



The Commonwealth of Massachusetts

Massachusetts Gaming Commission

NOTICE OF MEETING and AGENDA

June 26, 2012 Meeting

Pursuant to the Massachusetts Open Meeting Law, G.L. c. 30A, §§ 18-25, notice is hereby given of a meeting of the Massachusetts Gaming Commission. The meeting will take place:

Tuesday, June 26, 2012

1:00 p.m.

Division of Insurance

1000 Washington Street

1st Floor, Meeting Room E

Boston, Massachusetts

PUBLIC MEETING

1. Call to order
2. Approval of minutes
 - a. June 19, 2012 Meeting
3. Administration
 - a. Executive search firm update
 - b. Additional Hires
 - c. Discussion of MGC Internal Policies
4. Racing Division
 - a. Status Report
 - b. Field trips – Plainridge Race Course, Suffolk Downs and Raynham Park – to be scheduled
5. Project Work Plan
 - a. Notice of Proposed Rulemaking
 - i. Solicitation of comments
 - b. Consultant status report
 - i. Discussion of consultant planning memoranda and recommendations
 - c. Technical and other assistance to communities
 - d. Discussion of protocol for managing developer/state agency relations
6. Charitable gaming
 - a. Status report
 - i. Solicitation of comments
7. Finance / Budget
8. Public Education and Information
 - a. Discussion of June 19th Compulsive Gambling Forum
 - b. Discussion of June 25th Compulsive Gambling Forum
 - c. Community outreach/responses to requests for information
 - d. Report from Director of Communications and Outreach

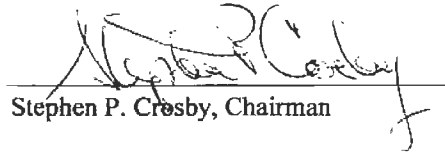
- f. Speaking engagements
- g. Discussion of Western Massachusetts Forum

9. Research Agenda – possible vote on grant

10. Other business -- reserved for matters the Chair did not reasonably anticipate at the time of posting

I certify that on this date, this Notice was posted as "Gaming Commission Meeting" at www.mass.gov/gaming/meetings, and emailed to: regs@sec.state.ma.us, melissa.andrade@state.ma.us, brian.gosselin@state.ma.us.

6/22/12
(date)


Stephen P. Crosby, Chairman

Date Posted to Website: June 22, 2012 at 1:00 p.m.



SPECTRUM GAMING GROUP

1201 New Road
Suite 308
Linwood, NJ 08221
USA

MEMO

To: Massachusetts Gaming Commission

From: Spectrum Gaming Group
Michael and Carroll, P.C.

Date: June 8, 2012

Re: Scope of Licensing for Massachusetts

The issue involving scope of licensing pertains to a determination, pursuant to the Massachusetts Gaming Act (M.G.L. c. 23K), of the various entities and individuals who should be required to file license applications or otherwise be found qualified in connection with an application for a gaming license in the state. As provided in Section 1 (1) of the Act, the paramount policy objective of the statute is ensuring public confidence in the integrity of the gaming licensing process and in the strict oversight of all gaming establishments. This can only be accomplished if the persons and entities that have the ability to control or influence the business operations and decision-making of the gaming licensees and applicants are subject to strict regulatory scrutiny and oversight through the statute's qualification requirements. With that salient principle embodied in the statute,

the Massachusetts Gaming Commission has the necessary authority to make judgments regarding the proper scope of licensing for gaming license applicants.

Section 14 sets forth the various categories of entities and individuals that will be required to be found qualified with respect to an application for a gaming license. As set forth above, the overriding concern is to ensure that those persons having the ability to exercise control or influence over the applicant or its holding companies are subject to regulatory oversight. In addition, the sources of financing for the casino establishment are subject to the regulatory purview of the Massachusetts Commission, pursuant to Section 1(2) of the Act.

Section 14(a) requires qualification of any person having a financial interest in a gaming licensee or applicant or a person able to exercise a significant influence over the management or operation of a gaming establishment or a business licensed under the statute. Section 14(b) extends the qualification requirement to all officers, directors and partners of the applicant entity. Section 14(c) requires all shareholders owning greater than five percent of the applicant or of its holding company, other than institutional investors which may seek a waiver of qualification, to be found qualified. A holding company is defined as any entity that owns, has the power or right to control, or has the power to vote any significant part of the outstanding voting securities of the applicant or licensee. Section 14(e) provides that any person who is involved in financing the gaming establishment must be found qualified. Lastly, Section 14(h) provides that any person who can exercise control or influence over the licensee or applicant must be found qualified.

As can be seen from the recitation of the statutory guidelines, the terminology used there is broad and general. This is typical and necessary. Determinations in this area must be left, at the end of the day, to the discretion of the gaming agency. Recognizing this, however, it is important that the applicants have some advance notice of a narrower range within which those discretionary determinations will be made. Therefore, prior to the issuance of the RFA-P1, regulations should be promulgated that provide, while not precise definitions of who must qualify, at least some statement of standards that will be used by the agency in making its judgments.

The ultimate determination of which entities and individuals are required to qualify under the Gaming Act is a pre-requisite that should take place prior to any filings

being received by the Commission. In terms of timing, the regulations governing licensing for the RFA-P1 process will be promulgated before any applications are filed. Those regulations will provide a broad outline of which persons within the entity must file in order for the entity's application to be complete – the “qualifiers”. Each applicant, however, will have unique structures and tables of organization. It is typically difficult to apply the regulations directly and precisely to any individual entity structure. Moreover, applicants will seek to exclude qualification from persons or entities that they consider tangential, even if the regulations otherwise encompass them.

In this context, then, when the respective applicants have questions about how the rules apply to them, they will, during the process, provide their tables of organization, setting forth their corporate ownership structure and identifying any parent, intermediary and subsidiary companies. These tables will identify all of their corporate officers and directors, as well as all shareholders owning greater than five percent of their voting securities. They would also be required to specify any financial sources for the casino project. In addition, they are required to list any close associates, as that term is defined in the statute to include any person able to exercise a significant influence over management or operation of a gaming establishment or business licensed under the statute.

Upon receipt of the tables of organization, representatives from the Commission, Spectrum and Michael and Carroll would then meet with the applicants to review the list of potential entity and natural person qualifiers and discuss the scope of licensing issue.

Following the meetings with the prospective applicants, we would prepare a memorandum to the Massachusetts Gaming Commission addressing the issue of scope of licensing and making recommendations as to the various entities and natural persons who should be required to submit to the qualification process under the statute and regulations. Our recommendations would comport with the statutory requirements contained in Section 14 and the regulations promulgated there under. If the applicants disagree with these recommendations, they would be given the opportunity to file legal briefs contesting any of the recommendations made by representatives of the Commission, Spectrum and Michael and Carroll. Thereafter, the Commission would render appropriate rulings setting forth the list of people and entities required to be found qualified in connection with the application for a gaming license.

Once the scope of the filings is determined by the Commission, the application forms can be completed and the investigative process can commence.



SPECTRUM GAMING GROUP

1201 New Road
Suite 308
Linwood, NJ 08221
USA

MEMO

To: Massachusetts Gaming Commission

From: Spectrum Gaming
Michael and Carroll, P.C.

Date: June 15, 2012

Re: Statutory Staffing Positions of the Gaming Commission.

This memo describes the mandatory positions established by Chapter 23 "Gaming Act" and the functions to be served by those positions.

There are only three staff positions within the Gaming Commission that are mandated by the Gaming Act. They are: Executive Director, Chief Financial and Accounting Officer, and Deputy Director of the Bureau of Investigations and Enforcement. They are each discussed below:

Executive Director

Sections 3 (i) and (j) directs that the Gaming Commission shall appoint an Executive Director. The same section further directs that the Executive Director is empowered to :

- a. appoint and employ a **Chief Financial and Accounting Officer**;
- b. employ other employees;
hire consultants, agents and advisors, including legal counsel; and

- c. establish the administrative units that it determines are necessary for its efficient and economical administration.

All of these internal determinations by the Executive Director are subject to the approval of the Gaming Commission.

Deputy Director of the Bureau of Investigations and Enforcement

Section 6(a) of the Gaming Act establishes that there shall be, within the Gaming Commission, an Investigations and Enforcement Bureau ("Bureau"). The Bureau is assigned as the primary enforcement agent for regulatory matters. The Bureau is directed to serve such functions as the "Chair" may determine necessary, including the investigation of all licensees. This Bureau is under the direction of a Deputy Director, hired by the Gaming Commission and working under the direction of the Chair.

It should be noted that the consultants share a concern with regard to the reporting line of the Deputy Director of the Bureau. We believe, as previously recommended in memorandum on legislative changes, that the Gaming Act should be amended to have the Deputy Director of the Bureau report to the Executive Director. If such amendment is not practicable before these positions are filled, then it may be permissible under Massachusetts Administrative Law for the Chair to delegate authority to the Executive Director to supervise the Deputy Director of the Bureau. This issue is also addressed in another memo to the Commission dated today related to the responsibilities and salary of the Executive Director.

Fund	Purpose	Source of Revenue
Section 94	Commission Start-Up	Commonwealth Stabilization Fund - \$15 million (\$20 million must be paid back to Commonwealth Stabilization Fund after Commission receives sufficient funding – the other \$5 million was devoted to the Attorney General’s Office
Gaming Control Fund	Commission Operations	Initial Application Fees Slot Machine Fees Fees Assessed for investigation into violations Employee License Fees Vendor License Fees Annual Assessment to cover excess expenses
Gaming Revenue Fund	<p>Category 2 Revenue from 40% tax goes to Gaming Local Aid Fund</p> <p>Category 1 Revenue from 25% tax is distributed as follows: 2% - Mass. Cultural Council; 17% - Mass. Tourism Fund; 6.5% - Community Mitigation Fund; 4.5% - Local Capital Projects Fund; 20% - Gaming Local Aid Fund 10% - Commonwealth Stabilization Fund; 14% - Education Fund 9.5% - Gaming Economic Development Fund; 10% - Debt Reduction; 15% - Transportation Infrastructure and Development Fund; 5% - Public Health Trust Fund; 2.5% - Race Horse Development Fund</p>	Category 1 and 2 Renewal Fees Tax on Casino Gross Revenues All Penalties for Violations Prizes Unclaimed for more than one year All Prizes won by Minors

<p>Gaming Licensing Fund (Expires on December 31, 2015)</p>	<p>10% - Community Mitigation Fund* 14.5% - Transportation Infrastructure and Development Fund* 11% - Local Capital Projects Fund 13% - Manufacturing Fund 17% - Community College Fund 1.5% - Mass. Tourism Fund 23% - Health Care Payment Reform Fund 5% - Local Aid Stabilization Fund 5% - Race Horse Development Fund</p> <p>*These payments cannot be made until the \$20 million is repaid by the Commission to the Commonwealth Stabilization Fund)</p>	<p>All Category 1 and 2 Licensing Fees except Initial Application Fees</p>
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Racing Funds Under MGC Control:

