

Attachment: ECONorthwest's Answers to Client Questions

Why does your report show 514 employees when we assumed there would be 384? There are three reasons for the difference. First, the economic impact model counts all employees including those in salaried management positions. We understand there will be 18 such positions at the casino. Secondly, when doing the analysis of ancillary businesses, we calculated the number of child care and gift shop employees. These were missing from your initial estimates. Finally, using the ECONorthwest model to forecast the sales volume of the buffet and arcade, we arrived at different employee counts than you had.

For the buffet, in particular, we feel that you will need many more employees than you first suggested. A typical lunch and dinner buffet restaurant, such as Old Country Buffet, has 70 employees with sales around \$2.4 million. Your buffet will operate more hours, including weekday breakfast, and have sales around \$7 million a year. In addition, you will have 24-hour free beverage service and a small lounge. We estimate, based on comparisons with commercial stand-alone buffets, you will need at least 187 food and beverage service employees in Hood River. This and other changes we made to the employee count are shown in Table One.

Table 1: Change in Employee Totals by Function

Job Function	Warm Springs' Estimate	Change by ECONorthwest	New Total
Human Resources	6	-	6
Salaried Management	18	-	18
Accounting	9	-	9
Marketing	4	-	4
Cage	22	-	22
Soft Count	8	-	8
Security	26	-	26
Surveillance	16	-	16
Facilities	33	-	33
Slots	60	-	60
Arcade	3	1	4
Food & Beverage	94	93	187
Table Games	75	-	75
Poker	28	-	28
Child Care	-	12	12
Gift Shop	-	6	6
Total	402	112	514

What kind of scale of pay are involved? How much the Hood River casino pays will depend on market conditions and their own policies. In Oregon, casinos hire the vast majority of their workers locally because there is usually no reason to employ people who live more than 30 or 40 minutes away. For many of the positions, there is a ready local workforce. Some jobs, such as dealers and auditors, require specialized training. To get these workers, Oregon casinos usually train local individuals who have many of the basic math and interpersonal skills for the job.

Table 2 shows ECONorthwest's estimates of casino employment for the year 1996 in Oregon. The data are based on calculations made from published statistics from the Oregon Employment Department. The Employment Department combines casinos with data for miscellaneous amusement and recreation businesses (SIC 7999¹). They refuse to separate out casino data for confidentiality reasons as there are too few casinos in the State. However, using a statistical technique, ECONorthwest was able to make the separation and cross-checked the results with other sources.

Table 2: 1996 Oregon Casino Employment Estimates

Employment Data	1996 Estimate
Number of Casinos	6
Average Employment	2,483
Total Payroll	\$43,129,377
Avg. Annual Payroll	\$17,371
Avg. Weekly Wages	\$334.06

In 1996, we estimate that the average casino employee earned at least \$334.06 a week. Casino employees include a wide range of jobs such as management, restaurant, arcade, housekeeping, security, stage, casino floor, valet parking, and back office workers.

Gratuities constitute a large share of the total compensation of casino employees. The State's data include only a portion of the tips earned (usually just for restaurant workers). Gratuities are not generally reflected in the payroll stubs for valet parking, coat check, dealers, and other casino floor personnel. On average, over half of all casino employees earn substantial amounts of gratuities.

¹ SIC means Standard Industrial Codes. It is a method used by economists to classify businesses, government agencies, and non-profit entities according to the products or services they provide. The code 7999 is a catch-all category for the broader, two-digit, industry (SIC 79) which is called Amusement & Recreational Services. Oregon includes casinos in 7999 along with ski rental shops, charter fishing boat services, martial arts instruction, windsurfing businesses, gun clubs, riding stables, and a host of other miscellaneous recreation businesses.

Employees are required to estimate tips on the income tax forms, but this information is not publicly available. Therefore, ECONorthwest could not determine the size of tips unreported to the Oregon Employment Department. The earnings data in Table 2 understates the actual average for the year.

Table 3 is a list of the 20 largest employers of Hood River County residents by two-digit SIC codes for 1996. The data come from the Oregon Employment Department and are ranked according to their average weekly wage. Within Table 3 we inserted the statewide wage of casino workers. As can be seen, casino wages rank in the exact center as ten industries in Hood River County paid lower wages and ten paid higher. We note, however, that the casino pay in Table 3 understates actual compensation because it excludes a substantial portion of the gratuities earned by workers.

