listening to those who advocate for or against
gambling, we hope to cut through the rhetoric and give
you some tools to assess the quality of gaming
industry jobs in Atlantic City and wherever else the
Commission may travel.

Specifically, we want to give you four
criteria upon which to evaluate job quality. Income,
does the job pay well enough to support a family?
Health insurance, does it provide family medical
benefits at an affordable price? Pension, does it
offer retirement benefits? Job security, is the job
going to be there next year?

In a moment, we are going to take you
through these four criteria, but first to give you a
little background on our union and its membership here
in Atlantic City, I would like to introduce Bob
McDevitt, the President of Local 54, which represents
employees of all 12 Atlantic City casinos.

Bob?

MR. McDEVITT: Thank you, Matt.

Members of the panel, Madam Chairman,
welcome to Atlantic City, my home town. Thank you for
the opportunity to speak before the Commission.

Before I proceed, I would like to tell you a little bit about myself. I'm a third generation resident of Atlantic City. My grandmother spent much of her childhood in Atlantic City, and settled in the inlet after she married my grandfather. My father, and his sister and brothers, grew up on the streets and beaches of this great community, and lived for a time at the Jonathan Pitney Housing Project just across the Expressway from where you now sit.

I, in turn, had the opportunity to grow up on this island after my family relocated to Ventnor in 1962, following the migration of senior residents to the outlying bedroom communities.

I had a charmed childhood, roaming the beaches of Atlantic City with my father, the lifeguard, oblivious to the demise of my hometown taking place all around me. I didn't realize at such a young age how tragic my own uncle's experience was in Atlantic City in the hotel industry. He began as a bellhop in the 1950s during high school at the Claridge Hotel, and he worked his way up the ladder by
way of the Ambassador Hotel, the Brighton Hotel, among others, until he became Sales Manager at the Traymore Hotel. By the time I was in grammar school in the early '70s, the industry had declined to the point where my uncle could no longer earn a living in Atlantic City, and was forced to drive two hours up the Parkway to a Ramada Hotel in New Brunswick.

My high school years were spent wondering where I would move because I knew I couldn't survive here, when this magnificent experiment in Atlantic City began in 1978, and forever it changed my life.

At the age of 19, I landed a job at the Playboy Casino as a bar porter, mopping, sweeping, cleaning and learning anything I could from any bartender that would teach me.

Over the past 15 years, I have worked as a waiter and bartender in the casino industry, and along the way managed to marry a beautiful loving woman and we have four beautiful children. The last three deliveries were paid for by my union's health and welfare fund. I don't know how I'd have been able to afford them otherwise.
Prior to my current position as President of Local 54, entrusted with the care of 15,000 brothers and sisters, I managed to build a life based on the foundation of a thriving industry and a solid union contract, much in the way of many who have spoken so eloquently before me.

When you make your recommendations to Congress, I ask you to consider this, don't destroy the industry and inflict on my children and myself the same tragic search for a decent living that my uncle suffered.

Atlantic City is a community of many tongues, races and backgrounds, and I am honored and proud to speak as their advocate. We are many people bound together by one industry, with a strong work ethic and a hope for an even brighter future. Please remember us when you return inside the Beltway because our futures depend on it.

Thank you.

MR. WALKER: Last month, we commissioned a poll of union members here, asking them a range of detailed questions about themselves, their standard of
living and their observations of the Atlantic City
area. The results of this membership poll point up
some important facts.

28.3 percent of our members have lived in
the Atlantic City area since before the first casino
opened in 1978. We have a very diverse membership,
40.3 percent of our members are White, 26.2 percent
Hispanic, 23.7 percent African American and 4.5
percent Asian or Pacific Islander. Thirty percent of
our membership live within Atlantic City proper, and
46 percent of our members are female, many are single
mothers.

Our poll also asked members for their
observations regarding the overall effects of
legalized gambling on the Atlantic City area. This
information is obviously somewhat impressionistic, but
we share a review in order to provide a context for
the more substantive assessment of job quality that
forms the bulk of our presentation.

According to our members, conditions in
Atlantic City have improved since the advent of
legalized gambling, 74.8 percent reported that
gambling had had a positive effect on the area's economy, and 63.4 percent said that it had a positive effect on the quality of life for people who live in the area.

Of course, most of the poll questions asked our members to discuss their own experiences working in the Atlantic City area. When we asked whether their own standard of living had changed since they began working in the Atlantic City casino industry, 72.5 percent said that their standard of living had improved, with 27.8 percent saying that their standard of living had improved very much.

