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# MILWAUKEE ECONOMIC IMPACT STUDY

## BRIEFING PAPER

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### Sponsored By:

City of Milwaukee – Community and Economic Development Committee  
Forest County Potawatomi Community  
Greater Milwaukee Committee  
Hispanic Chamber of Commerce of Wisconsin  
Milwaukee Urban League  
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VISIT Milwaukee

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<i>Source: The Economic Impact on the city and county of Milwaukee of Building a Casino in Kenosha. Evans, Carroll &amp; Associates (February 2005)</i>
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## **OVERVIEW**

The economic loss to the Milwaukee area could climb as high as \$1 billion through the loss of jobs, tourism and local government revenue if the proposed off-reservation casino in Kenosha is built. Milwaukee's minority communities would be the hardest hit by these negative economic consequences.

The Mohegan Tribe of Connecticut, the Menominee Indian Tribe of Wisconsin and a Kenosha developer have filed an application with the federal government to construct an \$808 million off-reservation casino and entertainment complex on 230 acres in Kenosha, Wisconsin. Located approximately 30 miles from Milwaukee along the Interstate 94 corridor, the project will have 3,100 slot machines and 75 table games, include a variety of restaurants, conference and meeting facilities, a 5,000 seat events hall, 50,000 square feet of retail space and a 400 room full service hotel. Promoters say the complex will attract about 4.9 million visitors annually, with a large percentage coming from Milwaukee and the greater southeastern Wisconsin area. A decision by the federal Bureau of Indian Affairs and the State of Wisconsin is expected by late 2005.

Milwaukee Common Council's Community and Economic Development committee called for the study. The Hispanic Chamber of Commerce of Wisconsin, the Milwaukee Urban League, VisitMilwaukee, Metropolitan Milwaukee Association of Commerce the Greater Milwaukee Committee and the Forest County Potawatomi Community, sponsored the study of the proposed off-reservation Kenosha casino's economic impact on Milwaukee. The study was conducted by Dr. Michael Evans, Chief Economist and Chairman of Evans, Carroll & Associates of Boca Raton, Florida.

Dr. Evans' study concludes that the construction of the casino in Kenosha will cause Milwaukee to lose about 2,000 existing jobs and the potential to create approximately 10,000 additional jobs. The existing jobs that would be lost are caused by a 33% reduction in casino patronage at Milwaukee's Potawatomi Bingo Casino and the resulting ripple effect on the area's economy.

The potential 10,000 job loss figure accounts for a Kenosha casino jeopardizing the planned expansion of the existing casino in the Menomonee Valley and any proposals to relocate the Milwaukee casino downtown.

The study also concludes that there would be an \$8.1 million loss in annual revenue for Milwaukee-area businesses from a one-third reduction in out-of-state casino visitors. Furthermore, based on Dr. Evans' prediction of a 33% reduction in Potawatomi Bingo Casino business, the City and County of Milwaukee stand to lose about \$2.5 million annually from their revenue sharing agreement with the Forest County Potawatomi Tribe.

Another significant finding of the study is that Milwaukee's minority communities would be especially impacted. This finding is based on the hospitality industry (hotels, casinos and restaurants) employing a disproportionately high percentage of minorities compared to other industries, and the fact that Milwaukee is home to the largest minority population in Wisconsin.

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## **NEGATIVE IMPACT ON THE MILWAUKEE ECONOMY**

The direct result of the proposed off-reservation Kenosha casino would be a significant decline in visitors to the Potawatomi Bingo Casino. The *Milwaukee Economic Impact Study* concludes that **patronage at the Milwaukee casino would decline by approximately 33%**. This decrease, in conjunction with the resulting impact on the casino's vendors and ancillary businesses would lead to a decline in the economic health of Milwaukee in a number of areas, including: employment, tourism and revenue sharing with local governments.

The total economic loss in Milwaukee County could climb as high as \$1 billion. That decline would stem from the direct, indirect and induced impact to major business sectors, such as manufacturing, construction, hotels and restaurants.

### **Employment**

The study defines job losses in three categories: **Direct jobs** – those jobs lost at the Milwaukee casino and its ancillary service facilities, including restaurants and gift shops, **i.e., casino cashiers, dealers and housekeeping employees**. Additional **direct job losses** would occur because of reduced payments to the city and county; a decline in charitable contributions; and, reduced capital expenditures at the Milwaukee casino. **Indirect jobs** – those jobs lost because of the decline in business activity at the Milwaukee casino and hence the reduced purchases of goods and services, **i.e., uniforms, banking services and food & beverage products**. **Induced jobs** – those jobs lost because of reduced spending in household purchases due to reduced incomes, **i.e., day care services, home mortgages and automobiles**.

Study calculations conclude that the 33% decline in Milwaukee casino patronage will result in the **loss of 2,059 total jobs – 1,125 direct jobs and an additional 933 indirect and induced jobs**. This means the **loss of roughly \$67 million in income** for Milwaukee families.

Though significant, these job loss numbers are considerably lower than the total number of potential jobs that will be jeopardized in Milwaukee if the proposed off-reservation Kenosha casino is constructed.

Last year, the Potawatomi tribe announced plans for a \$240 million expansion of its existing casino facilities. The *Milwaukee Economic Impact Study* states that this planned expansion would result in the creation of **3,850 total jobs (2,692 direct jobs and an additional 1,158 indirect and induced jobs)**. The study concludes that the proposed off-reservation Kenosha casino jeopardizes the planned \$240 million expansion and resulting jobs. The addition of 3,850 jobs in Milwaukee equals about \$94 million in labor income.

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Some Milwaukee community and business leaders have been exploring the possibility of relocating the Potawatomi Bingo Casino to downtown Milwaukee. Such a move could include construction of hotel and parking facilities and would coincide with expansion of the convention center and further development on the former Menomonee Valley casino site, as outlined in a report by Evans, Carroll & Associates entitled *The Economic Impact of Expanding the Potawatomi Indian Gaming Casino Downtown Compared to Keeping it in the Menomonee Valley* (November 2003).

Dr. Evans' concludes that a downtown casino would lead to the creation of 6,055 total jobs (3,081 direct and 2,974 indirect and induced jobs). Dr. Evans' concludes that the proposals for a downtown Milwaukee casino and the resulting job creation are jeopardized by the off-reservation Kenosha casino proposal. Adding 6,055 jobs in Milwaukee would mean an additional \$208 million in income for Milwaukee families.

Summary calculations of total Milwaukee job losses are alarming. The effect of the proposed off-reservation Kenosha casino could mean the elimination of **just under 12,000 existing or potential jobs for Milwaukee.**

**Loss in Employment if Kenosha Casino is built and no expansion of existing casino  
in either the Menomonee Valley or Downtown Milwaukee  
(Unit Value: # Jobs)**

<b>Industry</b>	<b>Reduced Milwaukee casino activities</b>	<b>Milwaukee casino does not expand in the Menomonee Valley</b>	<b>Milwaukee casino does not move Downtown</b>	<b>Total</b>
Agriculture	3	4	8	15
Construction	432	24	623	1078
Nondurable Mfg	18	24	60	102
Durable Mfg	94	41	1115	1251
Transport, Com, Utilities	45	72	141	258
Wholesale Trade	47	40	187	274
Other Retail	113	145	152	410
General Merchandise	111	135	502	747
Restaurants	244	826	1174	2244
Financial Services	63	105	183	350
Hotels And Casinos	360	1593	291	2244
Personal Services	15	25	45	85
Business Services	99	180	391	669
All Other	329	580	822	1732
Entertainment Services	20	31	298	349
Social Services	68	28	63	159
<b>Total</b>	<b>2059</b>	<b>3850</b>	<b>6055</b>	<b>11964</b>

*Source: The Economic Impact on the city and county of Milwaukee of Building a Casino in Kenosha, Evans, Carroll & Associates*

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## **Tourism**

The study estimates that approximately 5.5 million people visit the Milwaukee casino each year. A large portion of these visitors are tourists to Milwaukee. In addition to the numerous Wisconsin visitors from outside of Milwaukee County, approximately 20%, or 1.1 million, of Potawatomi Bingo Casino visitors are from out-of-state.

The estimated 1.1 million out-of-state tourists bring an influx of revenue for area hotels, restaurants and other businesses. Dr. Evans' estimates that, on average, day visitors to Milwaukee spend \$32 per day on food, retail shopping and additional purchases; \$22 of which is spent outside of the casino facilities. This means the estimated 1.1 million out-of-state visitors spent roughly \$24.2 million on outside hotels, restaurants and other businesses (\$22 times 1.1 million visitors). Considering that the proposed off-reservation Kenosha casino is expected to reduce the number of visitors coming to the Milwaukee casino by 33%, a one-third loss of out-of-state visitor spending calculates into a loss of nearly \$8.1 million for Milwaukee businesses.

## **Government Revenues**

The repercussions of the proposed off-reservation Kenosha casino also extend to government budgets. Currently, the City and County of Milwaukee have a revenue sharing agreement with the Forest County Potawatomi Community. In 2004, the city and county each received \$3.86 million dollars in payments based on the casino's gross revenues. Thus, a 33% reduction in casino revenue caused by construction of the proposed Kenosha casino would lead to a proportionate cut in payments to the City and County of Milwaukee by one-third, or an estimated \$1.27 million. To compensate for the resulting budget shortfalls, the City and County of Milwaukee would need to either reduce services or raise property taxes.