Table 3: The 20 Largest Employers of Hood River County Residents in 1996 by Industry and the Average Weekly Wages They Paid

SIC Code	Industry Description	Average Employment	Avg. Weekly Wage
48	Communications utilities	400	\$702.87
24	Lumber & wood products	340	517.49
20	Food manufacturing	171	470.03
-	Local government	970	466.26
17	Special construction trade contractors	190	461.64
50	Wholesale, durable goods	222	431.29
80	Health services	553	428.66
51	Wholesale, non-durable goods	366	406.12
07	Agricultural services	269	369.36
39	Miscellaneous manufacturing industries	322	364.53
-	<i>Statewide casino average</i>	-	<i>334.06</i>
55	Auto dealers & services	211	356.58
73	Business services	218	293.66
83	Social services	235	275.95
54	Food stores	333	275.49
01	Agriculture - crop production	1,092	245.91
99	Nonclassifiable	191	245.68
59	Miscellaneous retail	198	225.37
70	Hotels & other lodging	338	215.98
79	Amusement & recreation	383	206.48
58	Restaurants & bars	663	166.22

The Oregon Employment Department publishes average wage information for job seekers on its occupational information center website. Table 4 is a list of wage rates from that source. Wages reflect amounts paid or offered during 1996 through mid-1997. “Wages are expressed in terms of annual averages only. In many cases, the reported wage or salary is not all of the employee’s compensation. Other forms of compensation such as tips, commissions, overtime pay, profit sharing, housing, insurance, and other fringe benefits are not reflected in the occupational wage data.”²

Table 4: Casino Occupational Average Wage Information

Casino Occupation	1996-97 Annual Wage
Blackjack Dealer	\$12,952
Craps Dealers	\$12,952
Keno Writers	\$13,724
Race Book Writers	\$13,724
Other Gaming Workers	\$17,603
Other Dealers	\$18,897
Casino Cage Cashiers	\$21,253
Currency Counting Clerks	\$21,253
Gaming Change Persons	\$21,253
Box Tenders, Dice	\$26,309
Gaming Supervisors	\$26,309
Slot Key Persons	\$26,309
Slot Machine Repairer	\$40,671
General Managers	\$69,980

Source: Oregon Employment Department

What kinds of behavioral crimes have gone up faster in casino counties than in the rest of Oregon? Our report notes that behavioral crimes other than driving under the influence (DUII)³ and drug offenses increased significantly in the casino counties. The report lumped these miscellaneous behavioral crimes together because we needed eight years of data to do a statistical significance test and we did not have that many years of data for these crimes broken down into their component categories. In addition, other than DUII and drug crimes, most of the other behavioral crimes are minor offenses that don’t appear to have any logical connection to casinos.

² From the Oregon Employment Department’s Occupational Information Center Internet website entitled http://olmis.emp.state.or.us/owa_usr/owa/olmis_query.more.occ.

³ Drunk driving and driving under the influence of narcotics.

We were able to get data from the Oregon State Police showing the breakdown behavioral crimes for 1993 to 1996. They data are shown in Table 5 for casino and non-casino counties. Weapon offenses in non-casino counties went up at a rate that was twice as in casino counties. Likewise, the percent changes in DUII, drug crimes, crimes against families (non-violent), and disorderly conduct were far worse in non-casino counties.

Some crimes went up faster in casino counties. There were 72 more prostitution offenses in casino counties in 1995 and 1996 as compared to 1993 and 1994. In non-casino counties there were 30 fewer offenses. Liquor law crimes, which is mostly alcohol possession by minors, furnishing alcoholic beverages to minors, and drinking in public, went up 705 in casino counties, but fell 1,019 elsewhere in Oregon. Since minors cannot gamble and alcoholic beverages are not freely dispensed at casinos, we suspect that the difference is a coincidence and not a cause and effect. Similarly, a big difference in the number of runaway juvenile offenses occurred and we know of no clear connection of that crime to casinos. Curfew and “all other” offenses rose at a faster rate in casino counties as well. The “all other” category is composed of mostly minor behavioral crimes such as unlicensed dogs, trespassing, and driving without insurance.

Table 5: Change in Behavior Crimes by Type in Casino and Non-Casino Counties

Behavioral Criminal Offense	Casino Counties			Non-Casino Counties		
	1993-1994	1995-1996	Change	1993-1994	1995-1996	Change
Weapons	1,372	1,412	+40	7,165	7,572	+407
Prostitution	26	98	+72	1,601	1,571	-30
Drug	4,310	4,615	+305	25,133	32,237	+7,104
Gambling	3	6	+3	38	66	+28
Crimes Against Families	967	1,138	+171	3,083	3,809	+726
DUII	8,446	7,837	-609	35,149	36,389	+1,240
Liquor Laws	4,172	4,877	+705	19,668	18,649	-1,019
Disorderly Conduct	8,109	6,726	-1,383	32,662	28,662	-4,000
All Other	20,010	23,896	+3,886	68,348	75,472	+7,124
Curfew	2,470	3,230	+760	9,997	11,439	+1,442
Runaway Juveniles	4,454	5,217	+763	25,388	23,966	-1,422
TOTAL	52,246	59,052	+6,806	228,232	239,832	+11,600

