BARRIERS TO CONTRACTING DIVERSE VENDORS

The primary barrier to contracting diverse vendors is the limited number of significant purchases, which are usually specialized and sole-sourced. Category 1 licensees often encounter this situation, requiring only a few specialty products, such as paper or kiosk manufacturers. Category 3 licensees have larger contracts with vendors, but these are usually specialized products, such as digital infrastructure or payment support, provided by few, large, and specialized companies. Some vendors are not based in the United States and do not qualify as diverse companies. The MGC mentioned that it was particularly challenging to engage with veteran-owned businesses because very few of them provided the services they regularly used (research and legal services).

“[We can only do business] if diverse vendors can do the type of work we need. Otherwise, we won’t be switching the vendors we have.”

- **Category 3 untethered licensee representative**

Very few companies are diverse-owned and provide the specialty products and services the sports betting industry needs. Thus, it is not easy to find and engage in business with diverse companies, and it is challenging to replace a diverse company if it loses its contract.

“When we started, we had a veteran-owned vendor, and they were fantastic. Then, they were purchased by a larger company with a national presence, and now they are no longer a diverse-owned business. That’s happened three or four times now with some of our main suppliers.”

- **Category 1 licensee representative**

Many interviewees mentioned an additional barrier: the cumbersome process of certifying as a diverse-owned company in Massachusetts. Although they try to encourage, guide, and help some companies through the process, some vendors do not find it worthwhile and do not undergo certification, even after efforts to convince them. Additionally, Category 1 licensees require all companies to register with the MGC as suppliers. This process is also a burden; some diverse vendors would rather not engage and avoid contracts with casino-based operators.

“Certification can be challenging. It can take a lot of resources that suppliers may not have available to them or understand how to navigate that process. We also see challenges with suppliers being able to scale up. They may be able to offer us a product or service for the sports wagering piece of our business in Massachusetts. Still, they can’t offer that service to the entire sports wagering business... they have a product or service they can offer us in one location, but they can’t scale across the company.”

- **Category 3 tethered licensee representative**

SUCCESS EXAMPLES AND RECOMMENDATIONS

Most operators generally state that contracting with diverse vendors has had a minimal impact because this amounts to a tiny fraction of their overall spending. Nonetheless, there does seem to be great potential for an increase—at least for Category 3 licensees. One licensee mentioned that although less than 1 percent of their spending in the United States went to diverse businesses, that still amounted to millions of dollars spent on over one hundred companies in one year. Other Category 3 licensees could have at least comparable spending levels, which may provide opportunities to increase the proportion of expenditures that goes to diverse companies. Further, only half of those companies were officially certified as diverse, which suggests that this fraction could also increase if there were incentives for companies to do so. One tethered Category 3 licensee representative said that for the parent company (which includes many land-based casinos), 12 percent of purchases were from diverse suppliers, which suggests that Category 1 licensees may be able to meet higher targets.

The parent companies of Category 1 licensees often have large company-wide programs to increase their diversity spending, which have been successful. For example, one company had a 70 percent increase in companywide diverse expenditure in three years. Tracking diverse spending is a relatively recent phenomenon that drives increased spending on diverse vendors. A couple of licensees from different categories mentioned having recently updated or planning on updating their tools for tracking diverse suppliers.

Licensee representatives said purchasing from diverse companies had helped foster mutually beneficial relationships. For Category 1 licensees, these relationships helped create rapport with the surrounding communities and encouraged other parts of the parent organization to engage with these vendors. Diversity is becoming increasingly important for bigger corporations, and there is a push to increase diversity on all levels.

“On a national level, diversity is becoming more of a mindset. And it’s been pushed down across all avenues over the past four or five years.”

- **Category 1 licensee representative**

One area where licensee representatives suggested that there might be an opening to contract diverse vendors is marketing and advertising. Some interviewees indicated that there may be increased interest in this space, including from certified diverse-owned companies. Moreover, there may be an opportunity to encourage companies to contract with local vendors within the Commonwealth. Another interviewee mentioned that Massachusetts often has diverse vendors for office supplies and software resellers. One Category 3 licensee representative suggested that requiring procurement processes to have targets for diverse spending would help increase the volume and scale of business with diverse-owned vendors.

Category 1 licensee representatives noted that one way to increase purchases from diverse vendors is to lower the barriers for them to register as such and to register with the MGC. This latter process, in particular, can be an obstacle for smaller businesses. Interviewees noted that there needs to be an increase in the supply of diverse vendors to make it easier to engage with these companies.

Conclusions and Recommendations

As with the rest of the country, there has been a renewed focus on increasing diversity since 2020, when national protests increased discussions around this topic. Various operators from different categories have all increased their efforts to expand diversity in their workforce and have been successful to varying degrees. Category 1 licensees have been especially effective, as they were able to build upon their uniquely intensive diversity programs, which have been in place since casinos were legally allowed to operate in Massachusetts. Interviewees and a review of the documents shared suggest that the most significant gains have been with women, who are participating in increasing numbers in gambling and the sports betting industry. There have been gains with other minority groups and veterans, but these have been smaller.

Interviewees noted that having a more diverse workforce helped promote more varied perspectives and innovation within their organizations. One interviewee mentioned that fostering diversity and inclusion has increased employee engagement and morale. Doing business with diverse-owned vendors was also a valuable way for operators to engage with the local community, particularly for Category 1 licensees. Additionally, diverse-owned vendors could provide variety to specific sectors, such as food and beverages.

Many of the interviewees emphasized that diversity was an essential pillar in their organizations and that they actively tried to recruit a more diverse workforce. A few interviewees noted that declaring a commitment to diversity, equity, and inclusion and assigning one or more employees to specifically address that within an organization was a signal to other industries and the public at large that this is an important matter, and this has led to positive change within institutions and the industry. Representatives from the MGC mentioned that creating a foundational work culture that supports DEI initiatives is the most critical step to enhancing these goals within their organization.

Most diversity commitments by Category 3 licensees are limited to statements of purpose and do not include actual policies with targets and measurable goals. The strategies were often limited to participating in diversity job fairs, posting on websites targeting underrepresented demographic groups, or supporting Employee Resource Groups (ERG). Evaluating how successful these strategies have been beyond anecdotal accounts is a challenge. Establishing and standardizing metrics that assess these approaches' benefits is necessary. Asking operators to provide targets, progress reports, and diversity initiatives, as with land-based casinos, may help ensure that sports betting operators implement effective strategies to increase diversity.

On the vendor side, Category 1 licensees had more robust programs and policies to increase purchases from diverse-owned businesses. These include plans, reports, goals, and targets they present to the MGC regularly. Category 3 licensees, lacking such comprehensive requirements, had fewer explicit policies and generally could not point to specific targets. Only two tethered Category 3 licensees provided us with documents about their institution's diversity policies and programs. At best, they pointed us to one or two sentences on their website regarding a commitment to diversity. Untethered Category 3 licensees had little impetus to demonstrate a commitment to diversity in Massachusetts. The MGC's requirement that all procurements, big or small, follow a Supplier Diversity Plan would go a long way in ensuring that licensees are making committed efforts to purchasing from diverse-owned businesses. All organizations, including the MGC, would benefit from having digital tools to measure diversity in their workforce and suppliers and to evaluate the success of strategies used to increase diversity.

Policies to increase diversity will only be implemented if the MGC can influence operators. In a few instances, repeated prodding over various months, directly by the MGC, was necessary to obtain responses to requests from some licensees. Reluctant compliance may occur because there are no consequences for non-cooperation. Given that this was a low-stakes request for operators to implement diversity initiatives, it may be necessary for the MGC to sanction non-compliance if more extensive changes are requested. Nevertheless, representatives from the MGC noted that they have a minimal role in regulating the sports betting industry compared to their regulation of casino operations, and this was due to an absence of legislation mandating operators to meet targets or implement diversity initiatives.

Appendix B – Diversity Data from Comparison Industries

This section presents data from comparable industry sectors used to provide comparisons for workforce diversity and assess supplier diversity levels.

The following tables present workforce and supplier diversity in the Massachusetts casino industry, including goals and levels of attainment for fiscal years 2022, 2023 and 2024 (Represented by Q2 of each calendar year).

Massachusetts Casino Industry

Table 13: Casino Diversity Goals and Results FY2022

Employee	Minority		Veteran		Women	
	Goal	Result	Goal	Result	Goal	Result
Encore Boston Harbor	40%	51%	3%	2%	50%	45%
MGM Springfield	50%	50%	2%	6%	50%	40%
Plainridge Park	15%	22%	2%	5%	50%	42%
Supplier	MBE		VBE		WBE	
	Goal	Result	Goal	Result	Goal	Result
Encore Boston Harbor	8%	9%	3%	2%	14%	18%
MGM Springfield	10%	3%	2%	3%	15%	3%
Plainridge Park	6%	6%	3%	5%	12%	13%

Source: Massachusetts Gaming Commission Annual Report 2022

Table 14: Casino Diversity Goals and Results FY2023

Employee	Minority		Veteran		Women	
	Goal	Result	Goal	Result	Goal	Result
Encore Boston Harbor	40%	59%	3%	2%	50%	45%
MGM Springfield	50%	51%	2%	5%	50%	41%
Plainridge Park	15%	21%	2%	4%	50%	43%
Supplier	MBE		VBE		WBE	
	Goal	Result	Goal	Result	Goal	Result
Encore Boston Harbor	8%	8%	3%	2%	14%	11%
MGM Springfield	10%	8%	2%	3%	15%	8%
Plainridge Park	6%	5%	3%	6%	12%	12%

Source: Massachusetts Gaming Commission Annual Report 2023

Table 15: Casino Diversity Goals and Results FY2024

Employee	Minority		Veteran		Women	
	Goal	Result	Goal	Result	Goal	Result
Encore Boston Harbor	40%	61%	3%	2%	50%	45%
MGM Springfield	50%	52%	2%	4%	50%	41%
Plainridge Park	15%	29%	2%	4%	50%	46%
Supplier	MBE		VBE		WBE	
	Goal	Result	Goal	Result	Goal	Result
Encore Boston Harbor	8%	10%	3%	0%	14%	10%
MGM Springfield	10%	8%	2%	3%	15%	7%
Plainridge Park	6%	7%	3%	5%	12%	15%

Source: Massachusetts Gaming Commission, Quarterly Operator Reports, Q22024

Note: In FY23, casino industry diverse vendor spending was 5 percent MBE; 7 percent WBE; and 2 percent VBE.