In addition to reduced payments to the City and County of Milwaukee, reduced casino revenues would also mean a reduction in payments to state government. In 2004, the State of Wisconsin received a fixed amount of \$40.5 million from the Forest County Potawatomi Community and is scheduled to receive a similar fixed amount payment in 2005. Beginning in 2006, payments to the state will be calculated as a percentage of the casino's gross revenues, which would be reduced by 33% if the proposed off-reservation Kenosha casino is built.

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## **NEGATIVE IMPACT ON MILWAUKEE'S MINORITY COMMUNITIES**

Construction of the proposed off-reservation Kenosha casino and the resulting reduction in employment, tourism and government revenue would impact all Milwaukee citizens. However, minority communities would be disproportionately affected.

Milwaukee's hotel and casino industry employs the highest percentage of minority workers of any industry in Milwaukee County. Minority employees comprise approximately 54% of the Milwaukee casino workforce. The adverse impact on Milwaukee minority communities is accentuated by the high percentage of minorities that reside in the Milwaukee area when compared to the rest of the state. Milwaukee County is home to over 50% of the total minority population of Wisconsin. These statistics suggest that Milwaukee's minority communities would be especially hard hit and the impact of lost jobs has greater implications for these populations.

Milwaukee participates in the federal Community Development Block Grant (CDBG) program which provides over \$30 million of federal funds for programs in 18 targeted Milwaukee neighborhoods. These CDGB targeted areas are home to large concentrations of minority residents who are heavily affected by poverty and unemployment. According to U.S. Census Bureau estimates, approximately 30% of all Wisconsin residents living in poverty reside within Milwaukee County. In addition, the median household income of Milwaukee County residents is 15% lower than the state average. The loss of thousands of jobs predicted by the *Milwaukee Economic Impact Study* would be especially devastating to these populations since over 40% of the Milwaukee casino's current employees reside within the CDBG targeted areas.

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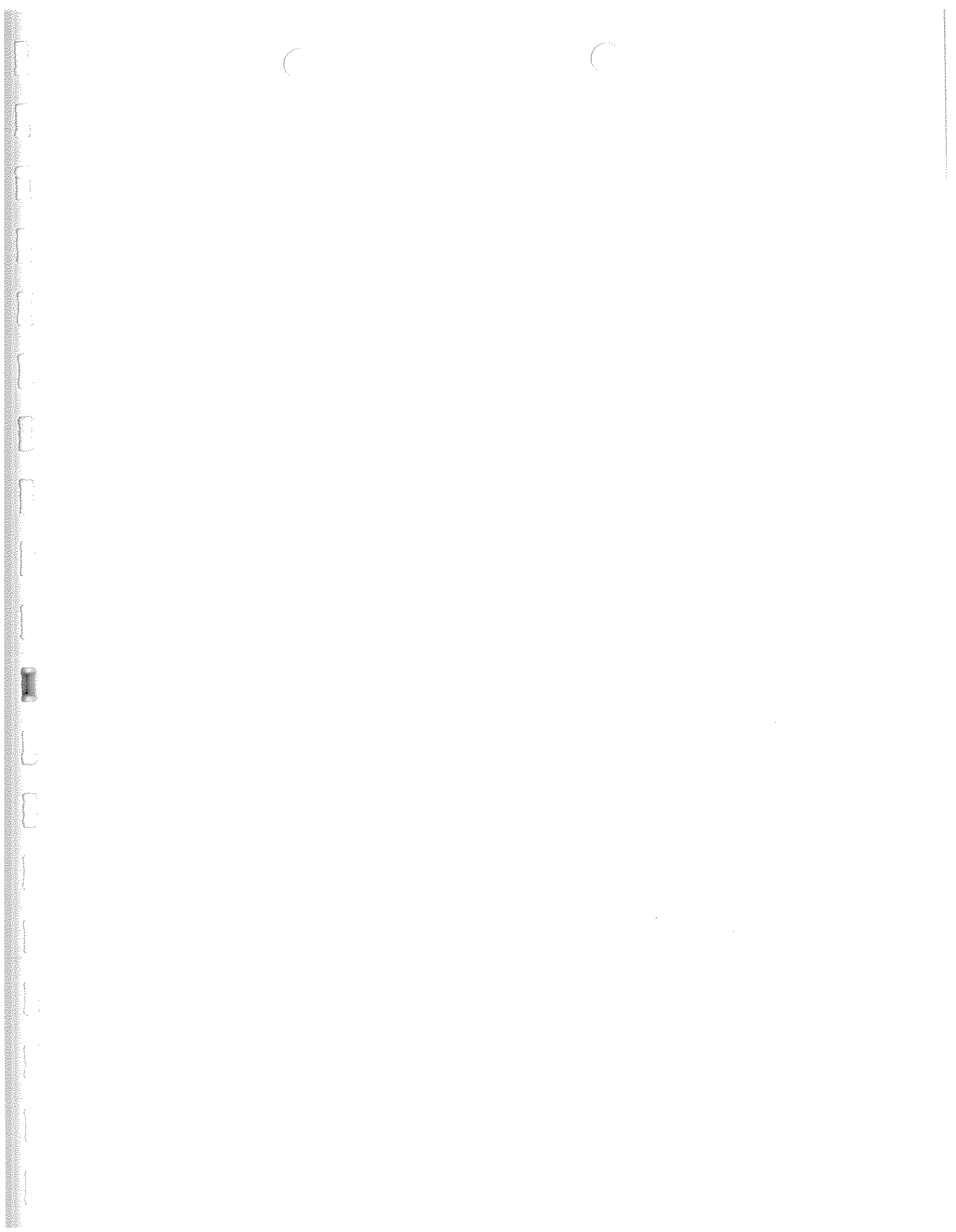
## **CONCLUSION: A NEED TO PROTECT MILWAUKEE**

The construction of an off-reservation casino in Kenosha would have a devastating impact on Milwaukee's job market, business enterprises and local governments. The results presented in the *Milwaukee Economic Impact Study* are staggering:

- The loss of 2,000 jobs and the potential to create 10,000 more
- \$8.1 million in out-of-state tourism business lost
- \$2.5 million less in revenue to the City and County of Milwaukee
- The most economically vulnerable segments of the population will be the most impacted.

The study reveals an urgent need for Milwaukee to protect itself from the negative economic consequences of the proposed off-reservation Kenosha casino.





**The Economic Impact on the City and County  
of Milwaukee of Building a Casino in Kenosha**

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**February, 2005**

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## Executive Summary

Milwaukee County would suffer a decline of 11,964 employees, a loss in output of \$954 million, and a loss in labor income of \$370 million if the Kenosha casino gaming and entertainment complex is built, the Milwaukee casino is not renovated and does not expand in the Menomonee Valley, and no revitalization occurs in downtown Milwaukee. Table A shows the combined impacts on employment, output, and labor income resulting from a proposed Kenosha casino and subsequent lack of changes in Milwaukee.

Table A shows there would be a direct loss of 1,125 jobs at the casino if it were to face the 33% decline in net revenues projected if the proposed casino was built in Kenosha. Note, however, this is only a very small proportion of the total job loss. The negative economic impact of failure to expand the casino in either location, and revitalize part of downtown Milwaukee, would be even more serious, accounting for an overall loss of almost 7,000 direct jobs, before multipliers are taken into account. These losses would also generate an additional decline of over 2,300 indirect jobs – those jobs lost because of the decline in business activity and hence the reduced purchases of goods and services – and over 2,700 induced jobs, since households would purchase less because of their reduced incomes.

The loss of output in Milwaukee County would reach almost \$1 billion. About half of that decline would stem from the direct loss of jobs, with the other half more or less evenly divided between the loss in indirect and induced output. Accompanying these losses, labor income would fall by \$370 million, divided into approximately the same proportions as the loss of output.

Table A. Loss of Employment, Output, and Labor Income: Summary Results

	Reduced Casino Activities	No Expansion in Current Location	No Expansion Downtown or New Facilities	Total
<b>Loss of Employment</b>	(number)			
Direct	1125	2692	3081	6898
Indirect	438	472	1449	2359
Induced	495	686	1525	2706
Total	2059	3850	6055	11964
<b>Loss of Output</b>	(million \$)			
Direct	86.2	128.0	282.3	496.5
Indirect	43.8	42.9	162.2	248.9
Induced	38.2	52.9	117.6	208.7
Total	168.2	223.8	562.1	954.1
<b>Loss of Labor Income</b>	(million \$)			
Direct	33.6	54.0	97.6	185.2
Indirect	17.6	17.8	61.4	96.8
Induced	16.1	22.3	49.6	88.0
Total	67.3	94.0	208.7	370.0

Minority group employment would be especially hard hit. Estimated job losses by minority category would be as follows:

- 1) 2,721 for African-Americans, representing 22.8% of the total job loss.
- 2) 1,262 for Hispanics, representing 10.6% of the total job loss.
- 3) 290 for Asians, representing 2.4% of the total job loss.
- 4) 356 for Indian nation employees and other minorities, representing 3.0% of the total job loss. This represents 7.5% of total employment in this minority group.
- 5) Total minority group employment would decline by 4,629, or 38.7% of the total reduction in employment.