Now we turn to the heart of this presentation, an assessment of job quality in the Atlantic City casino industry, through close examination of data on income, health insurance, pensions and job security. We start with an assessment of real income levels for Atlantic City casino employees in our union's bargaining unit.

For the purpose of this analysis, we chose to focus on two job classifications, cook and housekeeper, also referred to as maid or room
attendant. Cooks are among the highest paid, non-tipped workers in our bargaining unit, and housekeepers are among the lowest. The income levels for most other job classifications fall in the range between these two.

Given that our method for calculating the income does not account for tips and overtime pay, it significantly understates the actual average income of our membership since 1979 to the present.

I refer you to the slides which we have projected unto this screen, and which also appear in the back of your binders, whichever is most convenient for you to view. As you see in slides one, two and three, for union cooks in Atlantic City real income, which is to say income after adjusting for inflation, grew by 115 percent from 1977 to 1996, and for housekeepers, real income grew by 100.4 percent.

By contrast, real income for private, non-supervisory workers in the broad service sector grew by 10.1 percent in the nation and 16 percent in the state of New Jersey for this same period.

In Atlantic City, the largest jump, 109.8
percent for cooks and 71.9 percent for housekeepers,
came right after gambling was legalized and the first
casinos opened in 1978. We also note that since 1989
real income for service workers in the United States
and New Jersey has declined, while real income for
cooks and housekeepers continues to rise.

To make this data less abstract, we also
looked at how the wages of a typical cook or
housekeeper would change from the first day on the job
through seven years of scheduled wage increases from
1990 through 1996. Slides four and five present the
data in constant 1996 dollars. And then, income for
the average service worker declined over virtually the
same period, from 1989 to 1996.

Next, on the subject of health care, as you
can see in slides six through nine, 83 percent of our
members working in Atlantic City casinos were covered
by health insurance in 1996. This family coverage is
entirely paid for by the casino employer, an important
fact for service sector employees who generally cannot
afford to pay for such benefits on their own.

By contrast, 11.5 percent of the service
workers in the United States, and 12.5 percent of such
workers in New Jersey, were covered by health
insurance for which their employer paid the entire
premium.

We note that 60.5 percent of our membership
identified medical benefits as an area in which their
standard of living had improved because of their jobs
in the Atlantic City casino industry. When asked how
important their medical benefits were to themselves or
their families, 62.5 percent said their medical
benefits were absolutely crucial.

Next, we turn to job security. Job security
is more difficult to quantify than income or health
insurance, but in these times of downsizing and
outsourcing it is no less important. According to
data from our pension trust fund the average member
has 6.54 years of service in the industry. According
to our poll results, 45.6 percent of our members have
worked for their current employer, and 60.5 percent
have worked in the industry, for four years or more.
Moreover, 12.5 percent have worked in the industry for
16 or more years.
When asked to compare their own job security to that provided by other jobs in the area, 56.5 percent of our members said that their job security was better than average. We were unable to obtain comparable data for the state or the nation, but we believe these figures are remarkable for an industry which did not exist prior to 1978, particularly, since the service sector has a reputation for high turnover.

In addition, our union has developed a severance fund, as a unique benefit that compliments job security. This employer-funded benefit provides severance payments if and when the employee quits, is terminated or laid off. These benefits can also be collected at retirement. In short, our union severance benefits, like unemployment insurance, lessen the impact of temporary or transitional unemployment and provide some flexibility to individuals and families when they need it most.

Then we looked at pension benefits. Pundits and politicians have lately engage in much public hand wringing over an impending crisis in
Social Security. Although the severity of this crisis, and the motives of the crisis mongers may well be in question, there is no doubt that many Americans fail to or cannot make adequate provisions for retirement.

Our union's retirement benefits are in the form of a defined benefit pension plan, which is entirely paid for by employer contributions. Under this plan, union casino workers in Atlantic City begin earning pension benefits after one year of service, with a minimum of 800 hours work.

As you can see in slides ten and 11, 93.2 percent of our members are currently covered by the pension plan. Although we were unable to obtain current national figures, Labor Department data from 1993, when 94.9 percent of our members were covered, showed 45 percent of the private sector work force covered by pension plans.