Note: Casino employment overall: minority 56%; veteran 3%; women 44%

Table 16: Diversity in Comparable Industries

Industries (MA)	Minority	White Alone	Percent Female	Percent Male
Accommodation and Food Services	38%	62%	55%	45%
<i>Traveler Accommodation (Casinos and Casino Hotels)</i>	49%	51%	53%	47%
Administrative and Support and Waste Management and Remediation Services	44%	56%	43%	57%
Agriculture, Forestry, Fishing and Hunting	23%	77%	43%	57%
Arts, Entertainment, and Recreation	18%	82%	50%	50%
<i>Gambling Industries</i>	19%	81%	33%	67%
Construction	17%	83%	18%	82%
Educational Services	22%	78%	61%	39%
Finance and Insurance	22%	78%	53%	47%
<i>Activities Related to Credit Intermediation (FinTech)</i>	26%	74%	44%	56%
Health Care and Social Assistance	38%	62%	76%	24%
Information	23%	77%	39%	61%
<i>Software Publishers (App Developer)</i>	26%	74%	35%	65%
Management of Companies and Enterprises	28%	72%	55%	45%
Manufacturing	32%	68%	32%	68%
Mining, Quarrying, and Oil and Gas Extraction	7%	93%	14%	86%
Other Services (except Public Administration)	30%	70%	57%	43%
Professional, Scientific, and Technical Services	26%	74%	46%	54%
<i>Advertising, Public Relations, and Related Services</i>	18%	82%	57%	43%
Public Administration	22%	78%	55%	45%
Real Estate and Rental and Leasing	26%	74%	39%	61%
Retail Trade	30%	70%	48%	52%
Transportation and Warehousing	40%	60%	30%	70%
Utilities	16%	84%	29%	71%
Wholesale Trade	23%	77%	32%	68%

Source: Quarterly Workforce Indicators, US Census

Table 17: Ownership Diversity in Top Spending Sectors of Cat 1 and Cat 3

NAICS	MBE	Minority-Owned	WBE	Women-Owned	VBE	Veteran-Owned
Wholesale trade	0.3%	Insf. Data	0.5%	10%	Insf. Data	5%
Information	0.4%	10%	0.3%	14%	Insf. Data	2%
Finance and insurance	0.2%	Insf. Data	0.2%	Insf. Data	Insf. Data	Insf. Data
Professional, scientific, and technical services	1.0%	9%	1.8%	23%	0.1%	6%

Source: Supplier Diversity Office Certified Business Directory and US Census Annual Business Survey 2022

Appendix C – Regulatory Agency—Massachusetts Gaming Commission—Findings, Policies and Practices

We are separating the reporting on some MGC findings from the sports wagering licensee analysis because as a government regulator it is very different from the gambling industry sectors and the comparison industries which can be used to assess participation levels in those sectors.

Participation

EMPLOYMENT DIVERSITY

A comparison industry that can be used to assess MGC employment diversity is the sector measuring government agencies called Public Administration. Reflecting its official diversity goal of achieving 25 percent ethnic diversity, the MGC workforce has a slightly higher proportion of racial and ethnic minority workers than the U.S.-level Public Administration workforce (25.7% versus 22.0%). At the same time, the Commission has a lower proportion of female workers (45% versus 55%) than the U.S. Public Administration sector overall.

MGC employment diversity data can also be compared with Massachusetts population benchmarks, a practice adopted by the MGC to establish a target proportion for diverse employees. Detailed ethnic and racial diversity data show that the MGC has a slightly higher percentage of Asians (9.0% vs. 6.9%) and Blacks (8.0% vs. 7.3%) compared to the state, but a lower percentage of Hispanics (2.0% vs. 4.6%). The White population is similar (74.2% in the Commission vs. 74.54% statewide). Gender data show that the MGC has a higher proportion of men (55.0%) compared to the state (48.8%) and a lower proportion of women (45.0% vs. 51.2%). Veteran status data show that the MGC has a lower percentage of veterans (2.0%) compared to the state (4.3%).

Table 18: Massachusetts Gaming Commission Employment Diversity Measures, 2024

Category	MGC Count	MGC Proportion	Massachusetts Proportion
Gender			
Female	64	45.0%	48.8%
Male	79	55.0%	51.2%
Ethnic Breakdown			
White	103	74.2%	74.5%
Asian	13	9.0%	6.9%
Black	9	8.0%	7.3%
Hispanic	3	2.0%	4.6%
Two or more races	8	6.0%	6.5%
Total ethnic minority		25.7%	
Veteran Status			
Veterans	3	2.0%	4.3%

Source: Massachusetts Gaming Commission
 Note: Employees are defined as individuals currently receiving a salary from the Massachusetts Gaming Commission, which includes 970 employees under contract part-time, part-time seasonal racing employees, and all full-time Agency employees

SUPPLIER DIVERSITY

Table 19: MGC Diverse Vendor Spending by Industry and SDO Certification, 2023

	MBE	WBE	VBE
Other Services	\$ -	\$ 1,824,045	\$ -
Information	\$ 632,834	\$ 493,645	\$ -
Professional Scientific and Technical Services	\$ 120,025	\$ 103,644	\$ -
Administrative and Support Services	\$ -	\$ 72,283	\$ -
Retail Trade	\$ 5,907	\$ 9,019	\$ 15,772
Manufacturing	\$ -	\$ 7,835	\$ -
Wholesale Trade	\$ -	\$ 7,780	\$ -
Construction	\$ 857	\$ 857	\$ -
Accommodation and Food Services	\$ 1,003	\$ -	\$ -
Grand Total	\$ 760,625	\$ 2,519,107	\$ 15,772

Source: Massachusetts Gaming Commission

Diversity Policies and Programs

Related to efforts to increase workforce diversity and supplier diversity at the MGC, we looked at employment policies to increase recruitment and retainment among employees along with efforts to identify and increase engagement among vendors. Due to the differences between the MGC and sports wagering operators, we kept this analysis separate from the discussion in Appendix D. As itemized in the table below, the MGC has programs in place to cover each of the RFR’s areas of interest and has plans to significantly increase their employment diversity efforts through hiring a dedicated individual to focus on that area.

Table 20: MGC Policies and Practices to Increase Diversity

Employee	Vendor
The Massachusetts Gaming Commission has established an official diversity goal of achieving 25% ethnic diversity. This objective—equal to the proportion of minority residents in Massachusetts at the time the target goal was set—was formulated by the Equity and Inclusion Working Group, under the leadership of former Chairwoman Cathy Judd-Stein. The agency has demonstrated consistency in meeting this target. Currently, the Commission does not have specific objectives for the inclusion of women or veterans. However, there are ongoing discussions led by the Senior HR and DEI Program Manager, emphasizing the importance of setting goals in these areas.	The Massachusetts Gaming Commission adheres to the Commonwealth’s procurement policies set by OSD and SDO. The MGC follows guidelines of 25% diversity score weighting in evaluation of its large procurements and even adopted that weighting for the majority of its small procurements. Furthermore, small procurements also require the need for Supplier Diversity Plans to be submitted in vendor bid proposals for public postings.

<p>Establishment of diverse interview panels and a diverse candidate slate at every stage of the recruitment process.</p>	<p>In order for businesses to be counted as diverse they must be certified by the Supplier Diversity Office.</p>
<p>Agency has adopted the use of Circa, a recruitment platform designed to enhance diversity efforts by extending the reach to a broader pool of diverse candidates, including women and veterans.</p>	<p>The MGC established procurement guidelines used by the majority of Commonwealth Departments and also works to achieve diverse spending benchmarks set by the Supplier Diversity Office.</p>
<p>Appointed a dedicated individual to lead efforts in promoting equity within our workforce. This role will focus on: Employment Impact: Identifying and mitigating biases in hiring and promotion practices. Compensation: Conducting pay audits and implementing transparent pay structures to ensure equity. For example, a pay equity audit was conducted in 2022. Benefits: Expanding benefits to include options such as parental leave, childcare support, mental health services, and veteran-specific resources. Career Trajectory: Developing clear career advancement pathways and offering tailored professional development opportunities. Turnover: Creating a supportive and inclusive work environment to enhance job satisfaction and reduce turnover.</p>	<p>The Commonwealth of Massachusetts offers resources which positively influence the supply of diverse businesses. Vendors are able to independently reach out to the Supplier Diversity Office (SDO) for various diverse certifications. The SDO provides a database of diverse certified vendors and a hub for outreach. The Operational Service Division (OSD) in its management of Statewide Contracts has worked with the Supplier Diversity Office to help identify diverse businesses for Commonwealth Agencies. Also, another positive influence are the target benchmarks for diverse spend set by the SDO and the Commissions dedication to these requirements.</p>
<p>In the process of establishing employee-led working groups to further explore these areas, collect data, and develop strategies to address any identified disparities.</p>	

Both of the above groups will work to develop and implement retention and development programs, including:

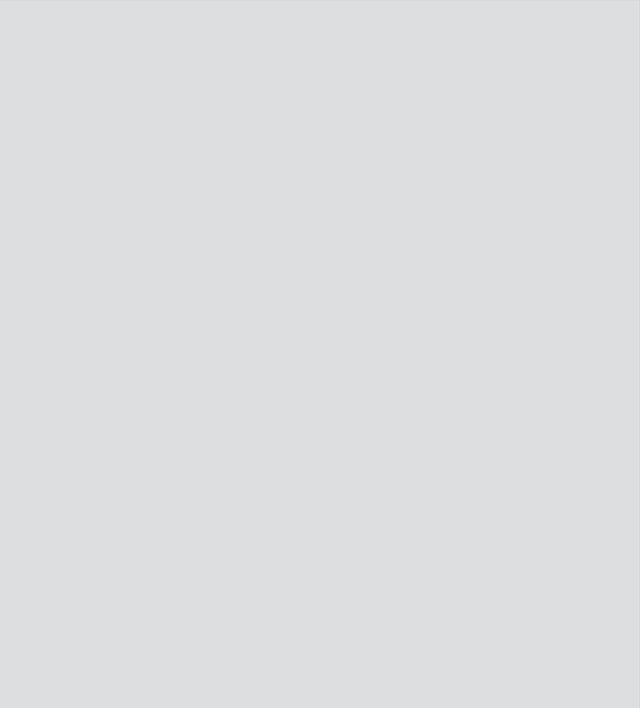
Diversity and Inclusion Training: Implementing bias awareness and cultural competency programs to foster an inclusive workplace.

Leadership Development: Creating mentorship programs and leadership workshops to support the growth of women, minority, and veteran employees.

Skill Development: Providing access to professional certifications and continuous learning opportunities.