## 1. Introduction

In June 2004, the Menominee Indian Nation, the Mohegan Connecticut Tribe and a Kenosha developer submitted plans to the governments of Kenosha city and county to construct an \$808 million casino and entertainment complex in Kenosha, Wisconsin. The casino is projected to have approximately 3,100 slot machines and 75 tables, housed in a 116,100 square foot facility. It will include a buffet, steakhouse restaurant, coffee shop, Latin American cuisine restaurant, Asian cuisine restaurant, entertainment lounge, restaurant lounge, sports bar, and VIP lounge. A 5,000 seat events hall would be built, in addition to 49,400 square feet of retail space. A 400 room full service hotel with 45,300 square feet of meeting space will be added, with spa, health club, salon, business center and indoor pool. The complex will also house a coffee shop and a night club. Promoters say the complex is likely to attract about 4.9 million visitors annually.

If such a casino were constructed, it would have serious negative implications for employment at the Potawatomi casino in Milwaukee, and for overall and minority employment in Milwaukee County. This study calculates the number of jobs that would be lost, and proceeds as follows.

1. A county-by-county analysis is used to determine the loss of patrons at the existing Milwaukee casino, and the decline in revenue that would occur from this loss of patronage. Proportional declines would also occur in revenue and employment for ancillary services at the casino: food and beverages, retail stores, and entertainment services.
2. While some direct costs associated with reduced patronage would decline, many of the casino costs are fixed, and some would increase. In particular, the casino would incur a substantial increase in marketing and advertising costs. Hence its retained earnings would decline by a substantially greater percentage than the loss in net income from casino winnings.
3. Direct job losses would occur in the casino and its ancillary service facilities, including restaurants and gift shops. In addition, the decline in casino revenues would cause

additional direct job losses in Milwaukee County because of reduced payments to the city and county, a decline in charitable contributions, and reduced capital expenditures stemming from lower cash flow.

4. The IMPLAN model is used to determine the indirect and induced job losses in Milwaukee County by individual sector from these direct losses.

5. Plans had previously been announced to expand the Milwaukee casino. If a Kenosha casino is built, it may be determined that an expanded casino in Milwaukee is not justified. The additional jobs at the casino and ancillary services generated by the expansion would be lost if the Kenosha casino and entertainment complex were built. These additional jobs are calculated, and the IMPLAN model is used to determine the increase of indirect and induced jobs generated by this expansion, indicating the loss of jobs if the existing Milwaukee casino did not expand.

6. The expansion of the casino could occur in downtown Milwaukee, in which case the existing Potawatomi land could be used for industrial development. Both of those moves would create additional jobs. The direct, indirect, and induced jobs from these changes are also calculated using the IMPLAN model. The results show the additional loss of economic activity in Milwaukee County if the casino were not expanded downtown, and if the related ancillary facilities were not built.

7. Because of the relatively large proportion of minority group employees at both the casino and in service occupations in Milwaukee, these groups would suffer disproportionately large job losses.

8. The earlier decision to restrict the Milwaukee casino has enticed other parties to build casinos in Southeastern Wisconsin and Northeastern Illinois, and it may be difficult to reverse these plans that are already underway. Vigorous action is needed to stem the substantial Milwaukee city and county job losses that would otherwise occur.

## 2. Per Capita Casino Gaming Revenue By State

Before the signing of the recent compact with the State of Wisconsin, the Milwaukee casino had approximately 1,000 slot machines and 25 tables. Since the signing of the compact, that number has increased to 1,532 machines and 43 tables. Based on the likely amount of casino patronage based on the population in Milwaukee and surrounding areas, those figures would have increased further, as explained in this report. An increase to 2,500 machines could occur based on the existing casino patronage base, with a potential increase to approximately 4,000 machines and 100 tables.

We do not know what decisions will be made about the renovation or expansion of the existing casino, or whether the casino would be rebuilt in downtown Milwaukee. Hence the results presented in this study are divided into three sections.

1. The decline in employment if the Kenosha casino were built but no other changes occurred.
2. The jobs lost if the Milwaukee casino were not renovated in its current location.
3. The additional jobs lost if the possibility of relocating the casino to downtown Milwaukee and building ancillary facilities in the current Menomonee Valley location is not feasible.

Our analysis proceeds as follows. First, we determine the relevant size of Milwaukee casino operations based on population in Southeastern Wisconsin and Northeastern Illinois, assuming that no additional casinos are built in that area. That would not only exclude any casino in Kenosha or elsewhere in Southeastern Wisconsin, but would also mean no new casinos in Waukegan, Rosemont, Des Plaines, Linwood, or other cities in the Chicago metropolitan area. These figures are based on average gaming revenues in other similar states, other states with a full range of casinos, and the entire U.S, and are shown in Table 1. The calculations are based on 2003 figures for population and casino revenues.



Table 1. Per Capita Casino Gaming Revenue by States

State	Casino Revenues Billion \$	Population Millions	Additional Pop Millions	Total Pop Millions	Amount per cap	Remarks
Nevada	9.67	2.24	17.75	19.99	484	0.5 CA
New Jersey	4.49	8.64	10.80	19.44	231	3/4 NY metro, 1/3 PHL metro
California	4.23	35.49	-17.75	17.74	238	- 0.5 CA
Mississippi	2.70	2.86	5.60	8.46	319	AR, 1/2 TN
Louisiana	2.51	4.50	6.64	11.14	225	0.3 TX
Indiana	2.22	6.20	3.30	9.50	234	40% CHI metro
Connecticut	2.02	3.48	6.80	10.28	196	RI, 1/4 NY metro, 1/2 E MA
Michigan	2.01	10.08		10.08	199	
Illinois	1.71	12.65	-4.15	8.50	201	- 50% CHI metro
Minnesota	1.39	5.06		5.06	275	
Arizona	1.22	5.58		5.58	219	
Missouri	1.33	5.70		5.70	233	
Wisconsin	1.08	5.47	0.85	6.32	171	- 10% CHI metro
Iowa	1.02	2.94	0.60	3.54	288	1/2 E NE
Washington	0.77	6.13		6.13	126	
Colorado	0.75	4.55		4.55	165	
New Mexico	0.61	1.87		1.87	326	
Oklahoma	0.46	3.51		3.51	131	
Oregon	0.43	3.56		3.56	121	
Above states	40.62	130.51	30.44	160.95	252	
Excl NV	30.95	128.27	12.69	140.96	220	
All others	2.63	160.31				
Total	43.25	290.82			149	

The average amount spent in Wisconsin is far below the amount spent in neighboring states, and the shortfall has been particularly large in southeastern Wisconsin. The lack of casino facilities in Milwaukee had been dictated by in part political considerations. These have now changed, but in the interim, other parties interested in the casino business have noted this shortfall, and have prepared plans to build other casinos in southeastern Wisconsin and northeastern Illinois.

The Kenosha casino would substantially reduce the number of patrons from Southeastern Wisconsin currently utilizing the Milwaukee casino, and hence its construction poses an immediate threat to the economic health of Milwaukee.

Because of the uncertainties attached to future casino building in Milwaukee, this study provides a range of answers, rather than a single point estimate, in this study. In particular, it provides estimates of job losses:

- 1) Solely if patronage at the existing casino declines because business is lost to Kenosha.
- 2) Additional jobs losses that would occur if the casino were renovated or expanded in its current location.
- 3) Additional job losses that would occur if the Potawatomi did not relocate the casino to downtown Milwaukee and the current site could not be used for industrial development.

The figures in Table 1 show that the average amount spent by casino patrons in states with a major casino presence was \$311 in 2003. However, that figure includes Nevada, which gets much of its business from states other than Nevada and California, and also has a large contingent of foreign patrons. Excluding Nevada, the average casino expenditure is \$220 per capita in states with a full range of casinos – but that figure includes some states with relatively few casinos. Thus for the purposes of our analysis, the most relevant figure is the average for nearby Midwestern states with a full range of casinos, which includes Michigan, Indiana, Illinois, and Minnesota. The four-state average, which is \$228 per capita, is the figure used for further analysis.

### **3. Loss of Gaming Revenue for Population Base in Southern Wisconsin and Northern Illinois**

Table 2 shows the population base from which the Potawatomi currently draws its patrons. The figures in the "% before" column indicate the estimated proportion of gaming customers in each county whose residents patronize the Milwaukee casino. On this basis, we calculate that the total population base is 2.37 million. Current revenues from gaming (excluding restaurant, retail stores, and small miscellaneous items) are approximately \$335 million, so the average revenue per patron is \$141 per year. As noted above, this figure is substantially below the figures given in Table 1 for other states.

If the figure of \$228 for the average of Michigan, Indiana, Illinois, and Minnesota is used as an estimate of probable per capita expenditures at casinos when new facilities are built, that would indicate a 62% increase from recent levels. Under this assumption, the number of slot machines would increase to approximately 2,500, and the number of gaming tables would rise to about 70. If a more robust attempt were made to attract patrons from Northeastern Illinois, that could boost the figures to 4,000 machines and 100 tables.

