

1 MR. WALKER: Good afternoon, Madam Chairman and  
2 Commissioners. My name is Matthew Walker, and I'm the Director  
3 of Research for the Hotel Employees and Restaurant Employees  
4 International Union.

5 We are very pleased to present the Commission with our  
6 thoughts on the economic impact of gaming, and we recommend the  
7 following framework for the Commission's analysis of that  
8 economic impact.

9 The best way to judge the economic impact of gaming is  
10 to assess its ability to serve as a tool for economic development  
11 in communities with high levels of poverty and unemployment.

12 Good quality jobs for people who need the most, in  
13 particular unemployed and the under employed are the most  
14 effective forms of economic development. Job quality should be  
15 evaluated by examining four criteria, income, health insurance,  
16 pensions, and job security.

17 Now, because different forms of gaming, and even  
18 different varieties of casino style gaming do not have the same  
19 economic impact we will, by way of example, apply this framework  
20 to several different forms of gaming, and different varieties of  
21 casino style gaming.

22 Let me start with lotteries. While state lotteries  
23 unquestionably produce significant revenues for state government  
24 purposes, this form of gaming has not been a useful tool for  
25 economic development.

26 The Commission has heard little credible testimony on  
27 the ability of lotteries to generate economic development.  
28 Moreover the Commission has heard no testimony on their ability  
29 to create good jobs, except possibly for government bureaucrats.

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1 To the extent that lotteries create any private sector  
2 jobs at all, they are the sort of part time, minimum wage, no  
3 benefit jobs that this country already has in abundance.

4 Although the Commission has heard testimony that  
5 lotteries fund a wide variety of state programs, of which  
6 educational programs seem to be the most common, it has also  
7 heard evidence that in many, if most cases, lottery funds merely  
8 take the place of money the state government would allocate to  
9 the same programs anyway.

10 The Commission has heard few, if any, examples of  
11 lottery funded programs that contribute significantly to economic  
12 development in the low income communities that need it most.

13 Next, in the area of non-casino electronic gambling  
14 devices, EGDs, the Commission has not heard credible testimony on  
15 any positive economic impact consequences from these devices.

16 By EGDs I mean the stand alone slot machines and video  
17 poker terminals that have proliferated in bars, truck stops, and  
18 convenience stores around the country.

19 Like lotteries, they don't create good industry jobs,  
20 but unlike lotteries they aren't government owned, and therefore  
21 can't even make the dubious claim that they generate significant  
22 amounts of tax revenue.

23 I want to take a moment to point out to you what  
24 amounts to some preliminary research on our part that I hope has  
25 been circulated to you for your review.

26 There is a four page chart which really points out what  
27 I think, and what we found to be a pretty outstanding  
28 proliferation of these so-called EGDs, electronic gambling  
29 devices.

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1 All in all 31 out of 50 states have some form of these  
2 devices in evidence. Only six of those states include legalized  
3 EGDs, and in the state of Nevada, where these devices are very  
4 closely regulated, we know precisely how many such machines  
5 exist.

6 Even in the legal environment that Montana has, that is  
7 only a rough estimate. There isn't a definitive number of  
8 already identified, for those machines. And then with respect to  
9 these quasi-legal and illegal devices, on the next page there is  
10 a chart that indicates that these are only the roughest of  
11 estimates.

12 So we have been looking at this so far in only the most  
13 preliminary way, and the charts that you have before you are  
14 based on press accounts, and not official documentation provided  
15 by law enforcement agencies and the like.

16 We are going to continue to look at this because we  
17 were frankly shocked by both the extent of the spread of these  
18 devices, and also the huge number that are illegal.

19 So I hope that the Commission has an opportunity to  
20 address this phenomena. The next category would be Internet  
21 gaming. The Commission has also not heard any credible testimony  
22 of any positive economic impact from Internet gaming by its  
23 nature this category of gaming creates fewer jobs than non-casino  
24 EGDs, and since it is unregulated it doesn't generate any tax  
25 revenue, at least not in the United States.

26 With respect to tribal gaming, the Commission has heard  
27 a great deal of testimony that gaming has been a useful economic  
28 development tool for Native American tribes, a tool that the

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1 tribes have put to good use on their reservations, and the  
2 example of a Gila River Indian Community was pointed out earlier.

3 Today, for example, gaming revenues for that tribe have  
4 helped to build agricultural and communications businesses as  
5 well as to fund community centers, and health programs, and  
6 emergency services among other things.

7 We believe that what the tribes have accomplished with  
8 gaming in this regard is truly remarkable, and obviously very  
9 positive.

10 However, the Commission has heard mixed testimony  
11 regarding the economic impact of tribal gaming on communities and  
12 individuals other than the gaming tribes and their members, and  
13 much of that testimony has been negative.

14 Moreover, the Commission has heard no positive  
15 testimony from employees of tribal casinos. Those employees who  
16 did testify described poor working conditions.

17 This is in stark contrast to the commercial casino  
18 industry whose employees have testified in great numbers that  
19 gaming is capable of creating good quality jobs when those jobs  
20 are unionized.

21 In terms of job quality, the major difference between  
22 the commercial and tribal gaming industries is that workers in  
23 commercial casinos have rights on the job, including the right to  
24 join a union. While workers in tribal casinos have no rights at  
25 all, except the right to quit their job and be unemployed if they  
26 don't like their working conditions.