Career Pathways: Developing defined career progression pathways and facilitating internal mobility to help employees gain diverse experiences.

Retention Programs: Introducing recognition and rewards programs and creating channels for regular feedback to address employee needs.



Source: MGC Interview

Appendix D – Sports Wagering Operators Policies and Practices to Increase Diversity

This appendix provides additional detail on the types of policies and programs in use among Massachusetts sports wagering license holders. A questionnaire sent to all licensees allowed us to determine the extent to which sports wagering license holders maintain policies and programs to increase contracting with diverse business enterprises and employment diversity.

The questionnaire, written interviews, and key informant interviews allowed us to gather more specific examples of the types of activities in use.

Supplier Diversity

Related to supplier diversity, we looked for information on programs and policies in two areas: organizational policies and practices in place related to solicitation of and contracting with minority, women, and veteran business enterprises in the Commonwealth; and programs to increase levels of engagement, volume, and scale with minority, women, and veteran business enterprises.

As discussed above, we found that license holders universally practice at least one program in each of the two areas. The following table provides specific examples of supplier diversity programs within each type, policies or practices related to spending on contracting with diverse vendors, and programs to increase levels of engagement, volume, and scale:

Table 21: Policies or Practices Related to Spending on Contracting with Diverse Vendors

Category 1	Category 3
Establishing strong relationships with local chambers of commerce, diversity advisory groups, and other community organizations. These partnerships help identify qualified diverse vendors and businesses in the region and ensure that these vendors are included in supply chains.	A dedicated team member within the procurement team focuses on sourcing and building relationships with diverse suppliers. This role helps ensure the company is actively identifying and supporting businesses owned by historically underrepresented groups.
Creating a dedicated website that allows vendors to register, receive updates on upcoming events, and learn about specific procurement opportunities.	Maintaining strong relationships with national organizations of diverse business owners. These partnerships broaden the company's access to certified diverse vendors.
Vendor Fairs and Supplier Networking Events where local and diverse suppliers have opportunities to meet with casino departments. These fairs include one-on-one meetings, helping diverse businesses establish relationships and pursue contracting opportunities.	Requiring that all competitive bids include at least two vendors classified as Minority, Women, or Disadvantaged Business Enterprises (MWDBEs). This ensures that diverse vendors are consistently included in the procurement process.

Purchasing gift certificates or vouchers from businesses in its Host and Surrounding Communities on an annual basis. These purchases are integrated into guest loyalty and employee reward programs, generating economic benefits for local businesses. The Chambers of Commerce will collaborate with EBH to determine which businesses will benefit from these purchases, ensuring that funds are directed where they are most needed.	The company has onboarded supplier database platforms to identify potential diverse vendors. These databases help expand relationships with diverse suppliers, allowing the company to continually improve its supplier diversity efforts.
Using the diversity databases of the Supplier Diversity Office (SDO), Greater New England Minority Supplier Development Council (GNEMSDC), and the Center for Women & Enterprise (CWE) to identify new vendor partners.	Request for Proposal (RFP) templates have been updated to require suppliers to outline their commitment to Diversity, Equity, and Inclusion (DEI). Additionally, diversity and inclusion language are incorporated into vendor contract templates to ensure adherence to the company's DEI policies and goals.
	The supplier diversity team provides ongoing training to regional and local buyers to promote the inclusion of diverse-owned businesses in procurement processes. This ensures that internal teams are equipped to prioritize diverse suppliers and understand the business case for doing so.
	Tracking spending with diverse vendors to build awareness and create business cases around the importance and value of supplier diversity. This tracking system enables the organization to measure progress and hold itself accountable for increasing its use of diverse suppliers.

Source: Category 1 and Category 3 Operator Questionnaires

Table 22: Programs to increase levels of engagement, volume, and scale

Category 1	Category 3
Mentorship and Development Programs supporting the long-term growth of smaller, diverse, and local vendors through structured mentorship and training programs. These programs will pair vendors with casino executives to provide regular feedback and counsel on business strategies, helping them "scale up" to attract more commercial clients.	Creating an internal platform that provides visibility into its spending and allows the company to identify potential diverse vendors for collaboration. This tool is key in helping the operator strategically target vendors in the regions it operates, allowing it to foster ongoing relationships with these businesses.
Quarterly seminars to guide diverse and local vendors on best practices for working with casinos. These sessions will cover essential criteria such as quality, cost, and delivery capabilities, helping vendors understand the	Supplier Diversity program that focuses on training regional and local buyers to promote the inclusion of diverse-owned businesses. This ongoing training aims to increase awareness of the value of working with

specific qualifications required to secure business opportunities.	diverse vendors and ensures that procurement decisions are inclusive.
When certified MWVBEs are not selected for an award, casinos will provide detailed written feedback explaining why they were not chosen. This will include reasons such as price competitiveness, specification mismatches, or the vendor's inability to meet volume requirements, among others. This feedback is designed to help vendors improve their future proposals.	Tracks diverse vendor spend to build business cases for increasing the inclusion of diverse businesses. This data-driven approach helps promote the importance of working with minority-owned, women-owned, and veteran-owned businesses, encouraging their growth within the company's supply chain.
Work closely with diversity certification bodies to provide visibility into its ongoing RFP schedule, which will help these organizations encourage more eligible businesses to seek certification. This advance visibility will also serve as a recruitment tool for certifying new diverse firms.	
Assisting certifying bodies in expanding their vendor pools and by providing smaller diverse vendors with opportunities to collaborate with larger primary vendors.	
Recruiting a Procurement Diversity Manager to lead all aspects of this supplier diversity initiative, further demonstrating the company's commitment to ongoing support for diverse businesses.	

Source: Category 1 and Category 3 Operator Questionnaires

Employment Diversity

Related to workforce diversity, the RFR asked for information on programs and policies in three areas: recruitment and retention of a diverse workforce; programs to promote inclusivity related to employment impact, compensation, benefits, trajectory, and turnover for women, minority, and veteran employees; and training and education to promote retention and professional development. Because inclusive impact programs overlap significantly with both policies for recruitment and policies for retention, we did not provide a table for that category. Instead, they are included in both tables.

Table 23: Programs, policies, and practices in place related to recruitment

Category 1	Category 3
Diversity is an overall goal, but not specific to sportsbooks. Hiring targets are based on reaching gender parity and matching the percentage of the local population for both veterans and minority populations	Create equal opportunities at the “top of the funnel” for historically underrepresented and disenfranchised groups.
Establishing a platform that allows job seekers to explore available careers and see if their skills match, while also connecting users with resources they can use to acquire necessary skills. The same platform will allow users to receive updates on job opportunities, career fairs, and training programs. An in-person version of these services will be set up in local career centers and libraries to provide a broader range of user access.	Work with partners to build opportunities for as many groups as possible to ensure the candidate pool is as diverse as possible. Partners include organizations for Black professionals in the tech sector, women in tech, organizations that provide mentorship to marginalized youth, LGBTQ+ recruitment hubs, and Native American job recruiters, as well as working with DEI networks that specifically focus on high impact roles.
Participating in and hosting career fairs and information centers alongside local organizations.	Participate in recruiting events at HBCUs, engaging with diverse-owned professional development organizations focused on placing diverse talent in the sports industry.
Provide free ESOL training for over 900 positions that do not require fluent English, providing those workers the opportunity to potentially move onto higher paying roles that do require English skills	Educating the recruitment team to expand consideration of diverse backgrounds and experiences to reach talent that would otherwise be overlooked.
Using skills-based rather than credentials-based hiring unless a credential is absolutely essential. Do not require a high school degree or equivalent for any jobs up to supervisor level and offer free GED classes.	Hiring managers are briefed to select candidates based on unique skills and benefits they would bring to the role rather than formal education or qualifications.
Established a clear pathway for referrals from local Career Centers and diverse community partners.	Set percentage goals for female and non-white employees by certain years.
All hiring managers will undergo training in behavioral interviewing, diversity and inclusion, unconscious bias mitigation, and recognizing transferable skills to ensure a better job fit and reduce turnover.	Sponsor conferences to develop and attract diverse employees. Includes Women in tech, African Americans in Tech, Black cultural events, LGBTQ undergrad recruiting events.
	Taking advantage of strong Business Resource Groups to drive attraction and recruitment efforts of employees that match the constituent groups.

Source: Category 1 and Category 3 Operator Questionnaires

Table 24: Training programs to promote retention and development

Category 1	Category 3
<p>ESOL (English for Speakers of Other Languages) Classes and Leadership Training provide opportunities for employees to enhance their language skills and leadership capabilities, promoting both personal and professional growth within the organization.</p>	<p>Diversity & Inclusion (D&I) Committees and Affinity Groups help create meaningful relationships within a diverse workforce, offering employees opportunities to connect, collaborate, and feel empowered</p>
<p>Women’s Leadership Programs focused on the retention and development of women in the workforce, encouraging their growth into leadership roles and ensuring gender diversity at all levels.</p>	<p>Employee Resource Groups (ERGs) provide a platform where employees, particularly those from historically underrepresented backgrounds, can voice their opinions, align their passions with business goals, and contribute to organizational diversity and inclusion efforts. Mentorship programs within ERGs offer skill-building opportunities for career progression.</p>
<p>Diversity Scholarships available to current employees and their dependents, aimed at furthering their education, which supports both career development and personal growth while promoting a culture of continuous learning.</p>	<p>Regular reviews of engagement survey data by demographics, as well as calibration and compensation by sex and race, help ensure equitable practices across the organization.</p>
<p>Veteran Ambassadors Program, a group of veteran employees who serve as ambassadors involved in community events, helping to market and develop opportunities for veterans within and outside the organization.</p>	<p>Leadership Development Programs like a two-year summit for high-potential managers provide training opportunities through in-person summits, leadership panels, e-learning, and mentorship, enabling employees to grow into leadership roles within the company.</p>
<p>Consistent DEI Training and Development is integrated into all development plans and leadership programs to ensure that leaders at all levels are equipped to foster an inclusive workplace and align with the organization’s diversity goals.</p>	<p>New hires are provided orientation with DEI-focused content, and all employees are required to undergo annual anti-harassment training to ensure a respectful and safe work environment.</p>

<p>A variety of training programs are delivered through online and in-person environments, offering flexibility and accessibility. As part of a larger organization, these programs encourage and support career growth, helping employees advance in their roles while fostering a culture of continuous development.</p>	<p>Supervisor-level employees undergo extensive leadership training focused on developing leaders aligned with the organization’s leadership principles.</p>
<p>Citizenship and GED Programs: Free courses are offered to help team members obtain their GED or citizenship, promoting personal and professional growth for employees from diverse backgrounds.</p>	<p>Dedicated platforms provide employees with access to DEI resources, volunteering opportunities, educational materials, and networking events that enhance engagement and inclusivity.</p>

Source: Category 1 and Category 3 Operator Questionnaires

Appendix E – The Massachusetts Expanded Gaming Act: Economic Development and Job Creation Goals

The material in this appendix is taken directly from the Expanded Gaming Act to summarize expectations in the law related to economic development and job creation. The material includes parameters for casino employment and workforce conditions as well as the utilization of Massachusetts business, including business enterprises with minority, women and veteran owners. We reference Chapter 23K – The Massachusetts Gaming Commission.⁵¹

Chapter 23K - The Massachusetts Gaming Commission

Section 1. The General Court finds and declares that:

....

