

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

Executive Summary

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Executive Summary

The UMass Donahue Institute ([UMDI](#)) is a member of the Social and Economic Impacts of Gambling in Massachusetts ([SEIGMA](#)) research team charged with carrying out aspects of the research agenda of the Massachusetts Gaming Commission (MGC). This report seeks to inform stakeholders about the construction of the MGM Springfield casino and its economic impacts in the Commonwealth. Over the course of the casino’s construction, UMDI worked with the Massachusetts Gaming Commission and MGM Springfield to obtain data on the spending, employment, and wages related to the construction of MGM Springfield. These data are summarized here along with an estimate of the total economic impacts to the Commonwealth of Massachusetts resulting from the casino construction. See ***Error! Reference source not found.*** for a discussion of the data snapshot used in this report.

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

Where were the construction dollars spent?

- Two-thirds of the construction budget (\$373.8M of \$573.3M) went to firms based in Massachusetts. Half of that (\$194.3M) (or a third of the total) remained in Hampden County.
- Nearly \$85 million went to firms based in the City of Springfield.
- Of the remaining third that went out of state (\$199.5M), about half went to firms in nearby Connecticut with the remainder spread across 16 other states and Canada.
- About one-third of the total contract value went to firms that met at least one element of the diversity criteria.

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

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

Source: MGM Springfield and UMDI calculations

Table 2: Summary of Contractor Diversity

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

Source: MGM Springfield and UMDI calculations

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

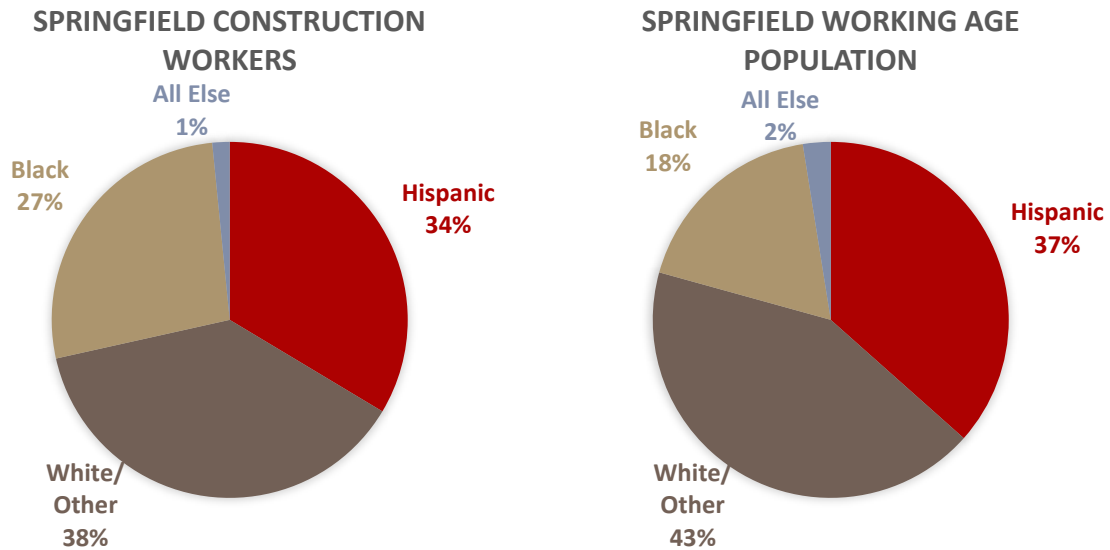
- Over two-thirds (2,963 of 4,249) of the construction workers were Massachusetts residents. Most of the remainder were from Connecticut.
- In total, the most common place of residence was Hampden County, where 36 percent (1,524 of 4,249) of the workers resided. Of this 36 percent, 509 were Springfield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

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

Massachusetts County	Worker Count	Worker Share of Total
Barnstable	2	0%
Berkshire	79	2%
Bristol	113	3%
Essex	135	3%
Franklin	111	3%
Hampden	1,524	36%
Hampshire	292	7%
Middlesex	191	4%
Norfolk	67	2%
Plymouth	77	2%
Suffolk	53	1%
Worcester	319	8%
MA Total	2,963	70%
Out of State	1,286	30%
Total	4,249	100%

Source: MGM Springfield and UMDI calculations

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



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

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

- Increases in company revenues and employment drive larger changes in the economy, which are estimated using an economic model.
- Overall, total statewide economic activity (also known as output) increased by \$849 million over the five-year construction period.
- Net new economic activity (i.e., value added or gross state product) totaled \$512 million.
- About 1,000 jobs were created or supported by this economic activity. These jobs accrued \$397 million of income.
- When the estimates of total economic impacts are compared to MGM Springfield's expenditures, the results show that every \$2 of construction spending created about \$1 of additional economic activity in Massachusetts and every \$1 of compensation to construction workers created an additional \$1.29 of income to others in Massachusetts.

Table 4: Summary of Statewide Economic Impacts

Category	Annual Average	Cumulative
New Economic Activity (incl. MGM Construction)	\$170	\$849
Net Economic Impact (i.e. Gross State Product)	\$102	\$512
Employment	1,050	N/A
Personal Income	\$79	\$397

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