Fund	Purpose	Source of Revenue
Racing Development Oversight Fund ¹	Fund racing operations. ²	<ul style="list-style-type: none"> • License Fees per MGL c. 128A, § 4 (as amended by c. 494 of Acts of 1978) • License Fees per c. 128C §2 • Portion of daily pari-mutuel wagers per G.L. c. 128A, § 5 (as amended by c. 114 of Acts of 1991) • Unclaimed winnings per G.L. c. 128A, § 5A (as amended by c. 114 of Acts of 1991) • Annual assessment to licensees for SRC operations per G.L. c. 128A, §5B. • Portion of horse racing simulcast wagers per G.L. c. 128C, §§4, 5 • Portion of greyhound racing simulcast wagers per G.L. c. 128C, §6 (as amended by c. 494 of the Acts of 1978 and c. 277 of the Acts of 1986)
Race Horse Development Fund (established per G.L. c. 23K, § 60)	Distributions made to each licensee per c. 128A and per recommendations of Horse Racing Committee.	Percentage of wagers on simulcasting at licensed gaming establishment (same as given in c. 128C)
Local Aid Fund (per G.L. c. 58, §18D) ³	Support municipalities in which racetracks are located.	Distribution of percentages quarterly from pari-mutuel wagers at each racetrack.
Running Horse Capital Improvement and Promotional Trust Funds ⁴	Support horse racing tracks for capital improvements and marketing efforts.	Percentage of simulcast wagers per G.L. c. 128C, §4 (as amended by c. 494 of Acts of 1978)

¹ Sources of revenue for this fund only available until July31, 2014, unless there is legislative action by MGC.

² This fund has been used to reimburse the General Fund for SRC appropriations in the past, per G.L. c. 128A, §5B. Statutory cap for certain SRC expenditures from this Fund is \$1,080,976. There has been no appropriation for SRC in FY2013.

³ The authority for this Fund was repealed in the Gaming Act; however the SCA was administering for the SRC. Gaming Act creates new sources for local support, such as the Local Aid Fund and the Local Aid Stabilization Fund. Need to inquire about the status of the former Local Aid Fund – not clear that it gets transferred.

Fund	Purpose	Source of Revenue
Harness Horse capital Improvement and Promotional Trust Funds ⁵	Support harness horse racing tracks for capital improvements and marketing efforts.	Percentage of simulcast wagers per G.L. c. 128C, §5 (as amended by c. 494 of Acts of 1978)
Racing Stabilization Fund ⁶	To ease the impact of the ban on live dog racing in the Commonwealth	Percentage of simulcast wagers received by licensees acting as guest track per G.L. c. 128C, §§ 6 and 12A (as amended by c. 494 of Acts of 1978)

⁴ Sources of revenue for this fund and authority to make such payments only available until July 31, 2014, unless there is legislative action by MGC.

⁵ Sources of revenue for this fund and authority to make such payments only available until July 31, 2014, unless there is legislative action by MGC.

⁶ Sources of revenue for this fund and authority to make such payments only available until July 31, 2014, unless there is legislative action by MGC. Section 87 of the Gaming Act established new Racing Stabilization Fund. All monies in old Racing Stabilization Fund transferred into this new fund as of April 1, 2012. Also, the funds from Greyhound Capital Improvement and Promotional Trust Funds that were deposited into old Racing Stabilization Fund (per c. 167 of Acts of 2009 as amended c. 86 of Acts of 2010) are now deposited into new Racing Stabilization Fund within 10 days of deposit of funds.

5B



SPECTRUM GAMING GROUP

1201 New Road, Suite 308
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MEMO

TO: Massachusetts Gaming Commission
FROM: Spectrum Gaming Group
Michal & Carroll
RE: Executive Director Salaries
DATE: June 14, 2012

At the request of Commission member, the consultants conducted research to ascertain the present salaries paid by four major gaming commissions to their Executive Directors. It should be noted at the outset that the roles and functions of gaming commissions throughout the US vary considerably. All gaming commissions have regulatory oversight responsibilities for casino and other forms of gaming and these functions typically include licensing, compliance and regulatory enforcement matters.

Some gaming commissions also have broad policy oversight functions and their functions transcend traditional regulatory matters. That is the case in Massachusetts as the gaming laws provide a variety of functions in addition to regulatory oversight.

We surveyed four states to determine the present salaries of Executive Directors of gaming commissions. Below please find the present salaries exclusive of benefits.

Ohio Executive Director \$138,507

Pennsylvania Executive Director \$180,000

Nevada Gaming Control Board Chair \$145,986

New Jersey Director, Division of Gaming \$134,000

Given the responsibilities of the MGA, the consultants believe that the payment of a salary to the Executive Director matching the high end of the chart above would be justified.

We would like to bring an additional matter to your attention at this time. As presently structured by statute, the Investigations and Enforcement Bureau (IEB) will be headed up by a Deputy Director. Pursuant to Section 6 (a) of the Gaming Act, the Deputy Director of the IEB reports to the Chair of the Commission. The Executive Director position is statutorily set forth in Sections 3 (i), (j) and (k) of the Gaming Act. The Executive Director serves at the pleasure of the Commission. We see a concern in the reporting lines of the Deputy Director of the IEB.

We have also noted this inconsistency in our statutory review previously sent to the Commission and in an additional memo to the Commission dated today relating to statutory positions. It is not clear whether this inconsistency in reporting lines was intentional, to preserve the independence of the Bureau, or an inadvertent drafting error. In any event, the resolution of this matter is important in attracting the best possible candidates of the Executive Director position. We believe it will be difficult to have the IEB Deputy Director reporting to someone other than the Executive Director. Without this reporting line, the Executive Director's powers and authority would be severely limited. As presently structured, the Executive Director would not have any responsibility for licensing investigations and compliance matters involving violations of the Act and the regulations promulgated thereunder. Also, from an operational perspective, the inconsistent reporting lines create potential conflicts that could reduce control over the IEB and could threaten the efficient operation of the Commission staff. In our opinion, it would be difficult to justify paying the Executive Director a salary on the high end of the chart above without the Deputy Director of IEB reporting to that position. In addition, as the Commission may ultimately have to decide cases brought by the IEB, it could be argued that it is improper for the Chairman to direct the IEB on one front and then hear and decide cases brought by the IEB against licensees. However, this is inherent in the one agency approach adopted by the legislature as set forth in the Gaming Act.

MEMORANDUM

TO: Commissioner McHugh

FROM: Spectrum Gaming Group and Michael & Carroll PC

DATE: 18 June 2012

RE: Proposed RFA Phase 1 Timeline

The purpose of this memo is to provide the Commission with a proposed timeline for completing all steps necessary to issue RFA Phase 1. As we have discussed previously, the gating factor to issuing RFA Phase 1 is the publishing of regulations needed for RFA Phase 1. We believe the earliest possible date the Commission can target for the publication of regulations is 12 October 2012.

Below we have provided two schedule options for meeting that date.

Option 1 enables the Commission to meet the targeted proposed Public Hearing date of 5 September 2012, but requires that the LGAC be provided with regulations that are still works in progress rather than final drafts.

Option 2 allows the Commission to wait until final drafts are available to submit to the LGAC for review, but requires that the Public Hearing take place a few days after the discussed target date. 7 September 2012 is the earliest the hearing could be held.

Under either scenario, the proposed timeline is quite aggressive and meeting it is contingent upon an efficient review and editing process for regulations prior to the public hearing and after the hearing is completed.

Activity	Dependencies	Option 1: Hit 9/5 public hearing date by submitting in process draft regulations to LGAC	Option 2: slip public hearing to 9/7 or later and give LGAC final commission-approved drafts
Deliver drafts of all regulations to Commission		7/10/2012	7/10/2012
Notice to Local Government Advisory Committee (LGAC)	Minimum 14 days before filing with Secretary of State. Note that in process (not final) drafts will need be submitted to LGAC in Option 1	7/20/2012	7/31/2012

Finalize Regulations for Public Hearing	Commission approval at 7/31 public meeting	7/31/2012	7/31/2012
Activity	Dependencies	Option 1: Hit 9/5 public hearing date by submitting in process draft regulations to LGAC	Option 2: slip public hearing to 9/7 or later and give LGAC final commission-approved drafts
Public Notice and Filing of Materials (including final draft regulation) and Notices with Secretary of State (SOS)	Materials filed with SOS are automatically submitted for publication in the MA register (register filing deadlines 8/3, 8/17, 8/31; public notice will also solicit written comments)	by 8/3/2012	by 8/17/2012
Publication of filing materials in MA register	publication dates 8/3, 8/17, 8/31, 9/14	8/17/2012	8/31/2012
Public Hearing and deadline for written comments	Must take place a minimum of 21 days after Notice AND at least 7 days after materials have been published in the MA Register, so could be any time on/after 8/24 (under Option 1) or on/after 9/7 (under Option 2)	8/24 or later (9/5 was target discussed)	9/7/2012 (or later)
Commission approves final regulations	Commission approval at 9/25 public meeting	9/25/2012	9/25/2012
Submission for filing in Massachusetts Register	Deadline 2 weeks before Register publication date	by 9/28/2012	by 9/28/2012
Publication in Massachusetts Register	publication dates 10/12, 10/26	10/12/2012	10/12/2012

We welcome the opportunity to discuss these options further with you.

Advisory to Massachusetts communities that may qualify as “host” or “surrounding” communities under Massachusetts General Law _____, in a proposal for a gaming license.

In order to support the many communities across Massachusetts that are being approached by private developers about the possibility of developing a gaming facility within or near their borders, the Massachusetts Gaming Commission is offering various kinds of general advice and technical support.

I. Licensing Schedule.

The schedule discussed in this section is highly tentative, and is published only for the purpose of giving potential host and surrounding communities a general sense of schedule, with which they can assess the urgency of their need to comply with developers’ requests. These schedules are absolutely subject to change, and should not be relied on for any formal or legal action. It should also be noted that this schedule applies only to license proposals in regions A and B (in other words, exclusive of region C, Southeastern Massachusetts) for which the Commission is now beginning to develop the bidding process. For now, the schedule and licensing process for gaming facility applications in region C will be under the control of a compact presently in negotiation between the Governor’s Office and tribal applicant(s) in region C.

The Massachusetts Gaming Commission is committed to a “fair, transparent, and participatory” process in awarding the gaming licenses across the Commonwealth. It is our intention to move this process forward as quickly as possible, in order to meet the aspirations of the Legislature and the Governor for economic development and new revenue. But we are equally committed to undertaking this process with a deliberateness that assures that we do it right.