27 And rural tribal members who work in the casino may  
28 have the option to take such concerns to their tribal government,  
29 however, the majority of tribal casino employees who are not

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1 tribal members, 95 percent of them in California, for example,  
2 have no voice on the job.

3 In short, the economic impact of tribal gaming is  
4 positive for tribes and their members, but it is not necessarily  
5 positive for other affected communities.

6 We hope that the Commission takes that distinction into  
7 account.

8 Now, let me turn your attention to commercial casinos.  
9 The Commission has allocated most of its time and resources to  
10 commercial casino gaming, and at almost every meeting the  
11 Commission has heard a great deal of testimony on the subject of  
12 job quality in the casino industry.

13 In Atlantic City, Chicago, San Diego and Las Vegas, the  
14 Commission heard testimony from dozens of people who were able to  
15 build a life for themselves and their families thanks to a good  
16 union job in the casino industry.

17 Some had been welfare dependent, some had never worked  
18 more than part time, or even at all. Some had never earned more  
19 than the minimum wage. Some had never had a pension or family  
20 health insurance.

21 Moreover, some of these casino workers were also  
22 lifelong residents of places like Atlantic City and Gary Indiana,  
23 and described how their communities were changed for the better  
24 by the arrival of casino gaming.

25 In Atlantic City our union testified that from 1977  
26 through 1996, real income for Atlantic City casino workers  
27 increased at a much higher rate than real income for service  
28 sector employees in New Jersey, state wide, and in the United  
29 States as a whole.

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1           Moreover, since 1989 real income for Atlantic City  
2 casino workers has continued to rise while real income for New  
3 Jersey and U.S. service workers has declined.

4           In 1996 83 percent of Atlantic City's unionized casino  
5 workers were covered by family health insurance, almost twice the  
6 percentage of New Jersey, and U.S. service workers with family  
7 coverage. That was in 1996.

8           In 1993 the most recent year for which comparative data  
9 was available, 95 percent of our Atlantic City members were  
10 earning pension benefits, as compared to 45 percent of the  
11 private sector workforce nationally.

12           Now, we are aware that some have questioned gaming's  
13 effect on economic development in Atlantic City. It is important  
14 to understand that the economic impact of gaming has affected the  
15 region and not just Atlantic City, which is quite small in area,  
16 and population.

17           In 1997 there were approximately 50,000 direct casino  
18 jobs in the city, while the city's entire labor force amounted to  
19 just over 20,000.

20           Even if the city's entire labor force was directly  
21 employed by the casinos, the employment impact would still be  
22 smaller in Atlantic City than it would have been in the  
23 surrounding area.

24           To say that gaming had not positive economic impact in  
25 Atlantic City proper, is to ignore the impact it had not only on  
26 that city, but on the dozens of cities and towns that make up the  
27 Atlantic City metropolitan area.

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1 It is also to ignore more than a dozen casino workers  
2 who testified before the Commission in Atlantic City, and  
3 hundreds more who sat and stood in the audience.

4 In Nevada we testified that Las Vegas hotel and  
5 restaurant workers, most of whom work in unionized casinos earned  
6 an average of two dollars and 78 cents per hour, or 43 percent  
7 more than their counterparts than the country as a whole, for  
8 1993 through 1997.

9 The share of non-supervisory hotel and restaurant  
10 workers who had health insurance during the same years was 66  
11 percent in Las Vegas, as compared to 24 percent for the entire  
12 country.

13 Similarly 40 percent of non-supervisory hotel and  
14 restaurant workers had a pension in Nevada as a whole, while only  
15 11 percent did in the rest of the country.

16 In San Diego and Las Vegas, however, the Commission  
17 also heard from people who are still struggling to make ends  
18 meet, because their casino jobs are non-union.

19 In fact our Las Vegas testimony made clear that there  
20 is a substantial difference in job quality between unionized  
21 destination resort casinos on the Las Vegas strip, and non-union  
22 locals oriented casinos in the city's residential neighborhoods.

23 It is important for the Commission to keep in mind and  
24 understand that even within the casino industry there is a range  
25 of job quality. On the one end of the range are destination  
26 resort casinos, which tend to create more and better jobs, and on  
27 the other end are casinos that cater to a local clientele, which  
28 tend to offer fewer and lower quality jobs.

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1           The former are typically unionized, the latter are  
2 usually not. In summary, the Commission has heard a great deal  
3 of compelling testimony, that the casino industry can and does  
4 create good quality jobs in the service sector.

5           The kind of jobs this country needs, but only where the  
6 jobs it creates are unionized. Finally we turn to pari-mutuel  
7 wagering to note that the Commission also heard positive  
8 testimony on job quality in the horse racing industry, which is  
9 also heavily unionized..

10           However, the Commission has heard little or no  
11 testimony regarding its ability to generate economic development  
12 possibly because it is a mature industry going through a period  
13 of transition.

14           In closing we don't believe that the Commission should  
15 get into the business of telling state and local, and tribal  
16 governments what forms of gaming they can and cannot bring into  
17 their own communities.

18           However, the Commission can and should point out the  
19 different forms of gaming, even different forms of casino style  
20 gaming, do not have the same economic impact.

21           Each community can then make its own informed decision.

22           Thank you very much for the opportunity to summarize  
23 our views.

24           CHAIR JAMES: Thank you.

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