(4) enhancing and supporting the performance of the state lottery and continuing the commonwealth's dedication to local aid is imperative to the policy objectives of this chapter;

(5) the commonwealth must provide for new employment opportunities in all sectors of the economy, particularly opportunities for the unemployed, and shall preserve jobs in existing industries in the commonwealth; this chapter sets forth a robust licensing process whereby an applicant for a gaming license shall submit a comprehensive plan for operating a gaming establishment which includes how the applicant will foster and encourage new construction through capital investment and provide permanent employment opportunities to residents of the commonwealth;

(6) promoting local small businesses and the tourism industry, including the development of new and existing small business and tourism amenities such as lodging, dining, retail and cultural and social facilities, is fundamental to the policy objectives of this chapter;

....

Section 15. No applicant shall be eligible to receive a gaming license unless the applicant meets the following criteria and clearly states as part of an application that the applicant shall:

(6) demonstrate to the commission how the applicant proposes to address lottery mitigation, compulsive gambling problems, workforce development and community development and host and surrounding community impact and mitigation issues as set forth in the memoranda of understanding required under this chapter;

(15) formulate for commission approval and abide by a marketing program by which the applicant shall identify specific goals, expressed as an overall program goal applicable to the total dollar amount of

⁵¹ *Chapter 194, An Act Establishing Expanded Gaming in the Commonwealth*, <https://malegislature.gov/Laws/SessionLaws/Acts/2011/Chapter194>

contracts, for utilization of: (i) minority business enterprises, women business enterprises and veteran business enterprises to participate as contractors in the design of the gaming establishment; (ii) minority business enterprises, women business enterprises and veteran business enterprises to participate as contractors in the construction of the gaming establishment; and (iii) minority business enterprises, women business enterprises and veteran business enterprises to participate as vendors in the provision of goods and services procured by the gaming establishment and any businesses operated as part of the gaming establishment;

....

Section 18. In determining whether an applicant shall receive a gaming license, the commission shall evaluate and issue a statement of findings of how each applicant proposes to advance the following objectives:

(4) implementing a workforce development plan that utilizes the existing labor force, including the estimated number of construction jobs a proposed gaming establishment will generate, the development of workforce training programs that serve the unemployed and methods for accessing employment at the gaming establishment;

(5) building a gaming establishment of high caliber with a variety of quality amenities to be included as part of the gaming establishment and operated in partnership with local hotels and dining, retail and entertainment facilities so that patrons experience the diversified regional tourism industry;

(9) establishing, funding and maintaining human resource hiring and training practices that promote the development of a skilled and diverse workforce and access to promotion opportunities through a workforce training program that: (i) establishes transparent career paths with measurable criteria within the gaming establishment that lead to increased responsibility and higher pay grades that are designed to allow employees to pursue career advancement and promotion; (ii) provides employee access to additional resources, such as tuition reimbursement or stipend policies, to enable employees to acquire the education or job training needed to advance career paths based on increased responsibility and pay grades; and (iii) establishes an on-site child day-care program;

(10) contracting with local business owners for the provision of goods and services to the gaming establishment, including developing plans designed to assist businesses in the commonwealth in identifying the needs for goods and services to the establishment;

(11) maximizing revenues received by the commonwealth;

(12) providing a high number of quality jobs in the gaming establishment;

(15) purchasing, whenever possible, domestically manufactured slot machines for installation in the gaming establishment;

(16) implementing a marketing program that identifies specific goals, expressed as an overall program goal applicable to the total dollar amount of contracts, for the utilization of: (i) minority business enterprises, women business enterprises and veteran business enterprises to participate as contractors in the design of the gaming establishment; (ii) minority business enterprises, women business

enterprises and veteran business enterprises to participate as contractors in the construction of the gaming establishment; and (iii) minority business enterprises, women business enterprises and veteran business enterprises to participate as vendors in the provision of goods and services procured by the gaming establishment and any businesses operated as part of the gaming establishment;

(17) implementing a workforce development plan that: (i) incorporates an affirmative action program of equal opportunity by which the applicant guarantees to provide equal employment opportunities to all employees qualified for licensure in all employment categories, including persons with disabilities; (ii) utilizes the existing labor force in the commonwealth; (iii) estimates the number of construction jobs a gaming establishment will generate and provides for equal employment opportunities and which includes specific goals for the utilization of minorities, women and veterans on those construction jobs; (iv) identifies workforce training programs offered by the gaming establishment; and (v) identifies the methods for accessing employment at the gaming establishment;

Other documents

Massachusetts Gaming Commission publication

In addition to the material above taken directly from the General Law, the MGC provides an overview of the employment goals of the Massachusetts Gaming Act in a publication entitled *Resort Casino and Slots Workforce and Employment: Frequently Asked Questions*. The report states: "In November of 2011, the Legislature passed, and Governor Deval Patrick signed "An Act Establishing Expanded Gaming in the Commonwealth," (the Act) which established Casino Gaming in Massachusetts. The legislation was designed to stimulate economic development and job creation, including private investment and new state and local tax revenue.... The legislation also calls for a net job-gain for the Commonwealth and for the creation of new career and job opportunities for the unemployed or underemployed with opportunity for personal growth and career advancement."⁵²

⁵² *Resort Casino and Slots Workforce and Employment*. Massachusetts Gaming Commission. <http://massgaming.com/wp-content/uploads/Resort-Casino-and-Slots-Workforce-and-Employment.pdf>

Appendix F – Massachusetts Supplier Diversity Program - Background

The primary responsibility of the Massachusetts Supplier Diversity Office (SDO) is to certify diverse and small businesses at the state level which enables them to participate in certain procurements for goods and services or non-federally funded construction procurements. The SDO manages several programs through which it works to build a more inclusive supplier base:

- State Certification Program
- Supplier Diversity Program (SDP)
- Small Business Purchasing Program (SBPP)
- Commonwealth and Municipal Construction Affirmative Marketing Programs (MCAMP)
- Individuals with Disabilities in State Procurement and Contracting Program

According to their annual report, in FY2023, the SDO expanded its mission statement to more intentionally promote diversity, equity and inclusion in state contracting by certifying diverse and small Massachusetts-based businesses; connecting these companies with business opportunities and resources to enhance their marketability; and collaborating with government agencies and public organizations to identify and remove barriers and increase diverse and small business spending.⁵³

State Certification Program:

The mechanism for becoming certified to obtain contracts as minority business enterprises (MBE), woman business enterprises (WBE), or veteran business enterprises (VBE) is certification through the SDO's State Certification Program.

- Firms are certified and decertified weekly. In FY2023 there were 5,669 certified diverse firms available to do business with the Commonwealth and its prime contractors, a 25 percent increase over FY2022. This total includes the 7 types of diverse businesses certified by the SDO as well as 8 types of Third-Party Certified Businesses. Much of the growth in SDO program businesses was due to growth in the numbers of third party-certified businesses.
- At the end of FY2023 there was a total of 3,796 SDO-certified businesses (3,549 for-profit and 162 nonprofit firms), some of which are both minority- and women-owned/controlled (M/WBE and M/W/NPO).
- The state certification unit accepts applications, conducts investigations and site visits, and issues certifications for diverse businesses.
- Third-party certifications are recognized and accepted such as:
 - VBE and SDVOBE certified by VetBiz/U.S. Department of Veterans Affairs
 - SDVOBE and DOBE certifications issues by Disability: IN
 - LGBTBE certifications issues by National LGBT Chamber of Commerce

⁵³ *Supplier Diversity Office Comprehensive Annual Report, Fiscal Year 2023*. Commonwealth of Massachusetts Supplier Diversity Office. 2024. <https://www.mass.gov/doc/sdo-fy23-annual-report/download>

Table 25: Types of Certifications

Certification Category	Certifications Issued by the SDO	Third-Party Certifications Recognized by the SDO
Minority Business Enterprises (MBE)	Yes	<ul style="list-style-type: none"> The City of Boston The Greater New England Minority Supplier Development Council
Women Business Enterprises (WBE)	Yes	<ul style="list-style-type: none"> The City of Boston The Center for Women and Enterprise (New England WBENC)
Veteran Business Enterprises (VBE)	Yes	<ul style="list-style-type: none"> VetBiz/U.S. Department of Veterans Affairs Office of Small and Disadvantaged Business Utilization (OSDBU)
Service-Disabled Veteran-Owned Business Enterprises (SDVOBE)	-	<ul style="list-style-type: none"> VetBiz/U.S. Department of Veterans Affairs Office of Small and Disadvantaged Business Utilization (OSDBU) <ul style="list-style-type: none"> Disability:IN
Disability -Owned Business Enterprises (DOBE)	-	<ul style="list-style-type: none"> Disability:IN
LGBT Business Enterprises (LGBTBE)	-	<ul style="list-style-type: none"> The National LGBT Chamber of Commerce (NGLCC)
Minority Nonprofit Organization (M/NPO)	Yes	
Women Nonprofit Organization (W/NPO)	Yes	
Portuguese Business Enterprise (PBE)	Yes	

- The term Minority Business Enterprise or MBE is defined in statute as a business that is owned by a racially or ethnically diverse individual. The terms Minority and MBE are meant to define an ethnically or racially diverse individual or business respectively.
- The SDO issues Minority and Women Nonprofit Organization (M/NPO and W/NPO) certifications to tax-exempt non-profit organizations that meet the following requirements: (1) at least 51 percent of the organization's Board of Directors and Voting Membership must be women and/or members of a minority group; (2) the same Board of Directors and Voting Membership must control the NPO's daily and long-term operations; (3) the organization must be regularly and actively engaged in business activity; (4) the organization cannot be dependent upon or influenced by another non-eligible person or organization.