As of the writing of this advisory, the Commission has established the following *approximate time frame* for the licensing process:

- Mid-October 2012 to mid-November 2012: release of Requests For Applications-Phase One (RFA-1), first stage in the application process which will prequalify bidders for their financial, corporate and personal integrity.
- January to May 2013: submission by applicants of completed RFA 1.
- April to November 2013: 3-6 month period for Commission to review completed RFA-1, and release Request for Applications-Phase Two (RFA-2) to successfully pre-qualified applicants. RFA-2 will be the final site-specific application that all applicants that pass the RFA-1 background check may submit.

- July 2013 to May 2014: a 3-6 month period during which applicants will complete and submit their full site specific license applications, RFA-2. It is during this period that applicants must sign agreements with host and surrounding communities, and have host agreements approved by referendum.
- October 2013 to November 2014: 3-6 month review of RFA-2 applications by the Commission, and final selection of licensees.

Accordingly, the range of time frames for the licensing process as presently envisioned by the Gaming Commission is as follows:

License Application Step	Soonest Possible	Outside Time Frame
Release of RFA-1	mid-October 2012	mid-November 2012
Applicants submission of completed RFA-1 (pre-qualifying phase, 3-6 months)	January 2013	May 2013
Commission review of completed RFA-1 and release of RFA-2 to qualified applicants (3-6 months)	April 2013	November 2013
Applicant submission of completed RFA-2; surrounding community agreements executed and host community agreements approved by referendum (3-6 months)	July 2013	May 2014
Commission review of completed RFA-2 and selection of licensee(s) (3-6 months)	October 2013	November 2014

At any time up to the final submission of a completed RFA-2, developers have the right to talk with prospective host and surrounding communities, and to begin to develop (if they wish) host and surrounding community agreements. Given that siting and licensing a gaming facility is a complicated process, it is reasonable for developers to want to undertake these discussions and negotiations as soon as possible. However, it is important for prospective host and surrounding communities to understand that no developer or casino operator may submit an application for a site specific license (RFA-2) unless and until it is approved by the Commission in the RFA-1 process described above. Certainly it is likely that developers may

want to start work prior to that approval, if they have confidence they will pass the financial, corporate and personal background checks. But the formal schedule is as written above.

II. Technical assistance for prospective host and surrounding communities.

It is the intention of the Massachusetts Gaming Commission (and its enabling legislation passed by the Legislature) to provide as much technical assistance as possible to prospective host and surrounding communities, as well as funding for their work, as they endeavor to negotiate appropriate terms and conditions of host and surrounding community agreements. Section _____ of the Massachusetts gaming law states:

_____. It will be up to the Commission to issue regulations on how to implement this mandate.

The MGC has been working over the past few weeks with a variety of organizations, including Mass Municipal Association, several of the regional planning authorities (RPAs), the Collins Center at UMass Boston, and Mass Development to determine the best mechanism for providing this technical assistance. This assistance must be provided in a manner which is even handed across all communities and in no way compromises either the objectivity or the appearance of objectivity of the MGC in its subsequent deliberations.

We expect that in the next few weeks, the MGC and its partners will provide an organized resource of professionals with understanding of the expanded gaming law, and access to consultant, legal and other resources for the communities to utilize in their discussions and negotiations with the gaming facility developers. It is the present intention of the MGC to appoint a "ombudsman" who will serve as a single point of contact at the Commission for municipalities interested in this technical support, and who will be responsible for proactively communicating with prospective hosts and surrounding communities about the resources that are available to them.

The Commission has already been asked and answered many inquiries from local officials across the Commonwealth. Many of these questions and answers, along with other background information about the gaming law and plan can be found at our website at mass.gov/gaming. Also found at that site is a link to an [email contact with the Commission](#), to which we will reply promptly.

We hope this is helpful to the many communities across the Commonwealth that are wrestling with the prospect of serving as a host or surrounding community for a gaming license.

The Massachusetts Gaming Commission

Protocol for Prospective Gaming Developers' Interactions with Massachusetts State Agencies

Purpose.

It is the intention of the executive branch of Massachusetts State Government (Executive Branch) and the Massachusetts Gaming Commission (MGC) to create a prompt, efficient and transparent mechanism for prospective gaming developers to acquire the information and regulatory implementation that they need to advance their proposals. It is also the intention of the Executive Branch and the Gaming Commission to organize the inquiries from developers in such a way as to minimize the burden on the developers and the multiple state agencies that will necessarily be involved.

In order to implement this intention, the administration and MGC have agreed on the following protocol for servicing prospective developers. In understanding this protocol, it should be noted that the MGC has determined that prospective developers will become an "applicant," as defined in its enabling legislation and in this protocol, once a developer has paid the \$400,000 license application fee called for in Section _____. This payment will be required when a developer chooses to complete the Request for Applications- Phase One (RFA-1) expected to be issued in October-November 2012. It should also be noted that the MGC intends to obtain the services of a point person ("ombudsman") to be the single point of contact for potential developers to coordinate their relationships with state agencies. Similarly, each affected agency will appoint a single key contact person for this protocol.

The protocol has three different stages of operation:

- **PRIOR TO BECOMING AN "APPLICANT"**
Prospective gaming developers will have the opportunity to have one meeting organized by the ombudsman. This meeting may have representatives of all of the state agencies requested by the developer. In this phase of operation, the developer may also submit written inquiries to the ombudsman, who will pass the inquiries onto the relevant state agencies; each Secretariat in the Executive Branch will endeavor to provide responsive information to the Gaming Commission within 48 hours of each inquiry.
- **POST-QUALIFICATION AS AN "APPLICANT" AND PRE-LICENSE AWARD**
Once a developer has qualified as an applicant, each developer may request as many meetings with state agencies as are reasonably necessary to complete its application to the MGC in the competition for license awards (Request for Application-Phase Two, or RFA-2). All such requests will be directed through the MGC ombudsman, and meetings will be coordinated by the ombudsman and the key contact person at each state agency.
- **POST-LICENSE AWARD**
Once an applicant is selected to be the expanded gaming licensee in a region, licensees will work directly with administration officials and state agencies, without needing to contact the ombudsman, to pursue all regulatory parameters required to establish the gaming facility.

Massachusetts Gaming Commission

MEMORANDUM

Date: June 23, 2012

To: Commissioners

From: Enrique Zuniga

Re: Recommendation to Establish Threshold for Approval of Certain Incidental Expenses

Recommendation: That the Gaming Commission establish a threshold of certain incidental expenses, under which threshold, such expenses can be approved by one commissioner and eventually delegated to a financial officer, while still conducting a review process for financial control.

Background Regarding Approval of Expenses

The Commission is the body that currently approves budgets *and* expenses of the Commission.

We are in the process of developing a budget for Fiscal Year 2013. Meanwhile, this Commission has relied on the help of the Comptroller's office for encumbrance of expenditures and payments of bills, for the partial year of FY 2012 (which ends on June 30, 2012).

In the absence of an approved budget (for the partial FY12), I have been submitting certain expenditures or budgets for approval on an as-needed basis. In the last meeting there was consensus that small and incidental expenditures are not necessary to be submitted for approval, yet important to be reported to the Commission. However, at that time there was not necessarily discussion as to whether we should designate a threshold for such expenses.

Budgeting & Financial Management FY13

The beginning of the next fiscal year (FY13) is July 1, 2012, and it marks an important milestone for establishing important financial control procedures.

At a broad level this Commission should consider two important aspects of financial controls: (1) financial management & reporting, and (2) review and approval of expenditures.

In my capacity as Treasurer of the Commission, I am working on developing a budget for this upcoming fiscal year. My goal and expectation is that we will soon discuss a budget for FY13. Once that budget is approved, expenses envisioned as part of that budget will be processed with financial oversight and financial controls (required by state procedures and embedded in other systems like the accounts payable system MMARS).

Such review and approval of a budgeted expenditure may include:

1. Encumbrance in MMARS of a known or budgeted expense by a financial officer
2. Processing / origination of an expense by a staff person
3. Approval of such expenditure ("sign-off") by a finance supervisory person (director of administration, CFO or other)
4. Periodic budget-to-actual reports to the head of the agency (or in our case, the Commission)

The review and approval of an un-budgeted expenditure may, in addition to the steps above, require a report to the Commission as to whether such un-budgeted expenditure can be offset with an un-spent budgeted amount, and/or depending on the amount require approval of the Commission (i.e., budget revision).

In either case, it is practical and recommended that this Commission establish a threshold under which an expenditure can be originated by a staff person and approved by a financial supervisor. An expenditure above such threshold would have to be evaluated in the context of the approved budget (the Commission would have to approve in the case of an un-budgeted amount, and the Commission could approve or delegate such approval in the case of a budgeted expense).

As such, I recommend this Commission establish a threshold of \$5,000 under which I, as Treasurer of the Commission, can authorize and above which would have to be presented for approval to the Commission. This delegation of authority can also be later delegated to a Financial Officer. At that time, and assuming a budget has been approved, the process and thresholds for approval of budgeted and unbudgeted expenditures could also be considered separately)

801 CMR 21.00 Procurement Regulations Threshold

One reason to establish the threshold at \$5,000 is to correspond with the public procurement procedures (801 CMR 21.00) followed by the Executive Offices and State Agencies and adopted by this Commission. Such procedures classify incidental purchase below that amount. For those incidental purchases the recommendation for procurement is to use sound business practices.

EC

Colleague - For consideration

Tuesday June 26
during agenda
Item 8c.

EC



The Commonwealth of Massachusetts
House of Representatives
State House, Boston 02133-1054

REPRESENTATIVE
KEIKO ORRALL
12TH BRISTOL DISTRICT

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June 19, 2012

Mr. Stephen Crosby, Chairman
Massachusetts Gaming Commission
84 State St, Suite 720
Boston, MA 02109

RE: Mitigation for Surrounding Communities in Southeast Region

Dear Chairman Crosby:

I am writing to you on behalf of the communities of Lakeville, Middleborough, and Berkley and would respectfully ask that you consider the regional impacts of a tribal casino with the Mashpee Wampanoags in Taunton. As the 12th Bristol State Representative, these are the four communities that I represent with redistricting.

The issues associated with a resort casino are significant and will have an impact on public safety, roads, schools, infrastructure, and other areas. The towns of Lakeville, Middleborough, and Berkley are reaching out to government officials to ask for help to protect the interests of the town. They need provisions to identify immediate and long term impacts of a casino and to determine adequate mitigation. They have limited resources to deal with this adequately and the speed of this development is impeding their ability to have their concerns addressed.

The same standards that apply to commercial casino applicants should be applied to this Mashpee development and it is imperative that community input be a part of this process. It is my understanding that the commercial mitigation standards will be included in a possible tribal compact with the Governor. The MA Gaming Commission would be required to identify and facilitate this mitigation and follow the statutes set forth in Sections 15 and 17 of the gaming legislation.

The towns of Lakeville, Middleborough, and Berkley would respectfully ask for a meeting with the MA Gaming Commission to discuss the particular issues of this casino and to help with an understanding of the process. We would ask that this take place before a final compact is negotiated with the Mashpee Tribe.