Table 2. Population Base (in 000s) for Southern Wisconsin Casino Gaming

County	Population	%		Gaming Clients	Gaming Clients
		before	% after		
Milwaukee	940	1.0	940	1.0	940
Waukesha	361	0.8	289	0.8	289
Ozaukee	82	0.8	66	0.8	66
Washington	117	0.7	82	0.7	82
Jefferson	74	0.6	44	0.6	44
Sheboygan	113	0.5	57	0.5	57
Dodge	86	0.5	43	0.5	43
Racine	188	0.8	150	0.4	75
Kenosha	150	0.6	90	0	0
Walworth	94	0.5	47	0	0
Rock	152	0.5	76	0	0
Green	34	0.4	14	0	0
Tot WI			1897		1595
Illinois					
Lake	644	0.4	258	0	0
McHenry	260	0.4	104	0	0
Cook	5376	0.02	108	0	0
Tot IL			469		0
Total			2366		1595

Given the location of current casinos in Joliet and Aurora, Illinois, and in Gary, East Chicago, and Hammond, Indiana, we estimate that a reasonable upper bound of Northeastern Illinois clients would be 30% of the three-county population base, or approximately 1.88 million.

Since the Southeastern Wisconsin population base is currently 1.90 million, that would increase the total population base for the area from 2.37 to 3.78 million, an increase of almost 60%. In addition, we calculate that expanding casino facilities would boost per capita gaming revenues for this region from \$141 to \$228 per year, an increase of 62%. Taken together, these factors would boost total gaming revenues in Milwaukee by 158%. If slot machines and gaming tables were increased proportionately, that would boost the size of the Milwaukee casino to approximately 4,000 machines and 100 tables. These figures are used later in this study to calculate the additional job loss if the Milwaukee casino were not renovated or expanded.

We next consider what would happen if the Kenosha casino were built. If the Milwaukee casino did not expand, it would lose about half its business from Racine County, all of its business from other Southern Wisconsin counties, and all of its business from Northern Illinois counties, as shown in "% after" column in Table 2. In addition, the number of tourists visiting Milwaukee would decline. Previous studies have shown that approximately 20% of the visitors to the Milwaukee casino are from out of state, and this figure would decline proportionately. Day visitors spend an average of \$32/day on food, retail shopping, and other purchases, so these revenues would also be lost to Milwaukee. These figures are discussed in greater detail later in the report.

Overall, the Milwaukee casino would lose 33% of its patronage, which presumably represents 33% of gross revenues; we do not have any specific information suggesting that patrons from Southeast Wisconsin or Northern Illinois spend any more or less per person than patrons from the Milwaukee area.

These figures can then be translated into direct job losses, and through the IMPLAN model, into indirect and induced job losses as well. Before presenting these calculations, though, a brief description of the IMPLAN model is presented next.

#### 4. The IMPLAN model and Methodology for Calculating Multipliers

The IMPLAN model is a regional input/output model developed and maintained by the Minnesota IMPLAN group, headquartered in Minneapolis. The basic model was originally developed by the USDA Forest Service in cooperation with the Federal Emergency Management Agency and the USDI Bureau of Land Management.

The IMPLAN model has certain similarities with the RIMS (Regional Input/Output Modeling system) model developed by the Department of Commerce, but is generally thought to contain several superior features besides its greater ease and flexibility of use. These improvements can be summarized as follows:

1. The Commerce Department is not permitted to publish data in any category where there are less than three organizations in a given economic area. IMPLAN has developed an algorithm to fill in the missing numbers.
2. IMPLAN has introduced improved methods of accounting for flows of goods and services among counties.
3. IMPLAN permits aggregation of any subset of industries for calculation and tabular purposes. This is useful when results are desired for, say, 1-digit industries instead of the 528 industries actually found in the input/output table.
4. As seen in the tables throughout this text, IMPLAN estimates three separate effects, labeled "direct", "indirect" and "induced". The direct effects are those entered by the user. The other two columns represent the multiplier effects, but they are usually combined in other input/output models. Briefly, the indirect effect represents purchases made by businesses when their sales rise. For example, a restaurant might order more food produced or sold in the region, or an automobile plant might order more steel. The induced effect represents the additional household spending because income has risen. For example, casino workers would spend their paychecks on various goods and services, some of which are produced in the region. In general, then, the larger the region under consideration, the larger the multipliers would be. The values of the county

multipliers are similar to the state multipliers for a large county such as Milwaukee County, but would be considerably smaller for a sparsely populated county such as Forest County.

The 528 sectors in the IMPLAN model have been aggregated into 16 sectors for purposes of these calculations, and the tables that are included in this report. The multipliers calculated with the aggregate model are marginally higher than those found in the disaggregated model, but the differences are very small.

In the calculations that follow, we first show the direct changes in employment or sales based on the decline in casino patronage and associated facilities, and the loss of jobs that would occur if the casino were not expanded. These numbers are then entered into the IMPLAN model and the total decline in employment for Milwaukee County is determined. We have presented the change in output and labor income to provide estimates of the total impact of lost business in Milwaukee County.

#### **5. Loss of Revenue to the City and County of Milwaukee, and Decline in Direct Jobs at the Milwaukee Casino**

The next step of the analysis determines the direct loss of jobs, which will then be used to determine the total decline in employment in Milwaukee County based on multiplier analysis from the IMPLAN model.

Currently, approximately 1800 people are employed at the Potawatomi casino, of which about 400 work in ancillary services, mainly food and beverage service. The results from Table 2 show that total revenues from casino gaming in Milwaukee would decline by 33% if the Kenosha casino were built. We assume that ancillary revenues from food and beverage services, retail stores, and entertainment would decline proportionately, so the 400 employees in ancillary services would drop by 133 employees. However, some of the casino employees are performing back-office duties or executive functions, so the 33% decline in revenue translates into a decline of 25% in casino workers, or 350 employees.

According to earlier studies prepared by Evans, Carroll & Associates, the average daytime tourist spends \$32/day in Milwaukee on food and beverages, retail shopping, gasoline, tours, and other ancillary expenditures excluding casino gaming. Overnight tourists spend substantially more, as discussed in Section 7, but until additional facilities are built in Milwaukee, we assume the vast majority of visitors who travel to Milwaukee primarily to visit the casino are day-trippers.

Current estimates indicate approximately 5.5 million visitors per year to the Milwaukee casino, of which 20% are out of state, indicating 1.1 million tourists. That suggests total additional expenditures of \$35.2 million. However, an estimated \$10 per day is spent at ancillary facilities of the casino; those expenditures have already been included in the employment figures. The additional amounts spent by tourists outside the casino facilities are thus \$22 per day, or \$24.2 million. If the number of tourists were to decline by one-third, those expenditures would drop by \$8.1 million. This is the figure entered into the IMPLAN model.

We also note that retained earnings from the casino would decline sharply because of the decline in revenues. In determining the decline in retained earnings, we have made the following assumptions:

1. Costs directly associated with slot machines and gaming tables, such as the wages and salaries of workers on the casino floor, would decline proportionately with the drop in revenue.
2. Wages and salaries of back-office workers and executive would decline only 10%; since many of these payments are fixed costs.
3. Other fixed costs excluding depreciation but also including items such as utilities, rent, insurance, and other contracted services, would not decline. Depreciation would be reduced proportionately with any decline in capital spending.
4. Costs of advertising and marketing, including tour busses, would increase by 50%.



On this basis, we calculate that retained earnings would decline by 45%, compared to the 33% drop in net revenues.

The key question then becomes how that decline in retained earnings affects the Milwaukee county economy. These funds have not been lying idle as they have been accumulated, but have been used for a wide variety of purposes. To the extent that retained earnings decline, the purposes for which these funds were previously used – and the employment directly related to those expenditures – would also decline.

After subtracting all expenses and fixed costs, earnings retained by the casino can be grouped into the following categories:

1. Payment to the state of Wisconsin based on the most recent compact.
2. Payments in lieu of property taxes to the city and county of Milwaukee.
3. Charitable contributions to institutions in the city and county of Milwaukee.
4. Payments for social services to Potawatomi Indian Nation residents of Forest County.
5. Other retained earnings, which can be used for additional capital expenditures. In view of the plans of the Potawatomi to renovate or expand the casino before the Kenosha plans were unveiled, the funds presumably would have been used for expansion over the next few years.

Except for (1), these declines can be translated into a loss of jobs in the Milwaukee area. As noted above, a 33% decline in total net revenues would translate into a 45% decline in retained earnings. This amount would be distributed as follows.

Total decline in retained earnings	100%
Reduced payments to the state of Wisconsin	21%
Reduced payments to Milwaukee city and county	4.5%
Reduced charitable contributions	5.5%
Reduced payroll to social service workers	8%

Reduced capital expenditures per year 61%

These figures are now translated into direct job losses, after which the regular IMPLAN multiplier analysis will be applied.