Table 26: Diverse Businesses in the SDO Directory, 2023

Certification Type	FY2021	FY2022	FY2023	FY2022 vs FY2023 Change (%)
Minority Business Enterprises (MBE)	1,540	1,717	1,919	12%
Women Business Enterprises (WBE)	2,362	2,455	2,633	7%
Portuguese Business Enterprise (PBE)	126	85	81	-5%
Disability -Owned Business Enterprises (DOBE)	54	85	113	33%
Veteran Business Enterprises (VBE)	171	186	192	3%
Service-Disabled Veteran-Owned Business Enterprises (SDVOBE)	176	223	242	9%
LGBT Business Enterprises (LGBTBE)	210	375	1,176	214%
TOTAL	4,084	4,520	5,669	25%

Source: Supplier Diversity Office Comprehensive Annual Report, Fiscal Year 2023. <https://www.mass.gov/doc/sdo-fy23-annual-report/download>

Table 27: Third-Party Certified Businesses in the SDO Directory, 2023

Certification Type	FY2021	FY2022	FY2023	FY2022 vs FY2023 Change (%)
Disability-Owned Business Enterprise (DOBE)	54	85	113	33%
Veteran-Owned Business Enterprise (VBE)	87	84	82	-2%
Service-Disabled Veteran-Owned Business Enterprise (SDVOBE)	176	223	242	9%
LGBT-Owned Business Enterprise (LGBTBE)	210	375	1,176	214%
City of Boston MBE	9	30	50	67%
City of Boston WBE	≤5	45	77	71%
Greater New England Minority Supplier Development Council MBE	30	29	34	17%
Center for Women and Enterprise (New England WBENC) WBE	58	100	99	-1%
TOTAL	628	767	1,613	110%

Source: Supplier Diversity Office Comprehensive Annual Report, Fiscal Year 2023. <https://www.mass.gov/doc/sdo-fy23-annual-report/download>

Key Policy Documents (ordered by date effective):

- Feb 16, 2006
 - 425 CMR: State Office of Minority and Women Business Assistance
 - 425 CMR 2.00: Certification
- May 1, 2011
 - Executive order 524: Establishing the Massachusetts Supplier Diversity Program (revoking and superseding executive order No. 390)
- May 8, 2013
 - Executive order 546: Establishing the Service-Disabled Veteran Owned Business Enterprise Program
- Oct 7, 2015
 - Executive order 523: Establishing the Massachusetts small business purchasing program
- Nov 3, 2015
 - Executive order 565: Reaffirming and Expanding the Massachusetts Supplier Diversity Program (revoking and superseding executive order No's. 524 and 546)

The Supplier Diversity Program

The Supplier Diversity Program (SDP) promotes equity of opportunity in state government by extending to a variety of supplier diversity groups the prospect of full participation in all areas of state procurement by all Agencies. Executive order 565 affirmed expanded spending goals for Massachusetts-based small businesses, as well as for Minority Business Enterprises, Women Business Enterprises, and Veteran Business Enterprises. The executive order further committed to coordinated capacity development for certified businesses across the state. The SDO, Office of Access and Opportunity (“OAO”) and the Executive Office for Housing and Economic Development in coordination were directed to:

- Make available to all categories of certified businesses under the Executive Order capacity development programming and coordinate and expand statewide capacity building efforts.
- Collaborate with partners and entities in the public and private sector to adopt best practices for capacity building; and
- Leverage the state’s rigorous certification process and convene public and private entities...to expand and promote opportunities for all certified entities to compete for business throughout the Commonwealth.

The program institutes policies to encourage participating organizations and their contractors to use SDO-certified MBEs, WBEs, VBEs, SDVOBEs, DOBEs, and LGBTBEs in their contracts for goods and services. In 2023, seventy-three organizations participated in the SDP, falling into three groups:

- Executive branch departments in all secretariats;
- Non-executive departments and constitutional offices (for example, Office of the Governor, the Massachusetts Gaming Commission, the Commission Against Discrimination, and the Disabled Persons Protection Commission); and

- Quasi-public entities (for example, the Massachusetts Convention Center Authority and the Massachusetts Housing Finance Agency).

Only executive departments are required to participate in the SDO's procurement programs to encourage contracting with diverse and small businesses through the SDP and SBPP: "Agencies must continue their commitment to achieve best value for the Commonwealth by working to promote diversity in the Commonwealth's supply chain."⁵⁴

The SDO sets annual benchmark goals expressed as a percentage of each organization's discretionary budget (MBE 8%; WBE 14%; VBE/SDVOBE 3%).⁵⁵ The SDP applies to all executive department procurements for goods and services exceeding \$150,000. Full participants accept and track the benchmark goals, and report in a consistent manner. Some non-executive departments and quasi-public organizations participate in the SDP only and do so voluntarily.

According to the latest SDO report, **seven** quasi-public organizations fully participate in the SDP with goal setting, tracking, and reporting consistent with procedures used by executive branch departments:

- Office of the Governor
- Massachusetts Commission Against Discrimination
- Disabled Persons Protection Commission
- Massachusetts Convention Center Authority (MCCA)
- Massachusetts Gaming Commission
- Massachusetts Housing Finance Agency (MassHousing)
- Cannabis Control Commission

Participating organizations may use two types of spending to achieve program spending goals:

- Direct spending with MBE, WBE, VBE, SDVOBE, DOBE, and LGBTBE prime contractors; and
- Indirect spending resulting from business partnerships between the organizations' contractors and MBE, WBE, VBE, SDVOBE, DOBE, or LGBTBE vendors used in the contractors' operations. This includes subcontracting, as well as other types of business-to-business relationships.

Indirect spending can be further subdivided into the following types:

- Subcontracting, defined as a partnership in which the SDP partner is involved in the provision of products and/or services to the Commonwealth. Such relationships typically, but not always, involve a formal written agreement between the SDP partner and the prime contractor.

⁵⁴ Executive Order No. 565: Reaffirming and Expanding the Massachusetts Supplier Diversity Program. Nov 13, 2015.

<https://www.mass.gov/executive-orders/no-565-reaffirming-and-expanding-the-massachusetts-supplier-diversity-program>

⁵⁵ Non-discretionary spending includes pension and insurance-related expenditures, payments of grants and subsidies, entitlement programs, and loans and special payments.

- Ancillary Products and Services, defined as a business relationship in which the SDP partner provides the prime contractor products or services that are not directly related to the prime contractor's contract with the Commonwealth. In most cases, this type of partnership is related to the prime contractor's general business operations and may or may not involve a formal written agreement with the SDP partner. It is also recognized that, in some cases, products and/or services provided by the SDP partner may contribute to both subcontracting (when used by the Commonwealth) and ancillary (when used by other customers) spending.

Eleven additional quasi-public and non-executive organizations submit narrative program reports for inclusion in the SDO's annual report:

- Commonwealth Corporation
- Massachusetts Bay Transportation Authority (MBTA)
- Massachusetts Growth Capital Corporation (MGCC)
- Massachusetts Water Resources Authority (MWRA)
- Massachusetts School Building Authority (MSBA)
- Massachusetts State College Building Authority (MSCBA)
- MassDevelopment
- Massport
- Office of the Inspector General
- UMass Building Authority (UMBA)
- University of Massachusetts (UMass)

The FY2023 SBO annual report shows that these quasi-public and non-executive organizations have adopted a variety of strategies to increase contracting and spending with diverse businesses. They have developed their own supplier diversity programs for contracting, including establishing their own internal commitment levels and creating their own best practices and strategies to enhance contracting with MBE's, WBE's, VBE's and others.⁵⁶

Diverse Business Definitions

Minority Business Enterprise (MBE): An organization that is: at least 51 percent unconditionally owned by one or more individuals who are both socially and economically disadvantaged and whose management and daily business operation is controlled by one or more such individuals. In the case of a publicly owned business, at least 51 percent of its stock must be unconditionally owned by one or more socially and economically disadvantaged individuals.

The following groups are considered minorities:

- Native Americans, including American Indians, Eskimos, Aleuts and native Hawaiians.

⁵⁶ *Supplier Diversity Office Comprehensive Annual Report, Fiscal Year 2023*. Commonwealth of Massachusetts Supplier Diversity Office. 2024. Pages 53-68.

- Asian Pacific Americans, including all persons having origins in Japan, China, Philippines, Vietnam, Korea,
- Samoa, Guam, the U.S. Trust Territory of the Pacific Islands (Republic of Palau), the Northern Mariana
- Islands, Laos, Kampuchea (Cambodia), Taiwan, Burma, Thailand, Malaysia, Indonesia, Singapore, Brunei,
- Republic of the Marshall Islands, or the Federated States of Micronesia.
- Asian Indian Americans, including all persons having origins in India, Pakistan, Bangladesh, Sri Lanka, Bhutan or Nepal.
- African Americans, including all persons having origin in the Black racial groups of Africa.
- Hispanic Americans, including all persons having origins in Mexico, Puerto Rico, Cuba, Central or South
- America, or other Spanish culture origins.

Woman-Owned Business Enterprise (WBE): An organization that is at least 51 percent owned, controlled and administered by a woman or women who are U.S. citizens. (Note: Controlled is defined as exercising the power to make policy decisions. Operated is defined as actively involved in day-to-day management.)

Veteran-Owned Business Enterprise (VBE): A VBE is defined as a veteran who has served in the active military, naval or air services and who was discharged or released under conditions other than dishonorable. Active-duty service is defined as active duty in the United States Army, Air Force, Navy, Marine Corps, or Coast Guard for any length of time and at place home and abroad. A veteran or group of veterans must have 51 percent ownership and control of the business.

Service-Disabled Veteran-Owned Business Enterprise (SDVOBE): A Service-Disabled Veteran Business (SDVOBE) must be at least 51 percent owned, operated and controlled by a veteran with a service-connected disability of at least 10 percent and must be certified by the U. S. Department of Veteran Affairs or the Department of Defense.

Small Business Enterprise (SBE): A business independently owned, operated and in accordance with the definitions and size standards established by the SBA, available at <http://www.sba.gov/size>. The most common size standards are listed in the following section.

Appendix G: Diversity-Related Programs and Policies of Category 1 Operators

Diversity and Affirmative Marketing Program as Adopted by Blue Tarp reDevelopment LLC. Springfield, MA: Blue Tarp reDevelopment LLC, 2015. (MGM Springfield Opened Later)

Diversity, Equity, Inclusion: MGM Springfield 2022. Springfield, MA: MGM Springfield, 2022.

Diversity Plan for the Design and Construction Phase of Plainridge Park Casino. Plainville, MA: Plainridge Park Casino, 2014.