Thank you for your careful consideration of this matter. I appreciate your concern for a proper course of action and your commitment to promoting a strong economic future for all of the cities and towns of the



Chairman Crosby
RE: Mitigation for Surrounding Communities in Southeast Region
June 19, 2012
Page2

Commonwealth. I am hopeful that the areas of concern can be settled to the satisfaction of Lakeville, Middleborough, Berkley, Taunton, and the Mashpee Wampanoag tribe.

Sincerely,


Representative Keiko M. Orrall

CC: Honorable Governor Deval L. Patrick
Mayor Thomas C. Hoyer, Taunton
Town of Berkley Selectmen
Town of Lakeville Selectmen
Town of Middleborough Selectmen
Mashpee Wampanoag Tribal Chairman Cedric Cromwell
Southeast Regional Planning and Economic Development

To: MGC Commissioners
From: Steve Crosby, Chairman
CC: Commissioner Bruce Stebbins
Re: Research Agenda
Date: June 22, 2012

Commissioner Stebbins and I have been looking into the research agenda mandate laid out in Section 71 of the MGC enabling legislature. The key elements of this research are:

- (1) a baseline study of the existing occurrence of problem gambling in the Commonwealth
- (2) comprehensive legal and factual studies of the social and economic impacts of gambling in the commonwealth
- (3) individual studies conducted by academic institutions and individual researchers in the commonwealth to study [various] topics

The section in its entirety is attached.

In considering this mandate, we have reviewed the available research and models for understanding “the social and economic effects of expanded gaming,” and have found that there has been very little quality comprehensive research on how the introduction of expanded gambling impacts a community. The Canadian Consortium for Gaming Research (CCGR) published a report in 2011, “THE SOCIAL AND ECONOMIC IMPACTS OF GAMBLING” which assessed each of the 492 studies ever done on the socio-economic impacts of gambling. Startlingly, only 7 of these studies are rated as excellent, and 44 as good. Many of these studies (199) were not empirical investigations at all, but rather are “concerned with methodological issues in assessing impacts, the potential impacts of future forms of gambling (‘scoping studies’), or secondary reviews of existing literature.” Very few adhered to rigorous, academic-quality research methodologies and standards. The net conclusion of this review by the CCGR and by Commissioner Stebbins and myself is that there is an urgent need for a truly comprehensive, truly objective analysis of the socio-economic impacts of gambling—particularly as gambling in a multitude of formats is proliferating rapidly across the country and across the world.

Fortunately for the people of Massachusetts, the Legislature and Governor anticipated this need, and directed the MGC to undertake precisely this kind of study.

In response to part of this legislative mandate, a team of researchers from UMass Amherst and UMass Boston approached Commissioners Stebbins and Zuniga with a proposal for a comprehensive study focused principally on issues pertaining to problem gaming, a copy of which is attached. Commissioner Stebbins and I met with this team, led by Dr. Rachel Volberg, a leading international expert on gaming research, and discussed with them our interest in considering a long-term research project with a much broader scope than that which they had proposed. Our legislation requires this broader scope, and many of our educational forums and other conversations to date have demonstrated the need for a broader scope (such as recent references to the impact of a gambling casino on housing values and the net impact on local businesses). We suggested that we would like to entertain a proposal for a study which would include the economic and social impacts as outlined by the report of the CCGR , as follows:

ECONOMIC IMPACTS (i.e., impacts that are primarily monetary in their nature)

Government Revenue	Government revenue received directly from gambling provision or indirectly from taxation of businesses providing gambling. Taxes come in the form of licensing fees, property tax, corporate income tax, and goods and services taxes. It is also important to consider whether taxes may have risen if government had not received additional revenue from gambling.
Public Services	Changes in the quantity or quality of government or charity provided services (e.g., health care, education, social services, infrastructure, etc.) as a direct or indirect result of increased government revenue from gambling. <i>Note: this category could also be put in the Social Impacts section but is kept in the Economic Impacts section because of its close association with Government Revenue and because these services usually have a clear monetary value.</i>
Regulatory Costs	Changes in the amount of government revenue directed to ensuring that the new form of gambling operates according to government regulation.
Infrastructure Value	The introduction of any buildings (e.g., casino), roads, and infrastructure upgrades which add to the capital wealth of the community and which are directly or indirectly attributable to the introduction of gambling.
Infrastructure Costs	The amount of revenue allocated by various levels of government to support the infrastructure needed to service new gambling facilities (i.e., road maintenance, utilities, fire services, police services). This does not include regulatory services or services specific to problem gambling.
Business Starts and Failures	The number of new businesses as well as business failures (commercial bankruptcy) associated with gambling introduction. Certain businesses should receive particular attention because research has shown them to be more likely impacted by gambling introduction. Specifically, these are other forms of gambling (i.e., bingo, horse racing, lotteries); the hospitality industry (i.e., hotels, restaurants, lounges); the construction industry; pawnshops; cheque cashing stores; horse breeding and training operations; tourism; and other entertainment industries.
Business Revenue	Changes in overall business revenue/sales in industries that are typically affected by the introduction of gambling. This does not include revenue received by the new forms of gambling.
Personal Income	Changes in average personal income or rates of poverty associated with gambling introduction.
Property Values	Changes in property values in geographic areas proximate to new gambling venues.

SOCIAL IMPACTS (i.e., impacts that are primarily non-monetary in their nature)	
Problem Gambling	Changes in the prevalence of problem gambling and the main indices potentially associated with problem gambling (i.e., personal bankruptcy rates, divorce rates, suicide rates, treatment numbers). There are also monetary costs associated with changes in problem gambling that should be tabulated (and included in the Economic Impact section). Specifically, these are the amount of money spent on a) treatment and prevention; b) policing, prosecution, incarceration, and probation for gambling-related crime; c) child welfare involvement for gambling-related family problems; and d) unemployment and welfare payments and lost productivity because of gambling-related work problems.
Crime	Change in the rate of crime and gambling-related crime. This would also include any observed decreases in illegal gambling with the introduction of a legalized form.
Employment	The number of full and part time jobs that are directly or indirectly created as a result of gambling introduction and the percentage of the general workforce that this represents.
Socioeconomic Inequality	Evidence that the introduction of gambling has a differential financial impact on people of different socioeconomic levels (e.g., potentially making it more or less 'regressive').
Leisure Activity	Changes in the pattern of leisure behavior associated with gambling introduction.
Public Attitudes	Change in public attitudes associated with gambling introduction. This could include changed attitudes about gambling (e.g., perceived benefits/harms), or changed attitudes about government or the role of government for allowing/providing gambling, etc.
Quality of Life/Public Health/Social Capital/Values	Change in the general quality of life, state of public health, societal interconnectedness, societal values, and related indices. These indices are often difficult to measure and also difficult to attribute to the introduction of gambling. Nonetheless, they are relevant impacts if they exist, and if they can be captured.

We also expressed our interest in adhering to the "Principles for Conducting Socio-Economic Impact Analyses of Gambling" as described in the CCGR report, and attached hereto.

As you can see by reviewing these materials, this is a very substantial project, will no doubt require a large budget to accomplish its full purpose, and will need to be continued for many years. Commissioner Stebbins and I are aware that this is a bold idea, and that once it is fully fleshed out in a proposal, it may need to be pared back to budget realities and research priorities. But we suggested to the research team that at the outset, they be limited only by what they deem to be critical research questions and methodological standards, rather than budget considerations. There will be time for setting priorities later.

As Commissioner Stebbins and I discussed this, we believe that such a study is fully consistent with the intention of the Legislature, and that doing this research project right will continue to demonstrate to other gambling jurisdictions that this legislation is the most foresighted and comprehensive of any gaming legislation in the United States. This project will continue to position Massachusetts as a leader and an innovator in yet another area of public policy endeavor. After preliminary discussions about this project with a variety of people, we clearly understand that this is a unique opportunity to derive virtually unheard of data for the public, policymakers, academicians, and the industry for many years to come.

The single most critical element in making this project a success is to establish clear research objectives and then to develop a comprehensive database of baseline conditions of those research objectives **in advance** of the introduction of expanded gaming to the Commonwealth. If we move expeditiously, we have an opportunity to establish a baseline against which to measure the impacts of gambling which is virtually if not literally unprecedented in gambling research.

Since this proposal is so substantial, and since we believe that it is so central to the future of a successful gaming industry in Massachusetts, we suggested to the research team that we would recommend that the Commission consider a planning grant, in order that the research team has the human and financial resources to design this project carefully and thoroughly.

We look forward to discussing this with you further at our June 26th open public meeting.

CHAPTER 194: AN ACT ESTABLISHING EXPANDED GAMING IN THE COMMONWEALTH**SECTION 71**

The commission, with the advice of the gaming policy advisory committee, shall develop an annual research agenda in order to understand the social and economic effects of expanding gaming in the commonwealth and to obtain scientific information relative to the neuroscience, psychology, sociology, epidemiology and etiology of gambling. The secretary of health and human services, with the advice and consent of the commission, may expend funds from the Public Health Trust Fund established in section 58 to implement the objectives of the research agenda which shall include, but not be limited to:

(1) a baseline study of the existing occurrence of problem gambling in the commonwealth; provided, however, that the study shall examine and describe the existing levels of problem gambling and the existing programs available that prevent and address the harmful consequences of problem gambling; provided further, that the commission shall contract with scientists and physicians to examine the current research as to the causes for problem gambling and the health effects of problem gambling and the treatment methods currently available in the commonwealth; provided further, that the commission shall report on the findings of the baseline study and provide recommendations to the house and senate committees on ways and means, the joint committee on economic development and emerging technologies, the joint committee on mental health and substance abuse and the joint committee on public health relative to methods to supplement or improve problem gambling prevention and treatment services;

(2) comprehensive legal and factual studies of the social and economic impacts of gambling in the commonwealth on: (a) state, local and Indian tribal governments; and (b) communities and social institutions generally, including individuals, families and businesses within such communities and institutions; provided, however, that the matters to be examined in such studies shall include, but not be limited to:

(i) a review of existing federal, state, local and Indian tribal government policies and practices with respect to the legalization or prohibition of gambling, including a review of the costs of such policies and practices;

(ii) an assessment of the relationship between gambling and levels of crime and of existing enforcement and regulatory practices intended to address any such relationship;

(iii) an assessment of pathological or problem gambling, including its impact on individuals, families, businesses, social institutions and the economy;

(iv) an assessment of the impact of gambling on individuals, families, businesses, social institutions and the economy generally, including the role of advertising in promoting gambling and the impact of gambling on depressed economic areas;

(v) an assessment of the extent to which gaming has provided revenues to other state, local and Indian tribal governments;

(vi) an assessment of the costs of added infrastructure, police force, increased unemployment, increased health care and dependency on public assistance;

(vii) an assessment of the impact of the development and operation of the gaming establishment on small businesses in host communities and surrounding communities, including a review of any economic harm experienced and potential solutions to mitigate associated economic harm; and

(viii) the costs of implementing this chapter.