Additionally, one study prepared by a major benefits consulting firm reported that as of 1993 only 25 percent of the work force was covered by defined benefit plans, which are becoming increasingly rare in
In addition, according to our poll results, when asked how important their retirement benefits were to themselves or their families, 34 percent said their retirement benefits were absolutely crucial. Now, we've been throwing out a lot of information about the quality of jobs that currently exist in the Atlantic City casino industry, but now we would like to turn for a moment to what our members say would happen if those jobs did not exist. According to our poll results, if there was no legalized gambling in Atlantic City, only 21.7 percent said they would be able to find a comparable or better job in the area, 46.2 percent said they would have to move elsewhere to find work, 11.2 percent said they would probably be out of work for quite a while, 17 percent said they would be able to find a worse job in the Atlantic City area, and if they had to pay for medical insurance out of their own pockets, instead of having medical insurance from their jobs, 48.2 percent said they would be unable to pay for any medical insurance at all, and another 37.2 percent would only
be able to afford insurance that is not as good as
what they have now. If they had no retirement pension
benefits from their jobs, 43.2 percent said they could
never afford to retire.

We were also interested in determining what
effect the union has had on our members' standard of
living. Since we believe that the union has had a
profound effect in this area, we were not surprised to
see that 68.7 percent felt that their standard of
living would be worse without a union contract. But,
we were quite surprised to observe that the areas in
which our members said their standard of living would
become worse were a mirror image of the areas in which
they said their standard of living had improved
because of their jobs in the Atlantic City casino
industry. I refer you to slide 12.

In other words, our members believe that
the specific standard of living improvements they
associated with their jobs in the casino industry
would be undermined if they did not have a union
contract.

Before concluding, we would like to address
the argument that supporters of gambling place too much importance on the industry's ability to create jobs. Gambling opponents say that the industry's defenders incorrectly assert that the local economy has no other means to create jobs, when, in fact, other means could be pursued. We wonder what other industry could have generated 30,000 high-quality jobs in this area over a period of five years, however, one need only look at the current example of Bridgeport, Connecticut for evidence that under some circumstances casino development is apparently the only available source of job creation.

Situated in Fairfield County, one of the wealthiest counties in the nation, Bridgeport lost 70 percent of its manufacturing jobs between 1970 and 1995. The city declared bankruptcy in 1991. And, it's mostly minority population is beset with among the highest unemployment rates in Connecticut.

More than 80 percent of the residents of Bridgeport voted in the 1995 referendum to permit the development of a single casino. The project was ultimately defeated as a result of strong opposition.
from Fairfield County residents.

Today, Bridgeport remains in an economic quagmire. Gambling opponents are here to impart that negative social costs of gambling outweigh the job benefits. However, such an argument seems to overlook the social costs of chronic unemployment, such as increased crime and broken families.

If gambling opponents are going to defeat casino gambling in a town such as Bridgeport, we would argue that they have an obligation to come up with a viable alternative. In our view, they would be hard pressed to do so in Bridgeport, and just as hard pressed to have done so here in Atlantic City.

For employment-based arguments about the impacts of gambling, our union would shift the focus from the quantity of jobs to the quality of jobs created. This applies to arguments put forward by proponents and opponents of gambling.

We specifically recommend assessing income, health insurance, pension and job security. Again, in Atlantic City we found that from 1977 through 1996 real income for typical casino workers rose
dramatically in comparison to real income for service workers in the United States and New Jersey. Eighty-three percent of our members working in Atlantic City casinos were covered by family health insurance in 1996. By contrast, for U.S. and New Jersey service workers just over half that percentage were covered.

For 1993, the most recent year for which comparative data was available, 94.9 percent of our members were earning pension benefits, while just 45 percent of the private sector work force was covered by pension plans.

For the gaming industry in Atlantic City, we see high-quality jobs, jobs that are lifting people into the middle class, jobs that provide for healthy families and secure retirement, jobs, in short, that provide for a future.

Conversely, income inequality in America continues unabated, despite the economic recovery. The U.S. median family income is less today than it was in 1989. Atlantic City casino jobs are part of the solution, not part of the problem.

But, you don't need all these facts and
figures to arrive at that conclusion, just listen to
some of these casino workers seated here with me this
afternoon.

    MR. McDEVITT: I'd like to introduce them
to you prior to their speaking, so we don't have to go
through this again.

    We have William Lee, a gourmet food server,
Edmundo Velasquez, a kitchen utility worker, Devon
Brenner, a food server, Taria Manns, cocktail server
and way in the wings is Jerry Breedon, a bartender.

    MR. LEE: Good afternoon, my name is
William Lee, and I work as a gourmet server at Resorts
Hotel Casino in Atlantic City. I also serve as a shop
steward for Local 54.

    I feel that it is very important that this
Commission take a good look at the many positives of
the gaming industry, an industry that we, the voters
of New Jersey, selected by way of referendum.

    I have heard many of my co-workers over the
tears tell me that without casino gaming they would
not be living in this area. I have met many people
who live here, and who have lived here during the down