Encore Boston Harbor Workforce Development & Diversity Plan. Boston, MA: Encore Boston Harbor, 2018.

People Planet Play Caesars Entertainment: Position on Diversity, Equity, and Inclusion. Reno, NV: Caesars Entertainment, 2022.

Plainridge Park Casino Purchasing Practices Plan for Local and Traditionally Disadvantaged & Diverse Businesses. Plainville, MA: Plainridge Park Casino, November 2020.

Wynn, MA LLC Diversity Strategy Design & Construction. Everett, MA: Wynn MA LLC, 2015.

2023 Corporate Social Responsibility Report: Penn Cares For our People, our communities, and our Planet. Wyomissing, PA: Penn Entertainment Inc, 2024.

Appendix H: Key Informant Interview Guide

INTRODUCTION

Based on Section 25 of the 2022 Act to Regulate Sports Wagering (House Bill No. 5164), the Massachusetts Gaming Commission is tasked with conducting a study focused on diversity in the sports wagering industry and developing recommendations to ensure diversity, equity and inclusion are included in this method of sports wagering. The Commission has engaged the Donahue Institute, based at the University of Massachusetts, Amherst to carry out this project. The Sports Wagering Diversity Research Services project is tasked with conducting a study on the participation by minority, women, and veteran business enterprises and workers in the sports wagering industry. Our team is conducting key informant interviews with representatives like yourself to obtain recommendations about ensuring and improving employment and vendor diversity.

LOGISTICS

Interviews will be recorded, to ensure accuracy, and transcribed. These interviews **will not** be confidential as officials/representatives will be speaking in their professional capacity and in their area of expertise. Excerpts from the interview may be used in reported findings. However, we will not attribute statements or quotes directly to an individual or organization, but rather mention only the typology of work (e.g., untethered licensee representative). The interview will take approximately 45 to 60 minutes. Further information is detailed in the Consent Form.

This document serves as an interview guide, but questions may be modified slightly to take advantage of the expertise of each key informant, as they will be speaking in their professional capacity when commenting on impact. Additional questions may emerge during the interview as they pertain to the scope of this study.

Introduction (5 minutes)

1. Please confirm that you have received the informed consent form and agree to it.
2. Tell us your name, job title, and describe your current work as it relates to the gambling industry.

Employees (15 minutes)

3. We wanted to start by asking about diversity as it relates to the sports wagering workforce. How diverse would you say the workforce within your institution is? When thinking about diversity, please include gender, race/ethnicity, and veteran status.
4. How diverse would you say the workforce within the sports wagering industry is? When thinking about diversity, please include gender, race/ethnicity, and veteran status.
5. What organizational programs, policies and practices are in place related to recruitment of a diverse workforce in your institution, or in the institutions you work with?
6. Can you describe some of the positive and negative outcomes that have come from these programs, practices, and policies?

7. What considerations are there related to employment impact, compensation, benefits, trajectory, and turnover for women, minority, and veteran employees compared to employees from other groups?
8. What workforce training programs are in place to promote the retention and development of a skilled and diverse workforce and to provide access to promotion opportunities?

Business enterprises (10 minutes)

9. We are also interested in diversity as it relates to businesses that contract with or provide services to sports wagering licensees and employers. Approximately what share of total contracts awarded are held by diverse vendors? When thinking about diverse vendors, please include minority-owned, veteran-owned, and women-owned businesses.
10. Are these businesses certified as such? In what business areas are diverse businesses most plentiful and engaged with your institution?
11. What organizational policies and practices are in place related to solicitation of and contracting with minority, women, and veteran business enterprises in the Commonwealth?
12. Can you describe some of the positive and negative outcomes that have come from these programs, practices, and policies?

Evaluation (15 minutes)

13. Regarding the employees in your institution and in the sports wagering industry more broadly, can you please answer the following questions:
 - a. Can you give an assessment about the current levels of engagement and **the barriers** to hiring and employment of women, minorities, and veterans in your institution and in the sports wagering industry?
 - b. Please share some of the challenges / difficulties and some successes you have encountered in the attempts to increase diversity in your institution and in the sports wagering industry.
14. Regarding the vendors who work with the sports wagering industry, please answer the following questions:
 - a. Can you give us an assessment about current levels of engagement and **the barriers** to contracting with diverse business enterprises in the Commonwealth?
 - b. Please share some of the challenges / difficulties and successes you have encountered in the attempts to increase diversity in terms of vendors who work with the sports wagering industry.
15. What are the main barriers to employment of women, minorities, and veterans in your institution and in the sports wagering industry?

16. Do you have any documents about your institution's diversity policies and programs which you could share with us? These could be documents about employee or vendor diversity policies.

Recommendations (10 minutes)

17. Can you give some recommendations as to how to improve diversity, equity, and inclusion in the sports wagering industry?
18. In what ways can the sports wagering industry enhance the workforce success of minority, female, and veteran employees?
19. Can you share some thoughts on how to increase the levels of engagement and the volume and scale of business contracting with minority, female, and veteran-owned enterprises in the sports wagering industry?
20. Do you have additional perspectives and suggestions about designing best programs, policies, and practices to increase racial, gender and veteran diversity in the workforce and among the business enterprises engaged for contracting?

Final Request (5 minutes)

21. Is there anyone else you think we should interview or speak with to find out more about diversity in the sports wagering industry? Specifically, can you recommend someone from:
 - a. A diversity owned business, such as a black owned or hispanic owned business.
 - b. A spokesperson from a BIPOC or woman employee affinity group at a casino.
 - c. A union representative for employees in the sports wagering industry.
22. Can you serve in an advisory capacity for recommendations on improving diversity (advisory role)?
23. Do you have any questions for us?

Appendix I: Questionnaire for the Massachusetts Gaming Commission

INTRODUCTION

Based on Section 25 of the 2022 Act to Regulate Sports Wagering (House Bill No. 5164), the Massachusetts Gaming Commission is tasked with conducting a study focused on diversity in the sports wagering industry and developing recommendations to ensure diversity, equity and inclusion are included in this method of sports wagering. The Commission has engaged the Donahue Institute, based at the University of Massachusetts, Amherst to carry out this project. The Sports Wagering Diversity Research Services project is tasked with conducting a study on the participation by minority, women, and veteran business enterprises and workers in the sports wagering industry. Our team is conducting key informant interviews with representatives like yourself to obtain recommendations about ensuring and improving employment and vendor diversity.

LOGISTICS

Based on conversations with members of the Massachusetts Gaming Commission (MGC), it was agreed that for the MGC, a questionnaire will be sent, and written responses will be provided by the MGC in lieu of in person interviews. These questionnaires **will not** be confidential as officials/representatives will be participating in their professional capacity and in their area of expertise. Excerpts from the responses may be used in reported findings. However, we will not attribute statements or quotes directly to an individual or organization.

Introduction

1. For all participants answering, can you please share your name, job title, and describe your current work as it relates to the gambling industry?
2. Who are the professionals within your organization that are involved in diversity planning and policies? In what capacities do they work?

Employees

3. How diverse would you say the workforce within your institution is? When thinking about diversity, please include gender, race/ethnicity, and veteran status.
4. What organizational programs, policies and practices are in place related to recruitment of a diverse workforce in your institution, or in the institutions you work with?
5. Can you describe some of the positive and negative outcomes that have come from these programs, practices, and policies?
6. What considerations are there related to employment impact, compensation, benefits, trajectory, and turnover for women, minority, and veteran employees compared to employees from other groups?
7. What workforce training programs are in place to promote the retention and development of a skilled and diverse workforce and to provide access to promotion opportunities?

Business enterprises

8. We are also interested in diversity as it relates to businesses that contract with or provide services to the Massachusetts Gaming Commission, specifically, minority-owned, veteran-owned, and women-owned businesses.
 - a. Which of these types of diverse businesses are most plentiful and engaged in contracting with your institution? What are the factors at play which positively influence the supply of these businesses? What are the factors at play which create challenges to the supply and engagement of these businesses?
 - b. Are these businesses certified as such? In what business areas are diverse businesses most plentiful and engaged with your institution?
 - c. What organizational policies and practices are in place related to solicitation of and contracting with minority, women, and veteran business enterprises in the Commonwealth?
 - d. Can you describe some of the positive and negative outcomes that have come from these programs, practices, and policies?

Evaluation

9. Regarding the employees in your institution, can you please answer the following questions:
 - a. Can you give an assessment about the current levels of engagement and **the barriers** to hiring and employment of women, minorities, and veterans in your institution?
 - b. What are the main barriers to employment of women, minorities, and veterans in your institution and in state regulatory agencies?
 - c. In contrast to barriers, what are the main factors that encourage greater diversity in the employment of women, minorities, and veterans in your institution and in state regulatory agencies?
 - d. Please share some of the challenges / difficulties and some successes you have encountered in the attempts to increase diversity in your institution.
10. Regarding the vendors who work with the Massachusetts Gaming Commission (MGC), please answer the following questions:
 - a. Can you give us an assessment about current levels of engagement and **the barriers** to contracting with diverse business enterprises in the Commonwealth?
 - b. Please share some of the challenges / difficulties and successes you have encountered in the attempts to increase diversity in terms of vendors who work with the MGC.
11. Regarding the role of the Massachusetts Gaming Commission (MGC) in regulating the sports wagering industry, please answer the following questions:

- a. What is the role of the MGC in fostering diversity among sports books licensees and sports books vendors?
 - b. How is this role different from the MGC's role regulating diversity among casino operators and their vendors?
 - c. What accountability procedures are in place to promote and encourage diversity among sports books employees and vendors?
12. Do you have any documents about your institution's diversity policies and programs which you could share with us? These could be documents about employee or vendor diversity policies.

Recommendations

This section is intended to collect final / definitive thoughts on the most effective policies and recommendations to increase the participation of diverse employees and vendors in state regulatory agencies.

13. Can you define the most critical recommendations as to how to improve diversity, equity, and inclusion in your organization?
14. In what ways can your organization enhance the workforce success of minority, female, and veteran employees?
15. Can you define the most critical policies or approaches to increase the levels of engagement and the volume and scale of business contracting with minority, female, and veteran-owned enterprises in your organization?
16. Do you have additional perspectives and suggestions about designing best programs, policies, and practices to increase racial, gender and veteran diversity in the workforce and among the business enterprises engaged for contracting?

Final Request

17. Is there anyone else you think we should interview or speak with to find out more about diversity in state regulatory agencies? Specifically, can you recommend someone from:
 - a. A diversity owned business, such as a black owned or hispanic owned business.
 - b. A spokesperson from a BIPOC or woman employee affinity group.
 - c. A union representative for employees in state regulatory agencies.