(3) individual studies conducted by academic institutions and individual researchers in the commonwealth to study topics which shall include, but not be limited to: (i) reward and aversion, neuroimaging and neuroscience in humans, addiction phenotype genotype research, gambling-based experimental psychology and mathematical modeling of reward-based decision making; (ii) the sociology and psychology of gambling behavior, gambling technology and marketing; and (iii) the epidemiology and etiology of gambling and problem gambling in the general population; provided, however, that when contracting with researchers to study such issues, the commission shall encourage the collaboration among researchers in the commonwealth and other states and jurisdictions.

The commission and the committee shall annually make scientifically-based recommendations which reflect the results of this research to the house and senate committees on ways and means, the joint committee on economic development and emerging technologies, the joint committee on mental health and substance abuse and the joint committee on public health. The commission shall consider any such recommendations, research and findings in all decisions related to enhancing responsible gambling and mitigating problem gambling.



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TO: Massachusetts Gaming Commission
FROM: Massachusetts Gambling Research Initiative
RE: Baseline Study Scope and Cost Recommendations
DATE: May 18, 2012

Summary

As requested, we are providing the Massachusetts Gaming Commission with information on options for carrying out the Baseline Study mandated by the new gaming law. This document includes detailed information on the following topics:

- Research requirements in the Massachusetts gaming law;
- Purposes served by population studies of gambling and problem gambling;
- Reasons for conducting such studies to the highest standards;
- Challenges in conducting these studies, including the low base rate of problem gambling in the general population and escalating difficulties in attaining acceptable response rates in telephone surveys;
- Capabilities at UMass to carry out the Baseline Study to the highest possible standards within the confines of a highly compressed timeline; and
- Three sampling options for the proposed study which seek to balance the importance of conducting a scientifically defensible survey against available resources.

	Option A "Pinto"	Option B "LeBaron"	Option C "Cadillac"
Survey modality	RDD/Cell phone	Address-based sampling	Address-based sampling
Achieved sample	3500	3500	6000
Cell	500	---	---
Landline	3000	2750	5000
In-person	---	750	1000
Representativeness of sample	Statewide	Statewide	Regional
Total cost for Baseline Study	\$1,154,424	\$1,358,404	\$1,874,176

We look forward to the possibility of working with the Gaming Commission on this important study. We will contact Commissioners Stebbins and Zuniga at the end of next week to discuss possible next steps. If you have more immediate questions or concerns, please contact Dr. Rachel Volberg (413-584-4667; rvolberg@schoolph.umass.edu) for further information.

Research Requirements in the Massachusetts Gaming Law

Among its many responsibilities, the Massachusetts Gaming Commission is charged with administering funds and overseeing studies to address problem gambling prevention in the Commonwealth of Massachusetts. Under provisions in Section 71 of the new law, the Gaming Commission is required to develop and implement an annual research agenda to assist in understanding the social and economic effects of casino gambling in Massachusetts and mitigating the harmful impacts.

The new law mandates three separate research activities, including (1) a baseline study of the existing occurrence of problem gambling in the commonwealth; (2) comprehensive legal and factual studies of the social and economic impacts of gambling in Massachusetts; and (3) individual studies conducted by academic institutions and individual researchers in the commonwealth. With the further requirement that the Commission and its Gaming Policy Advisory Committee make annual, scientifically-based recommendations to the Legislature, the new law is unique in enshrining the role of research in enhancing responsible gambling and mitigating problem gambling in Massachusetts.

While the Gaming Policy Advisory Committee is expected to assist the Gaming Commission in developing its annual research agenda and recommendations to the Legislature, it is unlikely that this committee will be in place in time to oversee the baseline study. This is because the advisory committee is required to include representatives of the licensees as well as the host communities, none of which will be known for some time, while Section 108 of the new law specifies that the first report required under Section 71 must be submitted no later than November 22, 2013.

With only 18 months left before the findings of the baseline study must be presented to the Legislature, it is imperative that this study begin immediately. These studies—involving large data collection efforts, sophisticated statistical analyses of the resulting data and the preparation and publication of reports aimed at audiences with varying degrees of scientific understanding—are complex and challenging and require substantial time to plan and carry out successfully.

The Utility of Gambling Population Studies

Population prevalence¹ studies of gambling serve several important purposes. They establish the past-year prevalence of gambling, the past-year prevalence of each form of gambling, and personal expenditures on each form of gambling as well as the prevalence of problem gambling. It is common for these studies to also assess attitudes toward gambling, gambling motivations, and comorbidities associated with problem gambling.

This information, in turn, is useful in understanding the overall recreational value of gambling to society, the negative social impacts associated with gambling, the number of problem gamblers who would benefit from treatment, the proportion of gambling revenue derived from problem gamblers, and the types of gambling most strongly associated with problem gambling. Properly analyzed, this information can be used to identify the characteristics that differentiate recreational gamblers from problem

¹ In epidemiological research, **prevalence** refers to the proportion of people within a population engaged in an activity or suffering from a disorder at one point in time. In contrast, **incidence** refers to the rate at which new cases arise over a given period of time.

gamblers, in terms of demographic characteristics, types of gambling engaged in, attitudes, motivations and comorbidities.

Changes in the prevalence of problem gambling from one time period to the next, and/or differences in the prevalence of problem gambling in one jurisdiction relative to another, potentially provide important information about the incidence of problem gambling and the effectiveness of policies implemented to mitigate gambling's harm (Volberg, 2007; Williams & Volberg, 2012).

Scrutiny of Gambling Population Studies

Over 10 years ago, Abbott and Volberg (1999) noted that gambling research is often conducted within a politically and emotionally charged context characterized by opposing 'sides' that draw selectively on research findings to support their particular ideological positions. Another feature of gambling research and scholarship is that relatively little is published in mainstream, refereed publications—a feature that is particularly the case with economic and social impact studies and population surveys of gambling and problem gambling. This limits the value of these studies since they are less likely to be exposed to critique and are also difficult to replicate or verify.

Beyond their political sensitivity, there are other reasons to conduct population studies of gambling and problem gambling to the highest levels of ethical, professional and scientific quality. The most important reason is that these studies form the basis for numerous subsequent actions and decisions—by legislators, regulators, operators, community groups and consumers. Consequently, their results need to serve, and be perceived, as a neutral basis for decision making by a wide range of stakeholders.

Best Practices in Population Assessments of Gambling and Problem Gambling

On the face of it, finding out how many people with serious gambling problems there are in a jurisdiction is straightforward. You select a random sample of people from the population, assess them using a valid problem gambling measure, and carry out some elementary statistical analysis to generate a prevalence estimate. In reality, for a variety of reasons, these steps are not so simple.

The most significant challenge relates to the sample sizes typically employed in problem gambling surveys. For many years, samples in problem gambling surveys were too small to detect differences between sub-groups in the population at highest risk for gambling problems. Given small sample sizes, the margins of error associated with population estimates of problem gambling prevalence tend to be quite large. In the case of many sub-groups within these studies, error terms were often so large that little confidence could be placed in findings pertaining to them.

The ideal sample size for a problem gambling survey will include enough problem and pathological gamblers to yield statistically significant results from a range of univariate and multivariate analyses. However, the number of problem and pathological gamblers in any given sample depends, to a significant degree, on the method used to collect the data as well as on the screen used to classify participants. Based on a recent review of over 200 problem gambling surveys conducted internationally (and using a variety of different methods and measures), the past-year prevalence of problem and

pathological gambling ranges from 0.5% to 7.6% with an average rate across all jurisdictions of 2.3% (Williams, Volberg, & Stevens, 2012).

A separate challenge in the broader area of survey research is the rapid decline in survey response rates in recent years. Although the response rate should not be the sole measure of survey data quality, it is a crucial indicator of potential non-response bias and, hence, the representativeness of the sample. The response rate is also an important measure of the reliability of the obtained estimates of gambling and problem gambling prevalence since reliability rests on the representativeness of the sample. Achieving the highest possible response rate requires working with a survey organization with known expertise in conducting surveys that attain high response rates, utilizing a relatively short questionnaire, and adopting additional data quality measures known to increase participation. These include budgeting for and completing substantial callbacks as well as refusal conversions, sending out advance letters and planning for an extended data collection period to maximize the chances of reaching each potential respondent.

There are benefits and drawbacks to any survey research approach. Postal surveys are inexpensive but generally have low response rates and long completion times. Online surveys take relatively little time to complete but, like postal surveys, tend to have low response rates and are unlikely to include a representative sample of the population. Face-to-face surveys typically achieve high response rates but are far more costly than other sampling strategies. Telephone surveys are less expensive than face-to-face surveys, generally obtain reliable results and, for some sensitive topics, provide a higher degree of anonymity. The great majority of gambling population surveys carried out worldwide have employed this method.

Unfortunately, traditional telephone surveying probably has a very short future because of the continuing drop in telephone survey response rates (20%–30% is now typical); the emergence of national 'do-not-call' registries; and, most importantly, the rapid increase in the use of cell phones in lieu of landlines (cell phones are typically excluded from telephone surveys). In 2009, one of every four American homes (24.5%) had only wireless telephones, a dramatic increase from 6% in 2005 (Blumberg & Luke, 2010). Because cell-phone-only use is disproportionately high among low-income and young adults, there is good reason to believe that current surveys underestimate things such as the prevalence of substance use and gambling and overestimate the prevalence of conditions such as obesity (Blumberg & Luke, 2007).

Proposed Baseline Study

To obtain the evidence specified in Section 71 of the Massachusetts casino law, the Baseline Study will need to include three elements:

- A prevalence survey to assess current levels and impacts of problem gambling in Massachusetts;
- A survey of existing problem gambling prevention and treatment services and providers in Massachusetts; and

- A literature review on the causes of problem gambling and the health effects associated with the disorder.

In addition to these required elements, it is important to consider the Baseline Study from a strategic planning perspective. The Baseline Study will be the first in a series of studies that will examine the economic and social impacts of the introduction of casino gambling in Massachusetts. In the future, it will be important to replicate the Baseline Study in order to examine how gambling participation and problem gambling prevalence change over time. It will also be imperative to track important economic and social indicators over time to assess the broader economic and social impacts of casino gambling in Massachusetts. There are a large number of potential measures that can be utilized to track the impacts of casino legalization on the citizens of the Commonwealth. Identifying data sources that already exist at the state and local levels and assessing how they may be used to track the impacts of casino gambling in Massachusetts is a critical element to include in the Baseline Study.

Our ability to conduct the Baseline Study to the highest possible standards within the confines of a highly compressed timeline is based on:

- Our multi-disciplinary capacity across the UMass system, bringing to bear the resources of the state's flagship public university system;
- Experience producing government-relevant reports in a timely manner (not just academic in nature); and
- Specific prior experience with gambling prevalence and impact studies and with the development of best practices in gambling studies.