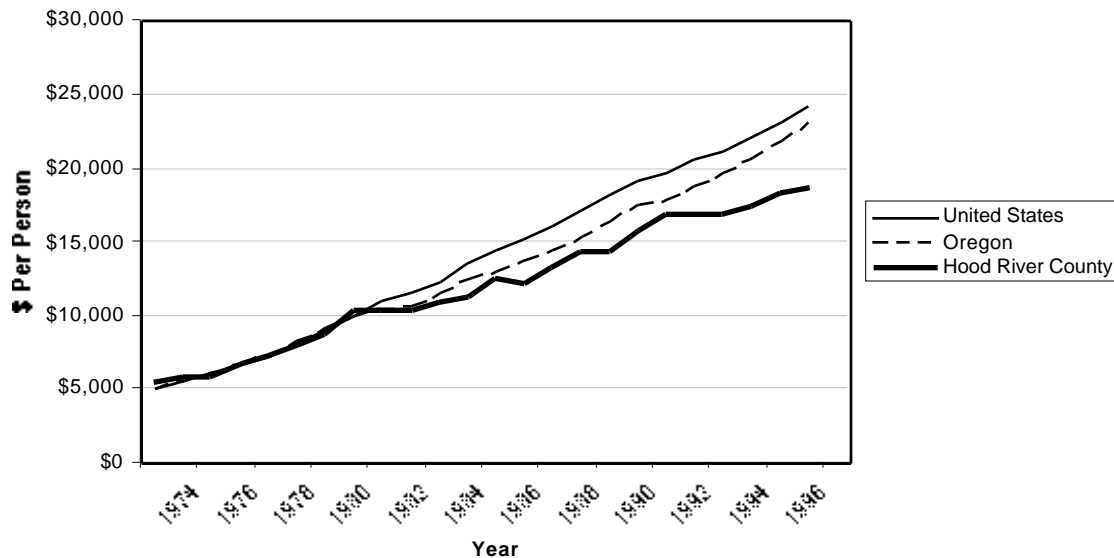
Source: Oregon State Police Report of Criminal Offenses and Arrests

What does it cost Hood River County now to treat pathological gamblers? We spent a great deal of time on the pathological gambling issue only to be frustrated by the lack of data. A resident of Hood River County can seek help through public sources, but can also get assistance through Gamblers Anonymous, a clinic that specializes in addiction problems, or a private therapist. We know, through calling the problem gambling hot line, that if a Hood River resident sought treatment the first thing they will be told is that money is not an issue.

Since treatment is a confidential personal health issue and is often handled through programs that deal with alcoholics, we were unable to find out how much is spent on the treatment of pathological gamblers in Hood River County. We suspect that residents who seek treatment may be going to neighboring counties for counseling.

How does Hood River County's personal income trend compare to Oregon and the United States? Personal income consists of wages and other earnings people make from their jobs plus other common sources of income like dividends, interest, pensions, and social security benefits. Figure 1 shows how much personal income the average individual earned each year from 1972 to 1996 (the most current year Government statistics are available for). We see that incomes for residents of Hood River County were about the same as those for Oregon and the United States as a whole. Since 1980, however, Hood River County has lagged far behind the US and Oregon.

Figure 1: Per Capita Personal Income in the US, Oregon and Hood River County, 1972 to 1996



Back in 1980, people living in Hood River County earned more in personal income than the average Oregonian (\$10,250 versus \$9,968). In fact, Hood River County residents made more money than the average American that year. As we can see from Table 6, per capita personal incomes have grown 140 percent for the average American between 1980 and 1996. This is eight percent better than the average Oregonian. In the last few years, however, incomes in Oregon have been growing faster than the rest of the country.

The personal incomes of Hood River County residents rose only 82 percent over the 1980 to 1996 time period. During that same period the cost of living⁴ went up 90 percent. That means the average person in Hood River County has seen their living expenses rise much faster than their income. What's worse, the gap between Hood River County incomes and the country, which began in the early 80's, has widened in the 1990's. Without a significant economic stimulus, the County will be unable to close this gap.

Table 6: Change in Per Capita Personal Income and the Cost of Living in the US, Oregon, and Hood River County, 1980 to 1996

	1980	1996	Change
United States	\$10,062	\$24,169	140%
Oregon	9,968	23,111	132%
Hood River County	10,250	18,606	82%
Cost of Living Index	100.0	190.4	90%

Source: US Bureau of Economic Analysis

⁴ We used the consumer price index from the US Bureau of Labor Statistics and indexed it to 1980 equaling 100. The price index is widely recognized as a measure of the cost of living and inflation.