Both the city and county of Milwaukee receive approximately \$4 million per year in payments from the Potawatomi Nation, so those amounts would decline by 1/3. As a result, the municipalities would either have to reduce services or raise taxes. In terms of the IMPLAN model, this \$2.66 million decline in revenues figure is entered as a loss of output, and the employment effects are then calculated implicitly. A similar interpretation applies to the estimated \$2.25 million decline in charitable contributions by the Potawatomi, compared to an estimated \$5 million per year currently.

The remaining funds – after payments to the State of Wisconsin, city and county of Milwaukee, charitable organizations, and wages and salaries of social service workers, have been used for capital expenditures. If the Kenosha casino were not built, these funds would be used for expansion of the casino facilities. However, if the funds are not available, new construction would not occur, and the associated jobs would also be lost.

The number of direct jobs lost as a result of the Kenosha casino is shown in Table 3.

Table 3. Direct Job Loss if Kenosha Casino is Built and No Other Changes Occur

Decline in casino jobs	350
Decline in jobs in ancillary services	133
Decline in jobs from reduced tourist expenditures	130
Decline caused by fewer payments to outside organizations	91
Decline caused by reduced capital expenditures	421
Total direct decline in employment	1125

These figures are then entered into the IMPLAN multiplier. The declines in employment, output, and labor income are shown in Tables 4, 5 and 6. In particular,

Table 4 shows that total employment in Milwaukee County would decline by 2,059, indicating an overall multiplier of 1.83. This includes the loss of construction jobs that would occur because of the diminished cash flow from casino operations. The implications of this decline for minority groups are considered in Section 9 of this report.

Table 5 shows that total output in Milwaukee County would decline by \$168 million, representing the decline in sales of final goods and services and intermediate products in the county. Table 6 shows that total labor income would drop by \$67 million. Note that only a small proportion of that loss in labor income – approximately \$7 million – stems from the direct loss of jobs at the casino and its ancillary facilities. The vast majority of the job loss comes from a wide variety of other sectors spread throughout the economy.

Table 4. Loss in Employment if Kenosha Casino is Built (Million \$)

Industry	Direct	Indirect	Induced	Total
Agriculture	0	2	1	3
Construction	421	7	4	432
Nondurable Mfg	0	9	9	18
Durable Mfg	0	77	18	94
Transport, Com, Utilities	0	25	19	45
Wholesale Trade	0	33	15	47
Other Retail	50	27	36	113
General Merchandise	24	23	64	111
Restaurants	189	5	49	244
Financial Services	0	20	43	63
Hotels And Casinos	350	4	6	360
Personal Services	0	3	13	15
Business Services	0	72	27	99
All Other	44	125	160	329
Entertainment Services	0	5	15	20
Social Services	47	2	19	68
Total	1125	438	495	2059

Table 5. Loss in Output if Kenosha Casino is Built

Industry	Direct	Indirect	Induced	Total
Agriculture	0.0	0.1	0.0	0.1
Construction	53.1	0.9	0.5	54.4
Nondurable Mfg	0.0	2.2	2.0	4.2
Durable Mfg	0.0	15.0	3.5	18.4
Transport, Com, Utilities	0.0	3.8	2.9	6.8
Wholesale Trade	0.0	4.0	1.8	5.8
Other Retail	2.6	1.4	1.9	5.9
General Merchandise	0.9	0.9	2.4	4.2
Restaurants	6.8	0.2	1.8	8.7
Financial Services	0.0	3.8	8.1	11.9
Hotels And Casinos	17.9	0.2	0.3	18.4
Personal Services	0.0	0.1	0.4	0.5
Business Services	0.0	3.5	1.3	4.8
All Other	2.7	7.5	9.6	19.8
Entertainment Services	0.0	0.3	0.8	1.1
Social Services	2.3	0.1	0.9	3.3
Total	86.2	43.8	38.2	168.2

Table 6. Loss in Labor Income if Kenosha Casino is Built (Million \$)

Industry	Direct	Indirect	Induced	Total
Agriculture	0.0	0.0	0.0	0.0
Construction	19.5	0.3	0.2	20.0
Nondurable Mfg	0.0	0.4	0.4	0.8
Durable Mfg	0.0	4.5	1.0	5.5
Transport, Com, Utilities	0.0	1.2	0.9	2.0
Wholesale Trade	0.0	1.7	0.7	2.4
Other Retail	1.3	0.7	1.0	3.0
General Merchandise	0.4	0.4	1.1	2.0
Restaurants	2.5	0.1	0.7	3.2
Financial Services	0.0	0.9	1.8	2.7
Hotels And Casinos	7.0	0.1	0.1	7.2
Personal Services	0.0	0.0	0.2	0.3
Business Services	0.0	2.2	0.8	3.0
All Other	1.8	5.0	6.4	13.1
Entertainment Services	0.0	0.1	0.3	0.4
Social Services	1.1	0.1	0.4	1.6
Total	33.6	17.6	16.1	67.3

## **6. Loss of Revenue to the City and County of Milwaukee, and Loss of Direct Jobs, if the Casino Were Not Expanded**

Before the Kenosha casino plans were announced, the Potawatomi had announced plans to build a \$240 million casino expansion, although this expansion was also based on the assumption that the new compact agreement with the state of Wisconsin would survive any legal challenges. Since the Potawatomi have stated that the value of the current casino is approximately \$120 million, which would imply an expansion factor of 2.0, compared to the increase in slot machines of 2.61, from 1,537 to 4,000. The difference can be explained by (a) economies of scale, and (b) the fact that the Potawatomi already own the land for expansion purposes.

The analysis in this section of the report is based on the loss of new jobs that would occur after the casino is completed. The loss of construction jobs during the building phase has already been included in the previous section, where we discussed the loss of cash flow and lack of new construction by the Potawatomi that would occur if the Kenosha casino were to be built.

On a conceptual basis, the gain in new jobs if the casino were expanded can be grouped in the following categories. These new jobs would not be available if the casino were not expanded:

1. Direct jobs at the casinos. Based on previous hiring patterns, we estimate that the increase in the number of new casino jobs if expansion were to take place would equal 70% of the percentage increase in new machines and gaming tables.
2. Employment at ancillary service facilities. If expansion were to occur, the increase in this category of jobs would be proportional to the increase in the number of slot machines and tables.

3. Increased tourist expenditures. Using the expenditure figures for day-trippers of \$32/day -- \$22/day outside the casino facilities -- the increase in tourism would boost purchases at restaurants, stores, and other retail establishments.

4. If expansion occurred, retained earnings at the casino would rise substantially, even after taking into consideration increased labor and advertising costs. The rise in earnings can be subdivided into the following segments:

- A. An increase in payments to the State of Wisconsin.
- B. An increase in payments to the city and county of Milwaukee.
- C. An increase in charitable contributions.
- D. Further capital spending projects. These could include building hotels, restaurants, and retail stores in downtown Milwaukee, and could also include moving into businesses outside the casino industry. The employment effects of these moves are discussed in the next section of this study, so the employment effects discussed here are confined to factors (A) through (C).

Using this outline, we now consider the projected increases in employment that would occur if the Milwaukee casino were expanded. These figures, with the signs reversed, will then represent the job loss if expansion did not occur.

As noted above, the current number of employees in the casino operations is approximately 1,400, with an additional 400 people employed in ancillary services. We assume the percentage increase in casino jobs would be equal to 70% of the percentage increase in slot machines, which is projected to rise from 1,532 to approximately 4,000, representing a 161% increase. Hence the number of jobs would increase from 1,400 to 2,978, an increase of 1,578 jobs.

The number of jobs in ancillary services would increase proportionately, so the gain would be from 400 to 1,044, or an increase of 644 jobs.

The number of casino patrons visiting the expanded Milwaukee casino is expected to increase by 60%, as discussed in Section 3. Based on the current estimate of 1.1 million out-of-state visitors per year, that number would rise by 660,000. Total

expenditures outside the casino would increase by \$22/day or \$13.2 million. That would add an additional 237 direct jobs.

It is likely that the increase in payments to the City and County of Milwaukee, plus the increase in charitable contributions, would total \$21 million, resulting in an additional 233 jobs.

Hence the total increase in direct jobs that would occur from the expansion of the casino excluding construction jobs is equal to  $1,578 + 644 + 237 + 233$ , or a total of 2,692 jobs. Without expansion, this increase in jobs would not occur. These numbers are then entered into the IMPLAN model to determine the multiplier impacts, and hence the number of indirect and induced jobs. The results are shown in Tables 7-9.



Table 7 shows the loss of jobs that would occur if the Milwaukee casino were not expanded in its current location would total 3,850, or almost twice as many jobs as would be lost from the decline in casino revenues alone. Hence we emphasize that the construction of the Kenosha casino and entertainment complex would not only reduce employment in Milwaukee because of the decline in gaming revenues at the existing casino, but -- even more importantly -- because it could negate any expansion plans.

