



# LOCAL SHARE GAMING REVENUE: A CATALYST FOR CHANGE

June 2019  
(2009-2018)



Prepared by:  
*Parker Philips*  
assess. analyze. assert!

# A LETTER FROM THE CHAIR

The Erie County Gaming Revenue Authority (ECGRA) has made a lasting impact across Erie County by investing wisely and with a strategic mission that reflects the intent of the Pennsylvania Race Horse Development and Gaming Act. The act was designed to greatly benefit Pennsylvanians by ensuring gaming jobs and gaming revenue aid local nonprofits, municipalities, economic development projects, and residents.

In 2011, ECGRA designated and made its first investment in the Erie County Lead Assets: Erie Art Museum, Erie Arts & Culture, Erie County Historical Society, Erie Philharmonic, Erie Playhouse, Erie Zoological Society, expERIEence Children's Museum, Flagship Niagara League, and the Mercyhurst Institute for Arts & Culture. These place-shaping culture-, heritage-, and entertainment-based nonprofits are essential to the continued vitality of our region, each of them anchoring and elevating our quality of place. Erie's vitality depends on the sustainability of these core organizations, and they are secured for future generations. By investing in an endowment these anchor institutions will benefit our community in perpetuity.

Following the lead of respected foundations across the U.S., including The Rockefeller, George Gund, and F.B. Heron Foundations, ECGRA has practiced Impact Investing since 2014, driving social, cultural, and environmental change. By investing in our main streets, financing multi-municipal cooperation projects, joining in the efforts to prevent blight, being a catalyst for entrepreneurialism, and investing in local community events that shape our Erie heritage, ECGRA dollars are working.

With ten years of investing behind us, Erie County can be proud of the continued impact ECGRA dollars are making on our region. Through these dollars, Erie County has leveraged local share gaming revenue to fuel progress and economic development. From Union City to North East, and Corry to Girard, local share gaming revenue has reached every corner of the County, while ECGRA remains laser focused on making it work on behalf of our citizens.

I'm proud to be the chairman of the ECGRA board of directors. My colleagues take stewardship of these dollars seriously and strive toward creative solutions to address community problems. This economic impact study shows that a thoughtful, creative and impactful process has gone into turning gaming revenue into a multiplier for #OurErie. If you have any questions, please don't hesitate to reach out to our staff. For more information or to contact our staff, visit us online at [www.ecgra.org](http://www.ecgra.org).

Michael J. Paris  
Chairman, Board of Directors  
Erie County Gaming Revenue Authority



# EXECUTIVE SUMMARY

ECGRA's investments of more than \$56 million over the course of a little more than ten years throughout Erie County have been transformative from an economic and community perspective. As a funder of community events and activities and an influencer of new and innovative programs to stimulate Erie County's economy, ECGRA has made an impact. Its 990 strategic investments in 244 Erie County organizations have generated an economic impact of \$128.4 million, supported 838 jobs, and created \$4.6 million in state and local tax revenue.



## Economic Impact of Ten Years of Local Share Gaming Revenue

**E·C·G·R·A**  
ERIE COUNTY GAMING REVENUE AUTHORITY

**Combined Impact**  
ECGRA, Erie County Government, and Summit Township

generated  
**\$128.4M**  
in Economic Impact



generated  
**\$258.3M**  
in Economic Impact

supported and sustained  
**838 Jobs**



supported and sustained  
**1282 Jobs**

supported  
**\$4.6M**  
in State and Local Tax Revenue



supported  
**\$10.0M**  
in State and Local Tax Revenue

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# INTRODUCTION AND METHODOLOGY

In December 2018, Parker Philips was retained to complete a comprehensive economic impact study for ECGRA to demonstrate the economic, employment, and tax revenue impacts associated with the investment of local share gaming revenue distributed through ECGRA's grant making initiatives and loans.

The goal of this analysis is to exhibit the aggregate financial and community benefits garnered by Summit Township, Erie County, and the Commonwealth of Pennsylvania as a result of innovative investments of local share gaming revenues.

Since its formation in 2008, ECGRA has built a model for how local share gaming revenue can be used to benefit local communities. By strategically channeling the tax dollars generated by Presque Isle Downs & Casino through its Impact Investing model, ECGRA has established a nationally-respected legacy of transparent grant making that is making a sustained impact on Erie County.



Erie Lead Asset

## About the Study

### Data Utilized

Primary data from 2009 to 2018 obtained from ECGRA and key partner organizations

### Geography

Summit Township, Erie County, and Pennsylvania

### Methodology

IMPLAN, 2016 Data Set

## About Local Share Gaming Revenue

Local share gaming revenue continues to help deliver on the legislative promise made when lawmakers enacted Pennsylvania's Racehorse Development and Gaming Act in 2004.