Appendix J: Operator Questionnaires

Category 1

Sports Betting Impacts

Start of Block: Welcome

Welcome!

At the direction of the Massachusetts Gaming Commission, we are seeking information related to your company's sports betting operation in Massachusetts. If you're receiving this survey, we ask that you answer some questions about employment, vendor spending, diversity efforts, fiscal impacts, and consumer behavior in light of the introduction of retail sports betting at the casino.

The goal of this survey is to obtain information critical for research for the Massachusetts Gaming Commission. The questions are mostly qualitative in nature; a few require numeric estimates. In these cases, we ask that you answer them to the best of your ability, consulting with other staff if necessary. The survey should take between 20 and 30 minutes to complete and contains four parts:

- Payroll and Employment - including Employee Diversity Programs
- Vendor Spending - including Vendor Diversity Programs
- Government Spending
- Patron Behavior

If you have any questions, please reach out to Kassie Breest <kbreest@donahue.umass.edu>

Thank you for your time. We appreciate your help!

Page Break

Q1.3 Please provide your name, title, and email.

Name (1) _____

Title (3) _____

Email (4) _____

Q1.4 Which casino are you affiliated with?

Encore Boston Harbor (1)

MGM Springfield (2)

Plainridge Park Casino (3)

End of Block: Welcome

Start of Block: Part 1: Payroll and Employment

Part 1: Payroll and Employment

Q2.2 Is the payroll information on sports betting-related employees included in the operator dataset that UMDI collects from the casino on a regular basis? In other words, do checks cut for sports betting related employees appear in the casino payroll?

Yes (1)

No (2)

Q2.3 What company is responsible for paying wages for retail sports betting employees at the casino?

Q2.4 How is this company related to the casino operator?

- Shared parent company/corporate, tethered (1)
- Unrelated company, tethered (5)
- Other (please describe the nature of the company below) (6)

Q2.5 Please provide the name and title of the primary contact that you will work with to fulfill the payroll data request (for retail sports betting), similar to the one asked bi-annually of the casinos. This question for informational purposes only.

Q2.6 We will need to clearly distinguish sports betting employees in the payroll data. Please provide the information (such as departments names/codes or occupation titles/codes) that can be used to clearly identify sports wagering operations employees in the payroll data.

End of Block: Part 1: Payroll and Employment

Start of Block: Payroll and Employment: Impacts

Payroll and Employment: Impacts

Q3.2 While we realize that this may be difficult to quantify, please do your best to estimate the impact that the introduction of sports betting has had on operational employment at the casino in the following questions.

Q3.3

To what extent has the casino increased employment or added hours **in other departments** to meet the

demands of sports betting customers? To the best of your ability, estimate the scale to which sports betting customers have increased the need for additional staff hours **in other departments**.

- Not at all increased (5)
- Slightly increased (6)
- Moderately increased (7)
- Significantly increased (8)

Q3.4

In what ways has the expansion of sports betting impacted employment at the casino in other departments (outside of those directly related to sports betting such as food service or hospitality) to meet additional demand for sports betting?

- Additional employees hired (1)
- New administrative or fiscal positions created (2)
- Hours increased for existing employees (3)
- Employees reassigned to different/new departments (4)
- Hours decreased for existing employees (6)
- Layoffs or terminations (8)
- No new hiring/no new replacements (9)
- Other (please specify) (5) _____

Q3.5

Please click and drag a department from the list on the left to a box on the right to reflect employment impacts.

Growing	Shrinking	Unchanged
<input type="checkbox"/> General & Administrative (2)	<input type="checkbox"/> General & Administrative (2)	<input type="checkbox"/> General & Administrative (2)
<input type="checkbox"/> Gaming & Recreation (NOT including sports betting) (3)	<input type="checkbox"/> Gaming & Recreation (NOT including sports betting) (3)	<input type="checkbox"/> Gaming & Recreation (NOT including sports betting) (3)
<input type="checkbox"/> Food & Beverage (4)	<input type="checkbox"/> Food & Beverage (4)	<input type="checkbox"/> Food & Beverage (4)
<input type="checkbox"/> Hotel (5)	<input type="checkbox"/> Hotel (5)	<input type="checkbox"/> Hotel (5)
<input type="checkbox"/> Entertainment (6)	<input type="checkbox"/> Entertainment (6)	<input type="checkbox"/> Entertainment (6)
<input type="checkbox"/> Retail (7)	<input type="checkbox"/> Retail (7)	<input type="checkbox"/> Retail (7)
<input type="checkbox"/> Maintenance & Facilities (8)	<input type="checkbox"/> Maintenance & Facilities (8)	<input type="checkbox"/> Maintenance & Facilities (8)
<input type="checkbox"/> Other (9)	<input type="checkbox"/> Other (9)	<input type="checkbox"/> Other (9)

End of Block: Payroll and Employment: Impacts

Start of Block: Payroll and Employment: Diversity Programs

Employee Diversity Programs

Q4.2 Is the retail sports betting operation at the casino included as a part of casino **employee diversity** programs or initiatives related to minority, female, and veteran employees?

- Yes (1)
- No (2)
- I don't know (3)

Q4.3

What kinds of organizational policies and practices are in place related to **recruitment of a diverse workforce**? Please describe the major policies and practices.

Q4.4

What kinds of **special considerations** are there related to compensation, benefits, career trajectory, and turnover for minority, women, and veteran employees compared to employees in other groups? Please describe the major policies and practices.

Q4.5

What kinds of **workforce training programs** are in place to promote the retention and development of a skilled and diverse workforce **and** to provide access to promotion opportunities? Please describe the major policies and practices.

Q4.6 Please provide the name, title, and email of a contact who can provide information on employee diversity policies and practices if necessary.

Name (1) _____

Title (2) _____

Email (3) _____

End of Block: Payroll and Employment: Diversity Programs

Start of Block: Part 2: Vendor Spending (business-to-business)

Part 2: Vendor (business-to-business) Spending

Q5.2 Are the purchases of goods and services related to retail sports betting included in the regular operator dataset that UMDI collects from the casino on a regular basis? In other words, do the businesses that the casino solicits for retail sports betting goods or services appear in the casino's business-to-business spending data?

- Yes (1)
- No (2)

Q5.3 What company is responsible for maintaining vendor spending data related to retail sports betting operations at the casino?

Q5.4 How is this company related to the casino operator?

- Parent company/corporate (1)
- Tethered operator (2)
- Some combination of the two (3)
- Other (please describe the nature of the company below) (4)

Q5.5 Please provide the name and title of the primary contact that you will work with to fulfill the vendor spending data request (for retail sports betting), similar to the one asked bi-annually of the casinos. This question for informational purposes only.

Page Break

We will need to clearly distinguish sports betting related vendors IF those vendors appear in the regular, casino vendor spending data.

Q5.7 Please identify any businesses that provide advertising, marketing, or promotional services **exclusively or primarily to the retail sports betting** part of your operation IF those businesses appear in your casino vendor spending data. (List name(s) of business(es))

Q5.8 Please identify any other vendors that provide goods and services **exclusively or primarily to the retail sports betting** part of your operation IF those vendors appear in your casino vendor spending data. (List name(s) of business(es))

End of Block: Part 2: Vendor Spending (business-to-business)

Start of Block: Vendor Spending: Impacts

Vendor (business-to-business) Spending: Impacts

Q6.2 Are there any departments outside of sports betting within the casino operation where spending has **increased** to accommodate an increase in patronage (e.g. food and beverage service) or employees (e.g. uniforms) due to sports betting?

- Yes (1)
- No (2)
- I don't know (3)

Q6.3 Please list departments of the casino operation where spending has increased

Q6.4 To what extent has spending **increased** across these departments? To the best of your ability, estimate the scale to which spending has **increased** overall.

- Not at all increased (1)
- Slightly increased (2)
- Moderately increased (3)
- Significantly increased (4)

Q6.5 Are there any departments within the casino operation where spending has **decreased** as a result of changes in patron spending or because those costs are now covered by an outside operator?

- Yes (1)
- No (2)
- I don't know (3)

Q6.6 Please list areas of the casino operation where spending has **decreased**

Q6.7 To what extent has spending **decreased** across these departments? To the best of your ability, estimate the scale to which spending has **decreased** overall.

- Not at all decreased (1)
- Slightly decreased (2)
- Moderately decreased (3)
- Significantly decreased (4)

Q6.8 Did the casino hire any outside vendors/personnel to facilitate the integration of the sports betting operation? (e.g. construction/architecture firms to manage renovations or legal, consulting, or advertising/marketing/promotional services)

- Yes (1)
- No (2)
- I don't know (3)

End of Block: Vendor Spending: Impacts

Start of Block: Vendor Spending: Diversity Programs

Vendor Diversity Programs

Q7.2 Is the retail sports betting operation at the casino included as a part of casino **vendor diversity** programs or initiatives to promote and increase contracting with minority-, woman-, and veteran-owned businesses?

- Yes (1)
- No (4)
- I don't know (5)

Q7.3 What kinds of organizational policies and practices are in place related to **solicitation of and increasing the number of contracts** with minority-, woman-, and veteran-owned enterprises located in the Commonwealth? Please describe the major policies and practices.

Q7.4 What kinds of organizational policies and practices are in place related to **increasing the size** (dollar value) of contracts with minority-, woman-, and veteran-owned enterprises located in the Commonwealth? Please describe the major policies and practices.

Q82 Please provide the name, title, and email of a contact who can provide information on vendor diversity policies and practices if necessary.

Name (1) _____

Title (2) _____

Email (3) _____

End of Block: Vendor Spending: Diversity Programs

Start of Block: Part 3: Government Spending

Part 3: Government Spending

Q8.2 Are there any one-time or recurring payments to state or local government entities in Massachusetts, other than the assessment on gross gaming revenue, that are directly related to the expansion of retail sports betting? Choose all that apply.

Yes, paid by casino. (1)

Yes, paid by tethered operator. (5)

No (2)

I don't know (4)

Q8.3 Please list the Massachusetts state or local government entities **and** type of payment that the casino paid/pays directly related to the expansion of retail sports betting.

Q8.4 Do these government payments related to sports betting appear in the regular vendor spending dataset that UMDI collects from the casino on a regular basis, as requested?

- Yes (1)
- No (2)
- I don't know (3)

Q8.5 Will these government payments related to sports betting appear in the vendor spending dataset that UMDI will collect from the tethered operator on a regular basis, as requested?