Table 7. Loss in Employment if Casino is Not Expanded

Industry	Direct	Indirect	Induced	Total
Agriculture	0	2	1	3
Construction	0	18	5	24
Nondurable Mfg	0	13	12	24
Durable Mfg	0	17	25	41
Transport, Com, Utilities	0	45	27	72
Wholesale Trade	0	20	20	40
Other Retail	91	3	50	145
General Merchandise	44	3	88	135
Restaurants	746	12	69	826
Financial Services	0	46	59	105
Hotels And Casinos	1578	7	8	1593
Personal Services	0	8	17	25
Business Services	0	142	38	180
All Other	233	126	221	580
Entertainment Services	0	11	20	31
Social Services	0	2	26	28
Total	2692	472	686	3850

Table 8 shows that the loss of output in Milwaukee from failing to expand the casino would total \$224 million. Of this loss, \$81 million would reflect the lack of growth in direct casino revenues, which means there would be an additional \$143 million decline in output in other sectors of the economy because of the multiplier effects.

Table 8. Loss in Output if Casino is Not Expanded (Million \$)

Industry	Direct	Indirect	Induced	Total
Agriculture	0.0	0.1	0.1	0.1
Construction	0.0	2.3	0.6	3.0
Nondurable Mfg	0.0	3.0	2.8	5.9
Durable Mfg	0.0	3.3	4.8	8.1
Transport, Com, Utilities	0.0	6.7	4.1	10.8
Wholesale Trade	0.0	2.4	2.5	4.9
Other Retail	4.8	0.2	2.6	7.5
General Merchandise	1.7	0.1	3.3	5.1
Restaurants	26.6	0.4	2.4	29.5
Financial Services	0.0	8.7	11.2	19.9
Hotels And Casinos	80.9	0.4	0.4	81.7
Personal Services	0.0	0.3	0.6	0.9
Business Services	0.0	6.8	1.8	8.7
All Other	14.0	7.6	13.3	34.9
Entertainment Services	0.0	0.6	1.1	1.7
Social Services	0.0	0.1	1.3	1.3
Total	128.0	42.9	52.9	223.8

Table 9 shows that labor income would decline by \$94 million if the Milwaukee casino were not expanded in its current location. Here again, most of the loss would occur outside the casino, where labor income would decline \$32 million, or only about one-third of the total reduction in income.

Table 9. Loss in Labor Income if Casino is Not Expanded (Millions of \$)

Industry	Direct	Indirect	Induced	Total
Agriculture	0.0	0.0	0.0	0.0
Construction	0.0	0.9	0.2	1.1
Nondurable Mfg	0.0	0.6	0.6	1.1
Durable Mfg	0.0	1.0	1.4	2.4
Transport, Com, Utilities	0.0	2.0	1.2	3.2
Wholesale Trade	0.0	1.0	1.0	2.0
Other Retail	2.4	0.1	1.3	3.8
General Merchandise	0.8	0.0	1.6	2.4
Restaurants	9.9	0.2	0.9	11.0
Financial Services	0.0	2.0	2.6	4.5
Hotels And Casinos	31.6	0.1	0.2	31.9
Personal Services	0.0	0.1	0.3	0.4
Business Services	0.0	4.3	1.1	5.4
All Other	9.3	5.0	8.8	23.1
Entertainment Services	0.0	0.2	0.5	0.7
Social Services	0.0	0.0	0.6	0.6
Total	54.0	17.6	22.3	94.0

## **7. Loss of Jobs if the Milwaukee Casino Were Not Expanded Downtown and Ancillary Facilities Were Not Added**

So far we have shown that the cutback in business at the Milwaukee casino if the Kenosha casino were built – and no other changes occurred – would reduce employment by 1,125 direct jobs and 2,059 total jobs. If the casino were not expanded in its current location, there would a loss of an additional 2,602 direct jobs, and a total of 3,850 jobs. Hence the employment loss from these two factors, relative to the gains that would otherwise occur, would total 5,909 jobs.

The calculations in the previous section are based on the assumption that the Milwaukee casino would be expanded in its current location. However, alternative plans are also possible. In particular, some community and business leaders in Milwaukee had been exploring the possibility of relocating the casino to downtown Milwaukee and building additional ancillary facilities in that location. Such a move would probably be accompanied by an expansion of the convention center and more convention business.

The economic impact of such a move was examined in the 2003 report by Evans, Carroll & Associates entitled *The Economic Impact of Expanding the Potawatomi Indian Gaming Casino Downtown Compared to Keeping it in the Menomonee Valley*. Some of the results of that study are replicated in this section. In particular, we analyze the economic impact of building a hotel and parking garage, expanding the convention center, and attracting more patrons and convention visitors to the casino and to downtown Milwaukee.

Our analysis prepared last year assumed the size of the expanded casino would be the same whether it were built in the Menomonee Valley or downtown Milwaukee -- but if a new casino were to be built in a downtown location, the following additional activities would occur.

1. Construction of a 400-room hotel.
2. Construction of a parking garage with 3,000 spaces.

3. Expansion of the convention center by 150,000 square feet, with 90,000 square feet for an expanded exhibition hall and an additional 60,000 square feet for meeting rooms.
4. An increase in spending at ancillary facilities from 5% of casino revenues to 10% of revenues. This would boost spending by \$24.6 million at restaurants, \$8.2 million at retail shops, and \$8.2 million at entertainment facilities.
5. An increase in convention business, estimated at a \$16.8 million per year increase in retail sales.
6. In addition, the existing Potawatomi land could be used for industrial development, hence creating more manufacturing jobs in the Milwaukee area. There would also be some increase in construction jobs to reconfigure the existing building.

The amount spent by visitors, both overnight and day visitors, were presented in the 2003 ECA study and are reproduced here as Table 10. The amounts spent by day visitors have already been used in previous sections of this study. The amounts spent by overnight visitors are now incorporated in the results shown in this section. These figures were based on an average stay of 3 days, so the daily rates have been calculated by dividing all these figures by 3.

There would be a significant increase in the amount spent by day visitors to the casino because of the wider range of retail outlets in a downtown location, including but not limited to the additional facilities supplied by the casino. As a result, the amount spent on ancillary facilities would increase by the amounts indicated in statement (4) directly above, which would create an additional 1,043 jobs. The breakdown is shown in Column B of Table 11.

Based on the previous ECA results, we estimated that approximately 200,000 additional overnight visitors per year (an average of 548 visitors per day) would stay in Milwaukee if the casino was expanded downtown and the convention center was expanded. These visitors would spend an average of \$247/day, as shown in Table 10, so total expenditures would be almost \$50 million. These would generate an additional 780 jobs, as shown in Column C of Table 11.

Table 10. Amount Spent by Overnight and Day Visitors, Per Trip and in the Aggregate

Source: International Association of Convention and Visitors Bureaus

	\$ spent Amt/Trip Overnight	\$ spent Amt/Trip Day Vis	Million \$ Amt Spent O'Night	Million \$ Amt Spent Day Trip	Million \$ All Conven- tioners
Lodging	\$355	\$0	\$13.14	\$0.00	\$13.14
Hotel Food/Beverage	112	30	4.14	1.89	6.03
Other Food/Beverage	96	24	3.55	1.51	5.06
Tours/sightseeing	20	5	0.74	0.32	1.06
Admission Charges	7	0	0.26	0.00	0.26
Recreation	7	0	0.26	0.00	0.26
Sporting Events	2	0	0.07	0.00	0.07
Retail Stores	78	10	2.89	0.63	3.52
Local Transportation	10	0	0.37	0.00	0.37
Auto Rental	27	0	1.00	0.00	1.00
Gasoline/Tolls/Parking	7	21	0.26	1.32	1.58
Other	20	5	0.74	0.32	1.06
Total	\$741	\$95	\$27.42	\$5.99	\$33.40

The direct increase in jobs for each of these functions is summarized in Table 11.

Table 11. Loss of Direct Jobs if Casino is Not Expanded Downtown by Industry and Function				
	A	B	C	D
Construction	526		22	42
Restaurants		689	310	
Other Retail Stores		190	82	
Hotels			256	
Entertainment Services		164	33	
Business Services			77	
Manufacturing				690
Total	526	1043	780	732

Where:

- A. Construction of hotel, convention center, and parking garage
- B. Additional spending at restaurants and stores by casino patrons
- C. Additional spending by more conventioners, including some additional stores
- D. Industrial use of current Potawatomi land.

We now use the IMPLAN model to determine the indirect and induced job losses if the expanded activity in downtown Milwaukee were not to take place; again, these are the numbers that would occur under expansion with the signs reversed. Table 12 shows the loss in employment that would occur, with the direct job loss of 3,081, and the overall job loss of 6,055. The loss of manufacturing jobs assumes that activity would be attracted to an industrial park built in the area currently occupied by the Potawatomi casino and ancillary facilities.

Table 12. Loss in Employment if Expanded Casino is Not Built Downtown

Industry	Direct	Indirect	Induced	Total
Agriculture	0	5	3	8
Construction	590	21	11	623
Nondurable Mfg	0	34	26	60
Durable Mfg	690	370	55	1115
Transport, Com, Utilities	0	82	60	141
Wholesale Trade	0	142	45	187
Other Retail	0	40	112	152
General Merchandise	272	35	196	502
Restaurants	999	23	152	1174
Financial Services	0	51	131	183
Hotels And Casinos	256	18	17	291
Personal Services	0	6	39	45
Business Services	77	230	84	391
All Other	0	331	491	822
Entertainment Services	197	56	45	298
Social Services	0	5	58	63
Total	3081	1449	1525	6055



Table 13 shows that the loss of output would be \$562 million, more than the sum of the decline in output from the reduction of gaming activities at the current casino and failure to expand the casino at its current location. About 40% of the reduction in output would occur in the manufacturing sector.