The Massachusetts Gambling Research Initiative is an inter-disciplinary group of researchers from UMass Amherst and UMass Boston with experience and knowledge relevant to all of the research requirements contained in the new casino law in Massachusetts. Together, this group encompasses a breadth and depth of expertise that makes it ideally suited to complete the proposed baseline study. In addition to several members of the Department of Biostatistics and Epidemiology in the UMass Amherst School of Public Health, the team that we have assembled for the Baseline Study includes the UMass Boston Center for Survey Research, which will be responsible for data collection, as well as faculty from the UMass Amherst Center for Public Policy and Administration, which specializes in the area of the economic and social consequences of public policies, and the UMass Amherst Isenberg School of Management's Department of Hospitality and Tourism Management. Our team is led by Dr. Rachel A. Volberg, a faculty member in the School of Public Health's Department of Biostatistics and Epidemiology. Over a 27-year career, Dr. Volberg has directed numerous prevalence and impact studies of gambling in the United States and has contributed to similar studies in Australia, Britain, Canada, New Zealand, Norway, Singapore and Sweden.

Given Dr. Volberg's extensive experience, our team will be able to get into the field almost immediately and begin data collection with only a pre-test to ensure that the programming instructions for the questionnaire provided by Dr. Volberg are working properly. While data collection is underway, the

UMass Amherst members of the team, guided by Dr. Volberg, will gather information on existing problem gambling services and providers in Massachusetts as well as complete the literature review on the causes and health effects of problem gambling. At a mid-point in the data collection process, the Center for Survey Research will provide the team with enough data to begin creating the syntax that will be used to produce the statistical results. Finally, the team will use templates created by Dr. Volberg to produce several reports on the results of the project aimed at audiences with varying degrees of scientific expertise.

Another advantage that our team brings to the proposed study is that data collection will not be contracted to an outside survey company. This will minimize the (sometimes duplicated) layers of supervision and management that often intervene between data collection and data analysis. Even more importantly, in-house data collection allows for better control over the process from start to finish, improving the likelihood that the unforeseen challenges that invariably arise during data collection will be identified and ameliorated quickly.

Options for MA Baseline Study

We noted above that small sample sizes and declining telephone survey response rates constitute the two most significant challenges to obtaining reliable and valid information from population surveys of gambling and problem gambling. We have developed three sampling options for consideration by the Gaming Commission that seek to balance the importance of conducting a high-quality scientifically defensible survey in Massachusetts against available resources.

Sample Size

Sample sizes for problem gambling prevalence surveys have increased over the years. The most recent US gambling survey, in Maryland, included a sample of just under 6000 adults aged 18 and over (Shinogle et al., 2011). The lifetime problem gambling prevalence rate in Maryland was 3.4% and the past-year prevalence rate was 1.2% which meant that there were 204 lifetime problem and pathological gamblers and 72 past-year problem and pathological gamblers in the sample. Based on data collected in the late 1980s, the problem gambling prevalence rate in Massachusetts is likely to be slightly higher than the rate identified in Maryland (Volberg, 1994). The low base rate of problem and pathological gambling in the general population makes it imperative to conduct a survey with as large a sample as time and available funding permit (Williams & Volberg, 2012).

We have prepared cost estimates for different two sample sizes for the Gaming Commission's consideration. In our view, the smallest acceptable statewide sample size would be 3500 which would ensure at least 50 past-year problem and pathological gamblers in the achieved sample. A preferable sample size would be 6000, similar to the survey conducted in Maryland. This would ensure between 90–100 past-year problem and pathological gamblers in the sample.

One important sampling consideration in Massachusetts relates to the stipulation in the law that no more than one resort casino be licensed in each of three regions. These include the Greater Boston region (with 68% of the state's population), the Southeastern region (with 20% of the population) and the Western region (with 12% of the state's population). If an important goal of the Baseline Study is to

determine whether there are statistically significant differences in the prevalence of problem gambling across the three regions prior to the introduction of casino gambling, then the minimum sample for each the three regional samples would be 1800. This would ensure at least 25 past-year problem and pathological gamblers in each region. However, compared to a simple random sampling strategy, sampling by region requires oversampling in areas of the state that have less population which, in turn, reduces the effective sample size. To achieve an effective sample of 3600 that is regionally representative, it would be necessary to complete 6000 interviews (2400 in the Greater Boston region, 1800 in the Southeastern region and 1800 in the Western region).

Survey Modality

In weighing the best approach for a baseline population survey in Massachusetts, we considered both telephone and face-to-face methods and concluded that the best approach would be a mixed-mode sampling strategy using an address-based sample (ABS) frame. ABS is an update of area probability sampling, the method traditionally used in face-to-face surveys. ABS provides the best coverage of all Massachusetts residents because any household (address) where mail is delivered is included in the frame and is available for selection into the sample. Once the address-based sample is drawn, addresses are matched with landline telephone numbers and as many interviews as possible are conducted by telephone. Once the telephone interviewing effort has been exhausted, a sample of the addresses for which no telephone number was identified and addresses for which a telephone number was identified but no interview was obtained are targeted for in-person interviews. One advantage of this approach is that all households have a known probability of selection regardless of whether they have a landline, only a cell phone or no telephone at all. Another advantage is that post-stratification weighting is simplified since all of the interviews are obtained from the same sampling frame. Yet another advantage of ABS is that it allows for checks on levels of potential telephone non-response bias.

Recognizing the high cost associated with the ABS approach, we have provided an option for a telephone-only survey incorporating both landlines and cell phones. The telephone-only option would draw numbers from two separate sampling frames—a Random Digit Dial (RDD) sample of landlines that will capture both listed and unlisted numbers and a cell phone-only sample to reach individuals whose households have no landline and are thus excluded from the RDD frame. While the RDD/cell phone frame is less costly than ABS, this method will result in a sample that is less representative of the Massachusetts adult population, with significantly fewer fulltime students, young people, males and single people. These demographic groups are traditionally harder to recruit into telephone surveys because they have higher refusal rates over the telephone and many of them have replaced telephone landlines with cell phones. Another concern with the RDD/cell phone approach relates to the overlap of the two frames since most households have both landlines and cell phones. This complicates the sampling process as well as weighting of the sample after the data are collected.

The table on the following page presents information about the survey modality, sample size and distribution, and representativeness of the problem gambling prevalence rate across the three options.

	Option A "Pinto"	Option B "LeBaron"	Option C "Cadillac"
Survey modality	RDD/Cell	ABS	ABS
Achieved sample	3500	3500	6000
Cell	500	---	---
Landline	3000	2750	5000
In-person	---	750	1000
Representativeness of sample	Statewide	Statewide	Regional

Costs & Budget Justification

A table on the following page presents the costs of the three options for conducting the mandated Baseline Study in Massachusetts. These costs were calculated with the assistance of, and within the guidelines required by, the UMass Office of Grants and Contracts Administration which is responsible for the review, processing and submission of proposals to external sponsors. It should be noted that the costs of the study will be spread over two Fiscal Years, with all of the data collection completed in Year One (July 1, 2012 – June 30, 2013) and much of the reporting completed in Year Two (July 1, 2013 – November 30, 2013).

Personnel from UMass Amherst include Dr. Rachel Volberg from the Department of Biostatistics and Epidemiology at 100% for 13 months over the 18 months of the project; Dr. Lee Badgett from the Center for Public Policy and Administration and Dr. Laurie Salame from the Isenberg School of Management both at 5% in Option A and at 10% in Options B and C over the 18 months of the project; two graduate students at 10 hours per week in Options A and B and one graduate student at 10 hours per week and a second graduate student at 20 hours per week in Option C over the 18 months of the project; and increasing commitments across the three options by three members of the Department of Biostatistics (Dr. Ed Stanek, Dr. Nicholas Reich and Dr. Martha Zorn) to provide statistical analysis and support. All three options include four trips for Dr. Volberg to travel Boston to confer with the Gaming Commission at critical points in the project (i.e., start-up, completion of data collection, preliminary results, final report). Option A includes one trip to present the study results at an academic conference while Option B includes two conference trips and Option C includes three conference trips. Conference presentations are important for knowledge translation and will ensure that the results of the Baseline Study are given critical consideration by other researchers as well as utilized to improve problem gambling services within and beyond Massachusetts.

Costs for data collection by the UMass Boston Center for Survey Research all include the same amounts for pre-testing and development. All three options include costs for sending out advance letters (this would include 100% of the address-based sample and approximately 50% of the RDD portion of the RDD/Cell sample). The RDD/Cell option includes a respondent incentive of \$20 for each completed cell phone interview. All three options include delivery of a clean data file with all necessary weights and weighting information to UMass Amherst personnel along with a codebook and a report on the fieldwork.

	Option A "Pinto"	Option B "LeBaron"	Option C "Cadillac"
UMA			
Personnel (wages & fringe benefits)	\$260,071	\$295,063	\$326,632
Travel	\$1,924	\$3,424	\$4,924
Materials & Supplies	\$10,000	\$10,000	\$10,000
Other – no Overhead (curriculum fees)	\$8,210	\$8,210	\$12,316
UMB Data collection	\$797,000	\$955,000	\$1,425,000
Indirect Costs	\$77,219	\$86,707	\$95,304
Total for Baseline Study	\$1,154,424	\$1,358,404	\$1,874,176

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PRINCIPLES FOR CONDUCTING SOCIOECONOMIC IMPACT ANALYSES OF GAMBLING

Measure 'Impacts' rather than 'Costs and Benefits'

While many gambling impacts are clearly negative (e.g., increased problem gambling) or positive (e.g., employment gains), the positive or negative nature of several other changes is less clear and somewhat subjective (e.g., changed societal pattern of leisure pursuits, cannibalization of competing industries, increase in tax revenue). 'Impact' is often a better term as it conveys the fact that a change has occurred without having to necessarily characterize it as positive or negative. Use of this term also avoids confusion with the CBA use of the terms 'cost' and 'benefit'.

Comprehensively Assess all Potential Economic and Social Impacts

It is self evident that all impacts of gambling have to be included in an impact analysis. There are many different and equally legitimate ways of organizing and categorizing these impact areas. The Anielski & Braatan (2008) framework is one such organization, but there are many others⁵. The important thing is not the overall organization, but ensuring that a) all of the potential impact areas are covered, and b) economic/monetary impacts are given equal prominence to the social/nonmonetary impacts. The following is a suggested organization of the impact areas that is a simplified version of the Anielski & Braatan (2008) organization and which capitalizes on the economic/monetary versus social/nonmonetary distinction that is often made. It is also the organization used in the second part of this report that documents the pattern of impacts seen in different studies.

Avoid Applying Arbitrary Monetary Values to Impacts that are clearly Non-Monetary in Nature.

As mentioned earlier, it is a mistake not to capture social impacts that do not have significant monetary consequences. However, it is also a mistake to try to capture them within a cost-benefit economic framework by applying an arbitrary monetary value to them. This approach is an overextension of an economic worldview that fails to recognize that the true nature of the impact is largely non-monetary/economic in nature.