- Yes (1)
- No (2)
- I don't know (3)

Q8.6 To the best of your ability, please estimate the **total annual dollar amount** of any sports betting-related payments made to state or local government entities in Massachusetts (other than the assessment on gross gaming revenue) that are **not** included in the vendor data.

End of Block: Part 3: Government Spending

Start of Block: Part 4: Patron Behavior

Part 4: Patron Behavior

Q9.2 To the best of your ability, please estimate the breakdown in patronage between the following groups of retail sports betting patrons. Input a number in the box that corresponds to each group of patrons totaling to 100.

- New patrons, those who did not previously visit the casino, but now do : _____ (1)
- Existing casino patrons, those who have increased their gambling spending to include retail sports betting : _____ (2)
- Existing casino patrons, who have shifted their casino spending away from other gambling activities and to retail sports betting : _____ (3)
- Other, not specified above : _____ (4)
- Total : _____

Category 3

Sports Betting Impacts - Online/Mobile Operators

Welcome!

Sports betting has been expanding across many U.S. states. Our team at the UMass Donahue Institute (UMDI) leads the Massachusetts Gaming Commission (MGC) research agenda aimed at understanding the social and economic impacts of gambling in Massachusetts. Our current research projects include a study of the early impacts of sports wagering and a study examining diversity within the industry.

We are using this questionnaire to gather data to answer research questions in studies for the MGC. The answers will help us gain a better understanding of what moving into a new state means for Category 3 sports betting licensees. We want to understand how (if at all) your organization increases your economic activity (new hiring or spending) in the course of doing business in a new state. In addition to these economic questions, we also want to get a general idea of your business' approach to diversity in hiring and in spending on outside firms. We plan to report the data in the most aggregated way possible which still allows us to answer the required research questions. We will report observed trends in responses (e.g. "X percent of operators indicated"). Results may be reported using categories such as 'all mobile operators,' 'in-state headquarters,' 'out-of-state headquarters,' etc. Operators will also have the opportunity to review our work prior to its release and provide feedback.

We ask that you answer these questions to the best of your ability, consulting with other staff if necessary. The survey should take between 10 and 20 minutes to complete.

If you have any questions, please reach out to Tom Peake <tpeake@donahue.umass.edu>

Thank you for your time. We appreciate your help!

Page Break

Q0.1 Please provide your name, title, and email.

Name (1) _____

Title (3) _____

Email (4) _____

Q0.2 Which online/mobile sports betting operator are you affiliated with?

Bally Bet (2)

BetMGM (3)

Caesar's Sportsbook (5)

DraftKings (6)

ESPN Bet (7)

Fanatics (8)

FanDuel (9)

End of Block: Welcome

Start of Block: Part 1: Economic Activity - Operating in a New State

Part 1: Economic Activity: Operating in a New State

The questions in this section are focused on how your economic activity changes when you move into **any new state**.

Q1.1 When a new state legalizes gambling, what are the strategic factors that inform whether your organization will operate in that state, if any? In other words, what factors influence your organization's decision to operate in a particular state?

Q1.2 When your organization chooses to operate in a new state, is that decision generally accompanied by any additional **hiring** within your organization?

Yes (1)

No (2)

Q1.3 What departments or occupations tend to see increased hiring in response to your organization operating in a new state? For example, does the choice to move into a new market generally prompt your organization to hire additional marketing, customer support, or legal staff?

Q1.4 Are there any types of workers who you tend to hire within a state when your organization chooses to begin operating in that state?

Q1.5 Are there any staff in your organization who are assigned a portfolio of work which is specific to a particular state? For example, are there employees who specifically focus on customers or other stakeholders in a particular state?

Q1.6 When your organization chooses to operate in a new state, is that decision generally accompanied by additional **spending** to other firms?

Yes (1)

No (2)

Q1.7 What sorts of goods, services, or firms does your company tend to purchase or hire in the course of moving into a new state? For example, does the labor involved with moving into a new state require your organization to spend additional money on vendors, consultants, lawyers, or advertisers?

Q1.8 Are there any types of firms that you tend to hire within a state (in-state vendors) when your organization chooses to begin operating within that state? Please list the types.

End of Block: Part 1: Economic Activity - Operating in a New State

Part 2: Economic Activity: Operating in Massachusetts

The previous questions were focused on how your economic activity changes when you move into *any* new state. Next, we want to specifically ask about your organization's choice to move into **Massachusetts**.

Q2.2 What factors led you to make the decision to begin doing business in Massachusetts specifically?

Q2.3 Did your organization hire any additional staff specifically as a result of Massachusetts opting to legalize sports betting?

Yes (4)

No (5)

Q2.4 Do any of those employees work in jobs that require them to live or perform their work in Massachusetts? In other words, do you have any employees who live or work in Massachusetts, and who would not be able to perform their tasks remotely or in an out-of-state office? If yes, please describe.

Q2.5 Did your organization spend any new money on goods and/or services from other firms (such as vendors of IT products, consultants, lawyers, advertisers, etc.) specifically as a result of Massachusetts opting to legalize sports betting?

Yes (4)

No (5)

Q2.6 In the course of expanding into Massachusetts, did your organization purchase any of these goods and/or services from firms located in Massachusetts?

Yes (1)

No (2)

Q2.7 Did any of these firms perform work that requires them to be located in Massachusetts? If yes, please describe.

End of Block: Part 2: Economic Activity - Operating in Massachusetts

Start of Block: Part 3: Diversity Policies

Part 3: Diversity Policies

Q3.1 Does your organization have any specific policies or practices related to diversity and inclusion in *hiring*? Please describe.

Q3.2 Does your organization have any specific policies or practices related to diversity and inclusion in *employee retention*? Please describe.

Q3.3 Does your organization have any specific policies or practices related to spending on or contracting with diverse vendors/outside firms (i.e. minority-, women-, and veteran-owned firms)? Please describe.

Q3.4 Is there anything else you would like to share with us around your organization's approach towards diversity?

Q3.5 Please provide the name, title, and email of a contact who can provide information on diversity policies and practices if necessary.

Name (1) _____

Title (2) _____

Email (3) _____

End of Block: Part 3: Diversity Policies

Start of Block: Part 4: General Operational Spending

Q4.1 Spending to Outside Vendors

To the best of your ability, please drag and drop each business sector into the box which indicates the relative level of spending to outside vendors by your organization each year (High, Medium, Low or None).

High	Medium	Low	None
_____ Utilities Electric; Water (1)			
_____ Wholesalers Durable Goods - Computers, Electronics, Technical Equipment and Infrastructure; Other Equipment (4)	_____ Wholesalers Durable Goods - Computers, Electronics, Technical Equipment and Infrastructure; Other Equipment (4)	_____ Wholesalers Durable Goods - Computers, Electronics, Technical Equipment and Infrastructure; Other Equipment (4)	_____ Wholesalers Durable Goods - Computers, Electronics, Technical Equipment and Infrastructure; Other Equipment (4)
_____ Transportation and Warehousing Couriers and Messengers; Warehousing and Storage (6)			
_____ Information Services Software Publishers; Telecommunications; Data Processing Hosting			

and Related Services;
Other (8)

_____ **Finance and Insurance** Insurance Carriers and Related Activities Funds, Trusts, and Other Financial Vehicles and Services (2)

_____ **Real Estate, Rental, and Leasing** Real Estate Purchases Rentals and Leases (9)

_____ **Professional, Scientific, and Technical Services** Consulting Services Research and Development Services; Legal Services; Accounting and Payroll Services; Specialized Design Services; Computer Systems Design Services; Advertising and Marketing Services (10)

_____ **Administrative and Support Services** Employment Services (including Temp Agencies); Travel Arrangement and Reservation Services; Investigation and Security Services; Services to Buildings and Dwellings; Other Support Services (3)

_____ **Other Business Sectors** Construction; Manufacturing;

and Related Services;
Other (8)

_____ **Finance and Insurance** Insurance Carriers and Related Activities Funds, Trusts, and Other Financial Vehicles and Services (2)

_____ **Real Estate, Rental, and Leasing** Real Estate Purchases Rentals and Leases (9)

_____ **Professional, Scientific, and Technical Services** Consulting Services Research and Development Services; Legal Services; Accounting and Payroll Services; Specialized Design Services; Computer Systems Design Services; Advertising and Marketing Services (10)

_____ **Administrative and Support Services** Employment Services (including Temp Agencies); Travel Arrangement and Reservation Services; Investigation and Security Services; Services to Buildings and Dwellings; Other Support Services (3)

_____ **Other Business Sectors** Construction; Manufacturing Retailers;

and Related Services;
Other (8)

_____ **Finance and Insurance** Insurance Carriers and Related Activities Funds, Trusts, and Other Financial Vehicles and Services (2)

_____ **Real Estate, Rental, and Leasing** Real Estate Purchases Rentals and Leases (9)

_____ **Professional, Scientific, and Technical Services** Consulting Services Research and Development Services; Legal Services; Accounting and Payroll Services; Specialized Design Services; Computer Systems Design Services; Advertising and Marketing Services (10)

_____ **Administrative and Support Services** Employment Services (including Temp Agencies); Travel Arrangement and Reservation Services; Investigation and Security Services; Services to Buildings and Dwellings; Other Support Services (3)

_____ **Other Business Sectors** Construction; Manufacturing;

and Related Services;
Other (8)

_____ **Finance and Insurance** Insurance Carriers and Related Activities Funds, Trusts, and Other Financial Vehicles and Services (2)

_____ **Real Estate, Rental, and Leasing** Real Estate Purchases Rentals and Leases (9)

_____ **Professional, Scientific, and Technical Services** Consulting Services Research and Development Services; Legal Services; Accounting and Payroll Services; Specialized Design Services; Computer Systems Design Services; Advertising and Marketing Services (10)

_____ **Administrative and Support Services** Employment Services (including Temp Agencies); Travel Arrangement and Reservation Services; Investigation and Security Services; Services to Buildings and Dwellings; Other Support Services (3)

_____ **Other Business Sectors** Construction; Manufacturing;

Retailers; Educational Services; Health Care and Social Assistance; Arts, Entertainment, and Recreation; Accommodation and Food Services; Etc. (11)

Educational Services; Health Care and Social Assistance; Arts, Entertainment, and Recreation; Accommodation and Food Services; Etc. (11)

Retailers; Educational Services; Health Care and Social Assistance; Arts, Entertainment, and Recreation; Accommodation and Food Services; Etc. (11)

Retailers; Educational Services; Health Care and Social Assistance; Arts, Entertainment, and Recreation; Accommodation and Food Services; Etc. (11)

End of Block: Part 4: General Operational Spending