When the gaming law was drafted, the goals of its authors included generating additional state revenue, offering property tax relief for PA residents, and providing host municipalities with funds to meet needs generated by casino development. The authors also intended for local share gaming revenue to afford economic and community development initiatives that would otherwise be left unfunded.

In 2016, the Erie County Gaming Revenue Authority played an integral role in securing local control of Erie County's \$11 million per year in local share gaming revenue, which continues to deliver on its legislative intent today.

## ECGRA Works

In 2011, ECGRA designated and made its first investment in the Erie County Lead Assets. These nine place-shaping culture-, heritage-, and entertainment-based nonprofits, essential to the continued vitality of the region, are: **Erie Art Museum, Erie Arts & Culture, Erie County Historical Society, Erie Philharmonic, Erie Playhouse, Erie Zoological Society, expERIENCE Children's Museum, Flagship Niagara League, and the Mercyhurst Institute for Arts & Culture.**

In 2012, ECGRA committed to sustain Lead Assets in perpetuity and created the Erie County Lead Assets Endowment, now valued at \$13.2 million, held in trust at The Erie Community Foundation. In grant and endowment funding, **ECGRA has invested a total of \$16,313,896 in the Erie County Lead Assets representing more than 29% of the more than \$50 million ECGRA has distributed since 2009.** Each Lead Asset uses its ECGRA funding differently, but all of the organizations attest to the power of the ECGRA investment to extend their reach and leverage the dollars to enhance programming and access to all.

## ECGRA Precipitates Change and Spurs Growth



### DIRECT

Investment in construction and expenditures for operations

### INDIRECT

Purchase of goods and services from local suppliers

### INDUCED

Household spending from earnings of direct and indirect expenditures

ECGRA strategically invests gaming revenue into key areas to achieve community development and promote stability and strength in the region. ECGRA has methodically invested in Erie County small business lenders, nonprofit organizations, and educational entities. The Authority has transformed Erie County's local share gaming revenue into an integral component for the region's economic transformation and ongoing resurgence.

ECGRA's strategic investment has targeted key sectors of what makes a prosperous and well-rounded community. Their ten year commitment to transforming Erie County has been impressive.

- Over the past 10 years, ECGRA has generated **\$128.4 million** in economic impact for the state and local economy (\$59.9 million in direct impact and \$68.4 million in indirect and induced impact).
- Over the past 10 years, ECGRA has supported and sustained **838 jobs** in the state and local economy. Each year, nearly **84 jobs** were supported or sustained by ECGRA's strategic investments throughout Erie County.
- Over the past 10 years, ECGRA's investments in Erie County initiatives has generated **\$4.6 million** in state and local taxes. Specific types of taxes generated include; employment tax, property tax, sales and use, and licenses, fines, and fees.

# LOCAL SHARE GAMING REVENUE'S IMPACT ON THE ZOO

## Here's what the impact of local share gaming revenue looks like in terms of economic impact when given to the Erie Zoo:

The Erie Zoo uses strategically invested local share gaming revenue to stay open later on Wednesdays in July, to buy veterinary supplies, and to address capital projects such as the hanging flower baskets along West 38th Street and the new scoreboard at the JMC Ice Arena, which is operated by the Erie Zoo.

ECGRA funding helps the Erie Zoo provide access for all residents of Erie County every Sunday for two hours when admission is free. ECGRA funding helps to pay for the staff and extra security needed during these peak attendance times.

### DIRECT

#### Operational Expenditures:

- Pay for Staff Salaries
- Pay for Security Staff
- Purchase Veterinary Supplies

#### Capital Expenditures:

- Purchase and Install Scoreboard at JMC Ice Arena
- Purchase and Install Flower Baskets on West 38th Street

### INDIRECT

- Veterinary Suppliers
- Scoreboard at JMC Arena
- Flower Baskets

### INDUCED

- Zoo employees, employees of the scoreboard company/installer, and flower/garden store employees spend their money on housing, cars, groceries, gasoline, clothes, and other household items creating an even greater impact in the local and state economy.