In most cases, social impacts are best quantified and reported *simply by means of percentage change in the variable and/or the actual number of people impacted (e.g., % change in rate of problem gambling, % change in crime, change in pattern of leisure behaviour, etc.)*.

⁵ Anielski & Wynne (2009) themselves used a modified version of their 2008 framework for their socioeconomic impact study of Nova Scotia.

Create a Profile of the Economic and Social Impacts

The advantage of a common metric (e.g., money) is that it potentially allows for the combination of all impacts into an overall aggregate value. However, as mentioned, this approach is problematic because of a) difficulties applying monetary values to many social impacts, b) the need to construe everything as either a cost or benefit, c) the inappropriateness of using money as a way of characterizing the nature and magnitude of some social impacts (e.g., suicide).

Thus, in most cases the best way of treating these impacts is to simply list them and to create a profile of impacts. For most social impacts, reporting the percentage change in the variable and/or the percentage of people impacted is most descriptive. For many of the economic impacts a monetary value can be used to quantify the magnitude of the effect within each impact area. There can also be value in aggregating the monetary amounts within and/or across economic impact areas.

Apply Basic Economic Principles to Evaluate the Positive or Negative Nature of the Economic Impacts

One of the critiques of many socioeconomic approaches to gambling is that they fail to adequately consider important economic principles in judging the overall impacts (Walker 2003a, 2008a, 2008d; Walker & Barnett, 1999). For example, several costs of gambling in the Anieski & Braatan (2008) framework (e.g., theft, unemployment, costs of treating problem gamblers) are unlikely to result in any real reduction in the economic wealth within a society/jurisdiction (i.e., just transfers of wealth within society) (Eadington, 2003; Walker, 2003, 2008a; Walker & Barnett, 1999). There is no doubt that theft and treatment for problem gamblers are important negative impacts that need to be identified and well documented. However, the point being made is that these types of impacts have relatively little influence on the overall economic vitality/wealth of a jurisdiction.

Rather, for something to have a meaningful economic/monetary impact one of the following needs to be present:

1. *The economic activity causes either an influx of money/assets from outside the jurisdiction or a loss of money/assets to an outside jurisdiction.* For gambling, an influx occurs when the primary patronage base is from outside the jurisdiction, or capital investments are made in the community by outside agencies (e.g., casino developer, private businesses, government).
2. *The economic activity increases or decreases the value of existing assets.* This impact generally does not apply to gambling, or to entertainment industries more generally, as gambling primarily involves a transfer of wealth rather than a creation of wealth⁶. However, it can occur when the introduction of a new gambling venue either increases or decreases the market value of neighbouring property. It can also occur in the manufacture of gambling equipment (e.g., electronic gambling machines) that can be sold for an amount worth more than the sum of its parts.

⁶ Wealth creation is more typical of manufacturing industries. For example, a car manufacturing industry creates wealth by making things that are worth more than the sum of their constituent parts. Most entertainment industries, in contrast, simply redirect monetary flow from one sector of the economy to another.

3. *The economic activity produces increased or decreased utilization of existing money.*

Money that sits dormant has very little economic utility to the broader economy. It has much greater utility if it is spent on gambling, this gambling revenue is then spent on employee wages, and these wages are then used to buy local goods and services. In general, money has increased economic value as a function of the number of people that use the money and the speed of the cash flow from one person to the next (Walker, 1999, 2007). Increased utilization of existing money is more likely to occur if gambling patronage comes from individuals who are not financing their gambling by reducing their spending on other activities (i.e., the income class of the patronage potentially speaks to this). Evidence of increased utilization of existing money is seen if the increased revenues and employment in the gambling industry (and supporting/complementary industries) occurs without there being offsetting declines in the revenues and employment in other industries. There is good evidence that adding a new and interesting service/good to the economy (e.g., gambling) can at least temporarily create increased monetary flow without negative impacts on other businesses (Walker & Jackson, 1998; 2007).

4. *The transfer of wealth and changed monetary flow caused by the new economic activity strengthens or weakens sectors of the economy capable of producing an influx/outflow of wealth, increased/decreased value of existing assets, or increased/decreased utilization of money.* One of the potential concerns with gambling is that it may redirect money from wealth-producing sectors (i.e., private business) to sectors not known for wealth creation (i.e., government, charity).

5. *The failure to implement the economic activity would have resulted in an influx/outflow of wealth, increased/decreased value of existing assets, or increased/decreased utilization of money.* Even if there is not a clear economic gain, an economic benefit still exists if the gambling activity prevented assets or money from leaving the jurisdiction, prevented a decrease in the value of existing assets, or prevented decreased utilization of existing money.

Recognize that Assessing the Overall Positive or Negative Nature of the Observed Impacts is a Qualitative Assessment that often Involves some Subjectivity

The judgement about whether the overall impacts of gambling are positive or negative (and the degree to which they are positive or negative), requires a joint qualitative assessment of a) the profile of social impacts, and b) the judged overall positive or negative economic value of the economic impacts. When these things are in alignment, then this assessment is straightforward (i.e., mostly positive social impacts and positive economic value; mostly negative social impacts and negative/no economic value).

However, the assessment is inherently subjective when these things are not in alignment (e.g., net economic gains but mostly negative social impacts). In this situation, the overall assessment will depend on the importance one assigns to the economic versus social impacts. In particular, whether one believes that the net economic value of the activity adequately offsets any negative social impacts.⁷

⁷ Other areas of subjectivity also exist; for example, how some of the ambiguous impact categories are construed (e.g., is increased government revenue a positive or negative thing). Another example concerns whether you consider the micro (community-level) benefits more important than the macro (regional-level) benefits.

One potential way of reducing the individual subjectivity of this determination is simply to present the results and let the reader decide whether he/she considers the positives to outweigh the negatives. Another solution is to present the profile of results to a representative group of individuals from the jurisdiction and seek their opinion about whether they judge the overall impacts to be positive or negative.

Identify How Much Money is Involved, Where it is Coming From, and Where it is Going

The principles listed up to this point have been focused primarily on resolving the central methodological issue of how to handle the social impacts of gambling. The following principles are focused more on some of the practical issues involved in conducting socioeconomic analyses of gambling and ensuring optimal scientific rigour.

Gambling is an economic activity characterized by a transfer of wealth. There are groups and sectors that are winners and there are groups and sectors that are losers, and *most of the impacts are seen in these groups/sectors*. Thus, the first step in a socioeconomic analysis of gambling is to document a) how much money is being transferred (a rough gauge of the magnitude of the potential impacts); b) where the money is coming from; and c) where the money is going. The demographic characteristics of the gamblers are particularly important, with the most important socioeconomic variables being age, gender, ethnicity, income, and problem gambling status. The geographic origin of the gamblers is also very important because it speaks to a) whether the revenue is an infusion of new wealth or just local money that has been redirected, and b) the geographic range in which to expect (and therefore, measure) impacts.

Next, it is important to clearly document which groups/sectors are the primary recipients of gambling revenue (i.e., private operator, different levels of government, charity, local community) as well as the geographic location of each of these groups. It is also essential to document how these groups then disburse or spend the money so as to identify all the downstream beneficiaries. The geographic origin of the operating expenses to run the new type of gambling, as well as the origin of any equipment purchased are also relevant to a socioeconomic accounting. (Note: if gambling revenues are primarily collected at the state or federal level (rather than at the municipal level) and are redistributed provincially or federally, then there is a good chance that there will be a net outflow of money from the local municipality hosting the gambling venue).⁸

⁸ Some jurisdictions compensate for this by providing municipalities with a guaranteed fixed percentage of the profits.

Establish both the Micro and Macro Geographic Impacts

Most socioeconomic impact studies have only focused on the changes in the community that received the new form of gambling. However, for a full understanding of the impacts, it is necessary to go beyond these boundaries, as financial inflow/benefits in one region usually come at the expense of financial outflow or loss of benefits in adjoining regions. Thus, one should aspire to assess both the micro (community specific) impacts and the macro (greater regional) impacts. As mentioned, the geographic origin of the patronage is a good indication of the regional scope of the impacts. Once the boundary of this larger region/jurisdiction is established, it is important to clearly identify the impacts within the community of interest as well as regionally.

Compare Changes to those Observed in Control Communities/Regions

It is important to be able to disentangle the unique influence of gambling on observed socioeconomic changes (Walker, 2008c, 2008d). Most socioeconomic impact studies simply examine the pre- and post-changes in a community after the introduction of a new gambling venue/format. However, there are a multitude of economic and social forces at work that account for social/economic changes in a community. Furthermore, gambling often represents only a small fraction of total economic activity within a community.

Similarly, many of the adverse effects of problem gambling cannot be uniquely attributed to the introduction of a single new gambling venue/activity, as most problem gamblers engage in a wide variety of gambling activities and also have comorbid conditions that contribute to their constellation of problems (e.g., substance abuse, mental health problems) (Australia Productivity Commission, 1999; Crockford & el-Guebaly, 1998; Lorains, Cowlshaw, & Thomas, 2011; Walker, 2008d).⁹

A much stronger methodology is a matched control comparison where changes in the region receiving the new form of gambling are compared against changes in an economically, socially, and demographically similar region that did not receive this new form of gambling. This approach does not eliminate the contributing role of comorbidities to people's problems, but it does show the unique impact that the introduction of legalized gambling has in exacerbating these problems. This approach has some of its own complications, however, as there may be baseline attitudinal differences in regions that opt to have the new form of gambling versus communities that have opted not to have it. Also, the control region must be far enough away so as not to be secondarily impacted by the introduction of the new form of gambling. This geographic separation makes it more difficult in finding a region that is a good match.

⁹ The latest research shows that the conditions having the high comorbidity to problem and pathological gambling are: nicotine dependence (60.1%), substance use disorder (57.5%), mood disorder (37.9%), and anxiety disorders (37.4%) (Lorains, Cowlshaw, & Thomas, 2011).

Speculate on What the Situation would have been Without the Introduction of the New Form of Gambling

Most studies compare economic and social indicators after the introduction of gambling to what these indicators were before the introduction of gambling. However, often the justification for the introduction of a new form of gambling is the desire to stem the outflow of gambling dollars to neighbouring jurisdictions that already offer this new form of gambling. Thus, an even more relevant comparison than 'baseline', is what the likely economic and social situation would have been if gambling had not been introduced (i.e., the 'counterfactual situation') (Walker, 2008c). The extent to which the introduction of domestic gambling opportunities has prevented losses to neighbouring jurisdictions is very difficult to judge, but nonetheless merits speculation.

