

## Study: Racinos create mostly low-paying jobs while depressing area incomes

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(PhysOrg.com) -- While more states are tapping into the growing popularity of racinos as a means to augment budgets or create college scholarship programs, such facilities add lower paying jobs that depress local salaries, says a new study from Ball State University.

A study of West Virginian racinos — horse and dog racing facilities that added casino games — during 1978-2004 found that counties with such operations realized a one-time 1.1 percent increase in employment while the average salary in that area fell by as much as 2.9 percent due to the addition of a large number of low-paying jobs.

The study, which is featured in the current issue of "The Journal of Economics," also found the average annual salary of a racino employee is less than \$14,000. This was near minimum wage at the time of the study.

"Racinos have recently encountered considerable scrutiny from policy makers," said the study's author Michael Hicks, director of Ball State's Center for Business and Economic Research (CBER). "There is enthusiasm for the immediate growth of jobs when gaming is added to a track. The drawback is that the average salary in that area actually falls because such new jobs require little or no formal training, and workers are easily replaceable. These new jobs pay little to nothing."

Racinos have emerged as a new focus of mixed venue gaming facilities in six states while there are efforts to permit this type of facility in at

least six additional states. In some cases, the casino games are limited to slot machines or video lottery terminals (VLTs) only. Many locations are also beginning to include table games such as blackjack, poker and roulette.

Hicks points out opponents of gaming argue that access to racing and casino gaming mixes some of the more damaging forms of gambling, while proponents point to studies showing that mixed tourism venues generate the greatest regional impact.

His study found that West Virginia has four racinos with each located near larger out-of-state metro areas or near multistate borders. The racinos bring in \$880 million of annual revenues — mostly from out-of-state visitors — while employing 4,400 workers and annually generating \$327 million in business taxes. West Virginia ranks fourth in the share of total general revenue funds contributed by gaming.

Like many states, West Virginia finances a variety of services from taxing gaming facilities, including computers in K-12 school classrooms, college scholarships, economic development bonds and programs for senior citizens.

"The widespread attachment of gaming revenues to services in many states was designed to lessen opposition to gambling activities," Hicks said. "However, the study clearly shows that policy makers in all states should consider the policy initiatives when considering adding gaming to racing tracks. In other words, what are the costs of adding more low-paying jobs while propping up the state budget or funding other programs?"

Provided by Ball State University

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