# ECGRA'S IMPACT

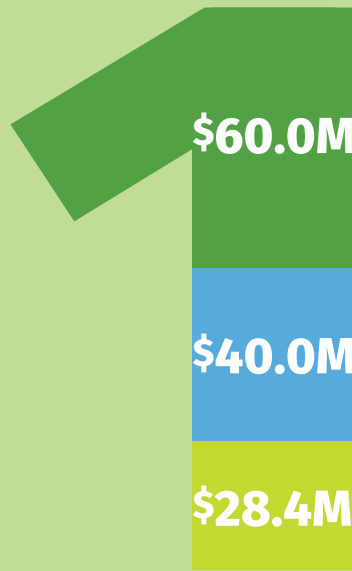
Direct Effect

Induced Effect

Indirect Effect

Total Effect

Cumulative Economic Impact Generated by ECGRA over 10 Years (Millions)

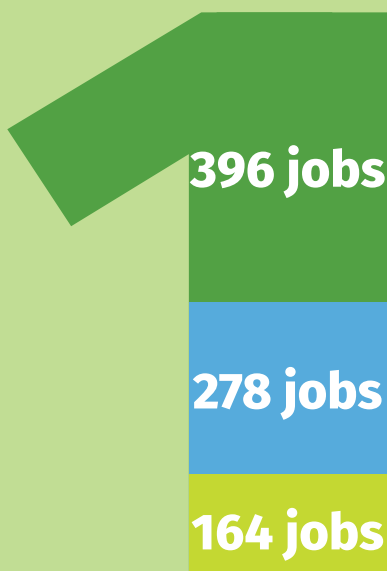


**\$128.4M**

**10**  
*years*

**ECGRA Precipitates Change and Spurs Growth**

Cumulative Impact of Jobs Supported and Sustained By ECGRA Over 10 Years (jobs)



**838 jobs**

**10**  
*years*

**ECGRA Funds Create and Sustain Jobs**

"For years, local governments have strived independently from their neighboring communities. They've worked to build infrastructure and separate communities with invisible lines. Today we take a step toward blurring those dividing lines."

—Denise McCumber  
North East Borough  
Council Vice President








# INDIVIDUAL AREA IMPACTS

## Economic and Employment Impact

ECGRA's mission is to elevate Erie County by empowering nonprofits and small businesses toward economic and community development. Recognizing the inherent limitations of grant making, ECGRA adopted an impact investing strategy in 2014.

ECGRA incorporates job creation, regional competitiveness, needs of disadvantaged citizens, and development of at-risk youth and under served communities into the investment decision-making process.<sup>1</sup> ECGRA works to effect change and analyzes outcomes in five areas: Small Business, Youth & Education, Quality of Place, Neighborhoods & Communities, and Municipalities.

## Economic Impact of ECGRA's Strategic Investment Over 10 Years

IMPACT	IMPACT			ECONOMIC IMPACT
		JOB		
IMPACT	SMALL BUSINESS 	184		\$26.2 million
IMPACT	YOUTH & EDUCATION 	60		\$8.0 million
IMPACT	QUALITY OF PLACE 	359		\$41.9 million
IMPACT	NEIGHBORHOODS & COMMUNITIES 	9		\$1.9 million
IMPACT	MUNICIPALITIES 	202		\$43.0 million

<sup>1</sup>ECGRA strictly adheres to the intent of gaming legislation, which earmarked local share gaming revenue to act as a catalyst for transformational projects in host communities. Independent funding sources, such as gaming funds, provide the agility and flexibility to address the growing needs of a community, like Erie.

## SMALL BUSINESS IMPACT

ECGRA works to catalyze Erie County's private sector and to develop Erie's entrepreneurial ecosystem by spurring small business development, building collaborations for business acceleration, and offering a broader spectrum of gap financing products for starting, growing, and reinventing small business. Programs supported include Beehive Network, Erie Innovation District, TechCelerator, Erie Inclusive Fund, and Ignite Erie™.

In December 2018, ECGRA invested \$1 million of additional funding into a new innovation network known as the Beehives — \$200,000 to each Beehive. **Since launching, the Beehives have seen more than 100 clients, employed 50 students, helped with the formation of two businesses, developed 15 business plans, seven intelligence studies and 21 marketing concepts, and designed three prototypes.**

ECGRA's strategic decision to prioritize investing local share gaming revenue in small business has created a significant ripple effect. These investments have empowered organizations in multiple sectors from healthcare to manufacturing to leverage additional financing, attracting more dollars to the region and increasing the positive effects on Erie's economy. ECGRA's small business investments have attracted **\$24.2 million** in additional funds resulting in an impact of **\$50.4 million**.



"Profits from a big gambling casino in Erie County are funneled partly to 'innovation spaces' at four local campuses—the right answer for Rust Belt towns where the old manufacturing base has disappeared."