Use Longitudinal Designs when Possible

Most impact studies collect yearly statistical 'snapshots' of a community's socioeconomic indicators. Attempts are then made to attribute any changes to the introduction of the new gambling activity (e.g., a problem gambling increase after one year being responsible for a corresponding bankruptcy rate increase after one year). However, two data points provide no information concerning whether problem gambling caused the bankruptcies, the bankruptcies caused the problem gambling, or whether they were independent events. Even if one event precedes the other (e.g., problem gambling increase in year 1 followed by bankruptcy increase in year 2), causal attributions are weak unless it can be established that increased bankruptcies occurred primarily within the problem gamblers.

A related problem with cross-sectional designs is that there is no way of knowing the exact meaning of a stable prevalence rates from Time 1 to Time 2. For example, although severe levels of problem gambling appear to be reasonably stable over time (e.g., Slutske, 2006; Williams, Hann, Schopflocher et al., 2011), less severe forms (which are much more common) are not. A couple of studies have found that the large majority of moderate problem gamblers are no longer problem gamblers at 1-year follow up (Wiebe et al., 2003) or 7-year follow up (Abbott et al., 1999). Thus, stable rates of problem/pathological gambling from Time 1 to Time 2 imply the existence of a large group of newly affected individuals roughly equivalent to the number of individuals who have recovered or remitted (meaning that gambling is producing a cumulatively wider impact on the general population than would have otherwise been known). The ability to make causal attributions within individuals and establish problem gambling *incidence* (i.e., rate of new cases) is strengthened with use of a longitudinal design that documents the temporal sequence of events in 'real time' within individuals.

Assess Impacts for Years Before and for Years After the Introduction of New Gambling Venues/Opportunities

The length of time it takes for all economic and social impacts of gambling to manifest themselves is unknown. Some of the economic impacts (e.g., revenues, employment, etc.) appear to be fairly immediate. On the other hand, it may take a few years for competing industries to fail or for increased utilization of roads, sewers, etc. to result in repairs. Some economic impacts will also reverse themselves in a resilient economy as industry repositions itself. Social impacts may take longer to appear than economic impacts. While some individuals experience rapid onset of gambling problems, others gamble safely for several years before problems develop (Committee on the Social and Economic Impact of Pathological Gambling, 1999). There is also evidence that rates of gambling and problem gambling may decline with extended exposure (LaPlante & Shaffer, 2007; Shaffer, LaBrie & LaPlante, 2004). It is also very important to realize that new gambling opportunities are always added to existing gambling opportunities (even if they are illegal). Thus, lag effects of these pre-existing opportunities can easily be mistaken for immediate impacts of the new forms. It is important to document prior gambling opportunities and socioeconomic effects for several years before as well as for several years after the introduction of a new form of gambling.

Report the Limitations and Parameters of these Results

The final principle is to clearly recognize and report that the results obtained are very much a function of the context in which the study was conducted. More specifically:

Impacts are Dependent on the Magnitude of the Change in Gambling that has Occurred for the Population

Adding a large casino to a small community without prior gambling opportunities will usually have a much larger impact than adding an additional casino to a large city that already has existing casinos and other gambling opportunities.

Impacts are Somewhat Specific to the Type of Gambling Studied

Different types of gambling have different profiles of impacts in terms of their potential for contributing to problem gambling (e.g., EGMs vs. lotteries), the number of jobs they produce (horse racing vs. EGMs), and their likelihood of cannibalization of other industries, etc. Hence, it is necessary to qualify results as being specific to the type of gambling studied.

Impacts are Somewhat Specific to the Jurisdiction Studied

Jurisdictions differ widely in how gambling revenue is distributed, pre-existing availability of gambling, the strength of policy and educational initiatives to prevent problem gambling, baseline levels of poverty and unemployment, and the vulnerability of the population to addiction. Hence, it is important to recognize that the results will be somewhat dependent on the conditions that exist in the particular jurisdiction being studied.

Impacts are Somewhat Specific to the Time Period Studied

The time period that impacts are studied is critical, as gambling availability and gambling policy can change rapidly within a jurisdiction. Furthermore, there is evidence that populations with extended exposure to gambling may have different rates of problems compared to places with more recent introduction of gambling (LaPlante & Shaffer, 2007; Shaffer et al. 2004). Hence, it is also important to qualify results as being specific to the time period studied.



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PROPOSAL FOR MASSACHUSETTS GAMING COMMISSION (MGC)

PROJECT CONCEPT

The Collins Center will perform research and prepare a general guide to assist municipalities, e.g., elected officials, staff, and community members, as they consider development proposals under Chapter 194 of the Acts of 2011 (the "Gaming Law"). Since the circumstances in each municipality are unique, this guide or "primer" will merely provide general recommendations on how to approach the challenging task of determining whether a gaming facility is appropriate for any given community and in no way will it take the place of the detailed technical analysis needed to evaluate a proposal. The Center's primer is not intended to be an exhaustive list of steps to be taken and points to be considered, but instead can serve as a launching point for communities as they develop their own process and identify the information needed to make an informed decision.

SCOPE OF WORK

Task 1: Brief synopsis of the Gaming Law as it relates to municipalities. The audience for the synopsis will be municipalities considering pursuing a gaming facility. The synopsis will highlight the roles and responsibilities of municipalities and the approval process as described in the legislation. The document produced will be publication-ready and easy to use by elected officials, municipal staff, and members of the public.

Task 2: Detailed guide to assist cities and towns considering a gaming facility. The guide will include narrative, checklists, and templates for use by municipal representatives. The guide will include, at a minimum, the following content:

Anticipated Regulatory Processes

Will identify and describe the state and local permitting and licensing requirements most likely to be needed to authorize a gaming facility and recommend how to sequence these required activities, taking into account the procedural requirements contained within the gaming legislation itself.

- Identification of state regulatory requirements and agencies whose involvement would most likely be needed. (ex. MEPA process, DOT participation, Dept of Revenue, etc.). Staff from the Center will contact the MA Executive Office of Housing and Economic Development (EOHED) and the Executive Office of Energy and Environmental Affairs (EOEA) to discuss the Commonwealth's plans to facilitate the review and approval process of gaming facilities.
- Identification of local regulatory processes likely to be engaged as a municipality considers a gaming facility (ex. zoning amendment, historic district requirements, conservation commission, liquor licensing, building inspections, etc.). The Center will use its best efforts to identify potential permitting and licensing requirements, but will provide a template which municipality officials can list its own unique requirements.

- Recommendations on sequencing, community engagement and communication throughout the process. Said recommendations will take into account the requirements of 43D and the permit ombudsman requirements of the gaming legislation. The sequencing will recommend the steps to be taken before the municipal ballot question and steps to be taken afterward. Consideration will be taken to differentiate between discretionary processes, such as zoning permits, and ministerial, such as building permits, since developers will seek to minimize risk.

Potential public service impacts

Will identify public service areas that could be impacted by the addition of a large scale gaming facility within a municipality. To the extent possible, will use “before and after” examples from municipalities where gaming facilities have been added.

- Identification of public services that may potentially be impacted (ex. police, fire, water, sewer, roads, public transit, tax assessor, city auditor, finance/treasury, trash removal, ambulance service, building/fire inspectors/restaurant inspectors/barbershop/health spa inspectors, public parking)
- Discussion on how to work with legally established service commissions (ex. fire commissions, water commissions, etc.)
- Consideration of impacts to surrounding communities (how to ascertain and appropriately mitigate impacts to abutting municipalities, recommendation on communication process with surrounding communities)
- Secondary impacts to housing and schools – the Center will seek data and research that considers secondary impacts of gaming or other large scale facilities
- Discussion on municipal monitoring of operation needed after opening (ex. annual report on jobs/hiring, revenue audits, recording public safety incidents, local equivalent to gaming commission to monitor revenues, annual inspections, etc.)
- Template to prepare “back of the envelope” cost benefit analysis comparing projected revenue with anticipated municipal costs

Development Agreements/Community Benefit Agreements

Will describe aspects of what could be contained within written agreement(s) between a municipality and a developer and will discuss how the provisions of those agreements may evolve over the course of the project with initial agreements focusing on funding for technical assistance and modifications or future agreements focusing on mitigation and operations. To the extent possible, actual agreements between developers and municipalities will be identified and made available, whether in an appendix or through the citation of a web page.

- Funding for technical assistance needed during review, permitting and inspection processes
- Funding for infrastructure
- Additional contributions to the community

Best practice review

Will identify and describe the gaming (or other entertainment) facilities that most successfully

addressed local needs and conditions and will attempt to discern what steps the municipalities took to ensure these positive outcomes. Questions to be asked include:

- Economic development – how can design and operation support growth outside of the casino itself?
- Architectural design – how to integrate facility into community, or keep separate, depending on community vision
- Municipal revenue – how to consider long term service needs and ensure revenue will be sufficient, identification of successful revenue sharing approaches
- Local hiring – how to increase likelihood that local residents will receive construction and permanent jobs, how to increase MBE/WBE participation
- Green/sustainable practices – what are best examples of green practices in gaming, entertainment, and lodging industries
- Mitigation agreements – examples of comprehensive mitigation agreements
- Putting together Plan B - What happens if facility does not succeed? What can be done with the property afterwards?

Case Studies

In addition to the best practices above, 3 to 5 case studies will be written up describing facilities that required a financial commitment similar to that required within the legislation (i.e., \$500 million for Category 1 license and \$125 million for Category 2)

Task 3: Procurement Assistance

Since municipalities will be required to procure contractors to provide technical assistance in accordance with the MA Uniform Procurement Act (Chapter 30B), the Collins Center will review the online state vendor list (Comm-PASS) to determine what vendors may already be pre-qualified to perform the types of services most likely to be needed. The Center will provide the Commission with a listing of the pre-qualified firms by discipline and will make recommendations on whether the list should be expanded. This will assist the Commission if it seeks to engage in dialog with the Operational Services Division on how to facilitate procurement by municipalities considering gaming facilities.

Task 4: Additional Technical Assistance, as needed.

The Collins Center will provide additional technical assistance to the Gaming Commission, as needed, on a Task Order basis. Tasks could include making recommendations on how to determine “surrounding communities” for applications submitted, review of legislation and identification of technical corrections needed, or other tasks within the capabilities of the Center.

PRICE PROPOSAL

Tasks One, Two, and Three will be completed at a cost of \$_____.

Depending upon the needs of the Commission, separate quotes could be developed for items under Task Three or they could be charged at actual costs of labor and reimbursable expenses plus a 35% administrative fee.

WORK PLAN, REVIEW PROCESS, & TIME LINE

Drafts of all work materials will be submitted for MGC for review and approval prior to publication. The Center will provide the Commission with a project Work Plan within two weeks of full execution of the contract. During the course of the effort, the Center will provide detailed outline of the guide proposed under Task Two for review and approval by the Commission. Individual chapters of the guide will be submitted for review as they become available. Should the Commission elect, each chapter could be published independently.

Center staff would like to set up a bi-weekly meeting with a representative of the Commission during the course of the engagement to discuss the project work plan, relevant research and findings in progress, and to review draft materials.