Table 13. Loss in Output if Expanded Casino is Not Built Downtown (Million \$)

Industry	Direct	Indirect	Induced	Total
Agriculture	0.0	0.2	0.1	0.3
Construction	74.4	2.7	1.4	78.5
Nondurable Mfg	0.0	8.1	6.3	14.4
Durable Mfg	134.6	72.2	10.7	217.4
Transport, Com, Utilities	0.0	12.3	9.0	21.3
Wholesale Trade	0.0	17.4	5.5	22.8
Other Retail	0.0	2.1	5.8	7.9
General Merchandise	10.3	1.3	7.4	18.9
Restaurants	35.7	0.8	5.4	41.9
Financial Services	0.0	9.7	24.9	34.7
Hotels And Casinos	13.1	0.9	0.9	14.9
Personal Services	0.0	0.2	1.4	1.6
Business Services	3.7	11.1	4.0	18.9
All Other	0.0	19.9	29.5	49.4
Entertainment Services	10.6	3.0	2.4	16.1
Social Services	0.0	0.3	2.8	3.0
Total	282.3	162.2	117.6	562.1

Table 14 shows that the loss in labor income from the failure to build the casino downtown and attract manufacturing jobs to the current location would total \$209 million, of which about 1/3 would be the lack of manufacturing wages.

Table 14. Loss in Labor Income if Expanded Casino is Not Built Downtown (Million \$)

Industry	Direct	Indirect	Induced	Total
Agriculture	0.0	0.1	0.0	0.1
Construction	27.3	1.0	0.5	28.8
Nondurable Mfg	0.0	1.6	1.2	2.8
Durable Mfg	40.2	21.6	3.2	64.9
Transport, Com, Utilities	0.0	3.7	2.7	6.4
Wholesale Trade	0.0	7.3	2.3	9.6
Other Retail	0.0	1.1	3.0	4.0
General Merchandise	4.8	0.6	3.5	8.9
Restaurants	13.3	0.3	2.0	15.6
Financial Services	0.0	2.2	5.7	7.9
Hotels And Casinos	5.1	0.4	0.3	5.8
Personal Services	0.0	0.1	0.7	0.8
Business Services	2.3	7.0	2.5	11.8
All Other	0.0	13.2	19.6	32.8
Entertainment Services	4.5	1.3	1.0	6.8
Social Services	0.0	0.1	1.3	1.4
Total	97.6	61.4	49.6	208.7

## 8. Summary of Losses in Employment, Output, and Labor Income

Table 15 shows the 11,964 job loss by individual sectors. The largest single loss (except for "all other") would occur in hotels and casinos, where employment would decline by 2,244. While it is not surprising that the biggest single sector loss occurs in this area, it is also important to note that decline represents only 19% of the total reduction in jobs. Substantial declines occur in the restaurant sector, where employment would also drop by 2,244; in durable manufacturing, where the difference would be 1,251 jobs; and in construction, where 1,078 new jobs would not be available.

Table 15. Loss in Employment if Kenosha Casino is built and no expansion of existing casino in either the Menomonee Valley or Downtown Milwaukee

Industry	Kenosha	Expansion	Downtown	Total
Agriculture	3	4	8	15
Construction	432	24	623	1078
Nondurable Mfg	18	24	60	102
Durable Mfg	94	41	1115	1251
Transport, Com, Utilities	45	72	141	258
Wholesale Trade	47	40	187	274
Other Retail	113	145	152	410
General Merchandise	111	135	502	747
Restaurants	244	826	1174	2244
Financial Services	63	105	183	350
Hotels And Casinos	360	1593	291	2244
Personal Services	15	25	45	85
Business Services	99	180	391	669
All Other	329	580	822	1732
Entertainment Services	20	31	298	349
Social Services	68	28	63	159
Total	2059	3850	6055	11964

Table 16 shows the loss of \$954 million in output distributed across major industry sectors. Because of the higher value added per job in the manufacturing sector, the biggest loss in output occurs in durable goods manufacturing, down \$244 million, rather than hotels and casinos, where the decline is a smaller \$115 million. Also, the drop in output in the construction sector would be \$136 million, compared to \$80 million in the restaurant sector, even though the job loss in restaurants is higher.

Table 16. Loss of Output if Kenosha Casino is built and no expansion of existing casino in either the Menomonee Valley or Downtown Milwaukee (Million \$)

Industry	Kenosha	Downtown	Expansion	Total
Agriculture	0.1	0.1	0.3	0.5
Construction	54.4	3.0	78.5	135.9
Nondurable Mfg	4.2	5.9	14.4	24.5
Durable Mfg	18.4	8.1	217.4	243.9
Transport, Com, Utilities	6.8	10.8	21.3	38.8
Wholesale Trade	5.8	4.9	22.8	33.4
Other Retail	5.9	7.5	7.9	21.3
General Merchandise	4.2	5.1	18.9	28.1
Restaurants	8.7	29.5	41.9	80.1
Financial Services	11.9	19.9	34.7	66.4
Hotels And Casinos	18.4	81.7	14.9	115.0
Personal Services	0.5	0.9	1.6	3.0
Business Services	4.8	8.7	18.9	32.3
All Other	19.8	34.9	49.4	104.1
Entertainment Services	1.1	1.7	16.1	18.8
Social Services	3.3	1.3	3	7.6
Total	168.2	223.8	562.1	954.1

Table 17 shows the \$370 million loss in labor income apportioned by major industry sectors. The biggest decline occurs in durable manufacturing, down \$73 million; followed by "all other", down \$69 million; construction, down \$50 million; hotels and casinos, down \$45 million; and restaurants, down \$30 million.

Table 17. Loss of Labor Income if Kenosha Casino is built and no expansion of existing casino in either Menomonee Valley or Downtown Milwaukee (Million \$)

Agriculture	0.0	0.0	0.1	0.2
Construction	20.0	1.1	28.8	49.9
Nondurable Mfg	0.8	1.1	2.8	4.8
Durable Mfg	5.5	2.4	64.9	72.8
Transport, Com, Utilities	2.0	3.2	6.4	11.7
Wholesale Trade	2.4	2.0	9.6	14.0
Other Retail	3.0	3.8	4	10.8
General Merchandise	2.0	2.4	8.9	13.3
Restaurants	3.2	11.0	15.6	29.8
Financial Services	2.7	4.5	7.9	15.1
Hotels And Casinos	7.2	31.9	5.8	44.9
Personal Services	0.3	0.4	0.8	1.5
Business Services	3.0	5.4	11.8	20.2
All Other	13.1	23.1	32.8	69.1
Entertainment Services	0.4	0.7	6.8	8.0
Social Services	1.6	0.6	1.4	3.6
Total	67.3	94.0	208.7	370.0

## 9. Impact on Minority Group Employment

Tables 18 and 19 show the proportion of minority employment by industry for African-Americans, Hispanics, Asians, and other (which in Milwaukee county is mainly Indian Nation), both for the U.S. and for the county. The figures for the U.S. are taken from the Current Population Survey, compiled by the Bureau of Labor Statistics. For Milwaukee County, some industry figures were available from the CPS, but in other cases it was necessary to interpolate these figures using a combination of national data, Milwaukee county data for aggregate employment, and industry information from broader categories. Where any discrepancies existed, the results were then balanced so that the percentages of employment in each industry by minority group always totaled 100.0%, and the sum of industry employment by minority group in Milwaukee County was always equal to total minority employment in the county.

No data on minority group employment were available for agriculture, so no breakdown by minority is given for that sector. However, since the impact of changes in agricultural jobs from reducing casino operations is almost zero, there is virtually no change in the results by omitting this line. The Potawatomi provided precise estimates of minority group employment at the casino; these figures are blended with the estimated breakdown for other hotels in Milwaukee County.

Table 18. Percentage of Race/Minority Group Employment by Industry (Corresponding to the IMPLAN tables given above) for total U.S.

	White	African- American	Hispanic	Asian	Other	Total
Total U.S.	68.3	12.7	12.6	4.2	2.2	100.0
Agriculture	69.7	3.9	23.3	2.1	1.1	100.0
Construction	71.9	6.2	20.3	1.1	0.6	100.0
Nondurable Mfg	63.2	11.5	18.3	4.7	2.4	100.0
Durable Mfg	72.0	8.2	11.7	5.4	2.7	100.0
Transport, Com, Utilities	67.4	15.7	11.8	3.4	1.7	100.0
Wholesale Trade	82.3	9.1	2.5	4.1	2.1	100.0
Other Retail	73.3	7.8	12.3	4.4	2.2	100.0
General Merchandise	67.1	15.4	12.4	3.4	1.7	100.0
Restaurants	60.5	10.5	19.4	6.4	3.2	100.0
Financial Services	75.1	9.8	9.0	4.1	2.1	100.0
Hotels And Casinos	49.3	16.1	24.0	7.1	3.6	100.0
Personal Services	52.3	13.0	31.0	2.5	1.3	100.0
Business Services	71.2	8.9	12.7	4.8	2.4	100.0
All Other	67.5	15.9	9.3	4.9	2.5	100.0
Entertainment Services	78.3	8.5	11.0	1.5	0.8	100.0
Social Services	63.3	18.7	13.4	3.1	1.6	100.0

Table 19. Percentage of Race/Minority Group Employment by Industry (Corresponding to the IMPLAN tables given above) for Milwaukee County

	White	African-American	Hispanic	Asian	Other	Total
Total Milwaukee	65.6	22.0	8.8	2.6	1.0	100.0
Agriculture	n/a					
Construction	71.6	13.3	14.2	0.7	0.3	100.0
Nondurable Mfg	60.7	19.9	15.4	2.9	1.1	100.0
Durable Mfg	69.2	18.1	8.2	3.3	1.2	100.0
Transport, Com, Utilities	64.7	24.1	8.2	2.1	0.8	100.0
Wholesale Trade	79.0	15.8	1.7	2.5	0.9	100.0
Other Retail	74.2	13.5	8.6	2.7	1.0	100.0
General Merchandise	64.4	24.0	8.7	2.1	0.8	100.0
Restaurants	54.1	26.9	13.5	4.0	1.5	100.0
Financial Services	73.3	17.0	6.3	2.5	0.9	100.0
Hotels And Casinos	47.0	26.0	14.0	1.5	11.5	100.0
Personal Services	52.2	23.5	22.2	1.5	0.6	100.0
Business Services	71.7	15.4	8.9	3.0	1.1	100.0
All Other	60.9	29.8	6.0	2.3	1.0	100.0
Entertainment Services	75.2	15.4	8.2	0.9	0.3	100.0
Social Services	55.7	32.3	9.4	1.9	0.7	100.0

The above figures show that the industry sector with the highest percentage of minority workers is Hotels and Casinos. Restaurants also have a high percentage of minority workers. These two industries will be the hardest hit if the Kenosha casino is built and as a result it is clear that minorities will receive the brunt of the employment declines. While more whites will lose their jobs than all minority groups combined the following charts show that minorities will be disproportionately impacted by the decline in employment.



These figures are used to calculate the total decline in minority employment that would occur if (a) the Kenosha casino were built, (b) the Milwaukee casino did not expand, and (c) the casino did not move downtown. First, however, we calculate the direct impact on minority employees at the casino. According to data supplied by the Potawatomi, 45% of the jobs at the casino are white, 30% are African-American, 12% are Hispanic, and 13% are other, of which 9% are Native American and 4% are Pacific Islander. No figures are available for Asian minority employment at the casino separately.

If the Kenosha casino was built and no other changes were to occur, 483 direct jobs would be lost at the casino, including ancillary services. If the Milwaukee casino were not expanded, 2222 direct jobs would be lost at the casino, including ancillary services. The decline by race/minority group is as shown in Table 20.

Table 20. Direct Loss of Jobs at the Casino by Race/Minority Group

Category	Total	White	African-American	Hispanic	Other
Kenosha built	483	217	145	58	63
No expansion	2222	1000	667	267	289
Total	2705	1217	812	325	352

These figures are now combined with the other job losses, which are calculated by multiplying the percentages in Table 19 by the direct and total job losses that have already been calculated in Tables 4, 7, and 11 (excluding agriculture). Table 21 shows job loss by race/minority group employment if the Kenosha casino were built. Table 22 provides the same information if the existing casino were not renovated or did not expand, while Table 23 shows the job loss if the casino were not relocated to downtown Milwaukee. Finally, Table 24 combines the total and percentage job loss by race/minority group status for all three scenarios.

Table 21 shows the job losses caused by the decline in revenue at the Potawatomi casino if the Kenosha complex were to be built. Of the 2,057 job loss, the estimated declines would be 450 for African-Americans, 223 for Hispanics, 43 for Asians, and 56 for other (mostly Indian Nation). Hence the drop in minority employment would total 772, or 38% of the total decline from this source.

Table 21. Loss in Employment by Race/Minority Group if Kenosha Casino Is Built  
(Excluding Agriculture)

Industry	White	African-American	Hispanic	Asian	Other	Total
Construction	309	57	61	3	1	432
Nondurable Mfg	11	4	3	1	0	18
Durable Mfg	65	17	8	3	1	94
Transport, Com, Utilities	29	11	4	1	0	45
Wholesale Trade	37	7	1	1	0	47
Other Retail	84	15	10	3	1	113
General Merchandise	71	27	10	2	1	111
Restaurants	132	66	33	10	4	244
Financial Services	46	11	4	2	1	63
Hotels And Casinos	169	93	50	5	41	360
Personal Services	8	4	3	0	0	15
Business Services	71	15	9	3	1	99
All Other	201	98	20	8	3	329
Entertainment Services	15	3	2	0	0	20
Social Services	38	22	6	1	0	68
Total	1285	450	223	43	56	2057

Table 22 shows the job losses that would occur if the Milwaukee casino were not expanded in its current location. Of the 3,847 job loss, the estimated declines would be 965 for African-Americans, 444 for Hispanics, 91 for Asians, and 209 for other (mostly Indian Nation). Hence the drop in minority employment would total 1709, or 44% of the total decline from this source.

Table 22. Loss in Employment by Race/Minority Group if the Milwaukee Casino is Not Expanded (Excluding Agriculture)

Industry	White	African-American	Hispanic	Asian	Other	Total
Construction	17	3	3	0	0	24
Nondurable Mfg	15	5	4	1	0	24
Durable Mfg	29	7	3	1	0	41
Transport, Com, Utilities	46	17	6	2	1	72
Wholesale Trade	31	6	1	1	0	40
Other Retail	107	20	12	4	1	145
General Merchandise	87	32	12	3	1	135
Restaurants	447	222	112	33	12	826
Financial Services	77	18	7	3	1	105
Hotels And Casinos	749	414	223	24	183	1593
Personal Services	13	6	6	0	0	25
Business Services	129	28	16	5	2	180
All Other	353	173	35	13	6	580
Entertainment Services	23	5	3	0	0	31
Social Services	15	9	3	1	0	28
Total	2138	965	444	91	209	3847

Table 23 shows the job losses that would occur if the casino were not expanded in downtown Milwaukee, and ancillary facilities were not added. Of the 6,048 job loss, the estimated declines would be 1,306 for African-Americans, 596 for Hispanics, 156 for Asians, and 91 for other (mostly Indian Nation). Hence the drop in minority employment would total 2,149, or 36% of the total decline from this source.

Table 23. Loss in Employment by Race/Minority Group if Casino is Not Expanded  
Downtown (Excluding Agriculture)

Industry	White	African- American	Hispanic	Asian	Other	Total
Construction	446	83	88	4	2	624
Nondurable Mfg	36	12	9	2	1	60
Durable Mfg	772	202	91	37	13	1115
Transport, Com, Utilities	91	34	12	3	1	141
Wholesale Trade	148	30	3	5	2	187
Other Retail	113	21	13	4	2	152
General Merchandise	323	120	44	11	4	502
Restaurants	635	316	158	47	18	1174
Financial Services	134	31	12	5	2	183
Hotels And Casinos	137	76	41	4	33	291
Personal Services	23	11	10	1	0	45
Business Services	280	60	35	12	4	391
All Other	501	245	49	19	8	822
Entertainment Services	224	46	24	3	1	298
Social Services	35	20	6	1	0	63
Total	3899	1306	596	156	91	6048

Table 24. Total Loss in Employment by Race/Minority Group with Casino Cutback and No Expansion in Milwaukee (Excluding Agriculture)

Industry	White	African-American	Hispanic	Asian	Other	Total
Construction	772	143	153	8	3	1079
Nondurable Mfg	62	20	16	3	1	102
Durable Mfg	866	226	103	41	15	1251
Transport, Com, Utilities	167	62	21	5	2	257
Wholesale Trade	216	43	5	7	2	274
Other Retail	304	55	35	11	4	410
General Merchandise	481	179	65	16	6	747
Restaurants	1214	604	303	90	34	2244
Financial Services	257	60	22	9	3	350
Hotels And Casinos	1054	583	314	34	258	2244
Personal Services	44	20	19	1	1	85
Business Services	480	103	60	20	7	670
All Other	1055	516	104	40	17	1732
Entertainment Services	262	54	29	3	1	349
Social Services	88	51	15	3	1	159
Total	7322	2721	1262	290	356	11951
Total Employment	311914	104606	41842	12362	4755	475479
% Decline	2.3	2.6	3.0	2.3	7.5	2.5

Table 24 summarizes the loss in minority group employment, and compares these figures to total employment in Milwaukee County by race/minority group. In particular, these figures show that estimated job losses by minority category would be as follows:

- 1) 2,721 for African-Americans, representing 22.8% of the total job loss.
- 2) 1,262 for Hispanics, representing 10.6% of the total job loss.
- 3) 290 for Asians, representing 2.4% of the total job loss.
- 4) 356 for Indian nation employees and other minorities, representing 3.0% of the total job loss. This represents 7.5% of total employment in this minority group.
- 5) Summing these figures, minority group employment would decline by 4,629, or 38.7% of the total reduction in employment.