—David Ignatius  
Washington Post columnist

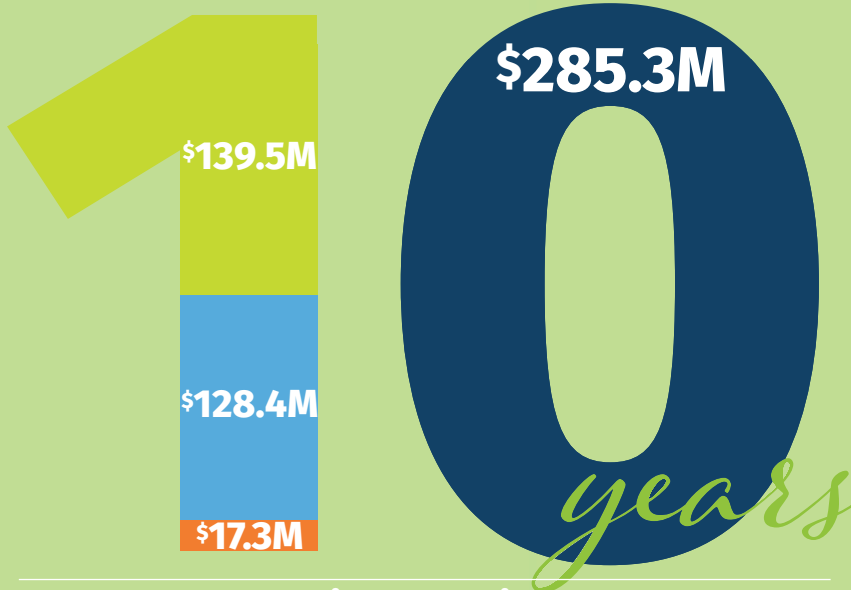
"The Erie Innovation Fund provided our company the necessary resources to launch and execute new product lines in billion dollar markets, based right here in Erie, PA. That wouldn't have happened without ECGRA's foresight to help technology-based companies."

—Aaron Lewis  
Sphere Brakes



# COMBINED IMPACT OF ALL LOCAL SHARE GAMING REVENUE

Combined Economic Impact of Local Share Gaming Revenue Over 10 Years (Millions)



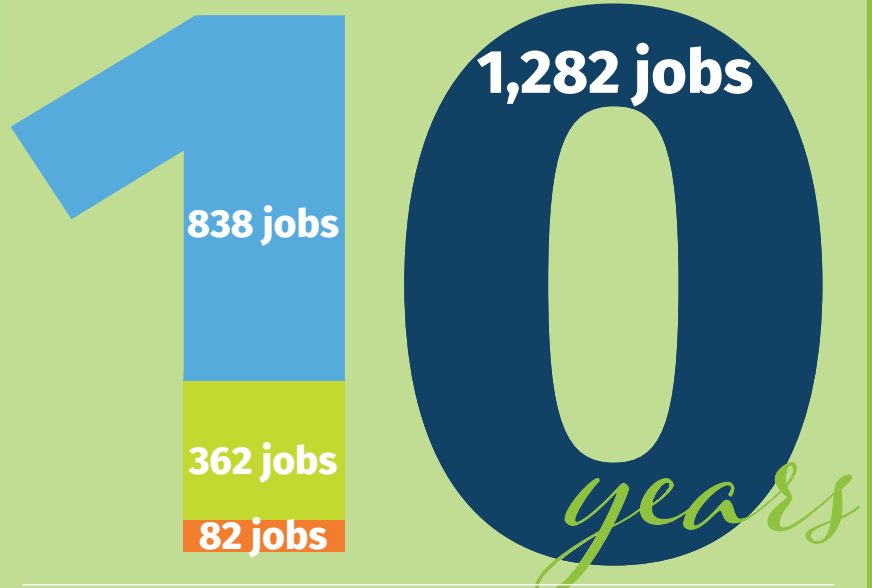
Transforming the Erie Economy



"These strategic investments allow for the renewal of a marquee building, while supporting the communities they 'anchor'. I continue to be impressed with ECGRA's approach to investing our gaming dollars."

—Dan Laughlin  
State Senator  
R-49th District

Combined Economic Impact of Local Share Gaming Revenue Over 10 Years (jobs)




Supporting and Sustaining jobs in Erie County

## CONCLUSION

Local share gaming revenue is helping to transform the Erie County region. ECGRA's strategic investment strategy has worked to strengthen and support a new Erie economy. The combined impacts of local share gaming revenue have been integral in supporting Erie's transformation.

ECGRA has been an excellent steward of Erie County's local share gaming revenue funds. Local share gaming revenue is helping to transform Erie County and the region through ECGRA's strategic investment strategy that is based on proven methods successfully implemented in communities across the nation. ECGRA is paying attention, and the programs it is tailoring to suit Erie County's needs are attracting national attention.

ECGRA's impact investment strategy has also built a bedrock of core assets that will continue to provide structural benefits to the economic and community infrastructure for decades, as well as playing an immediate vital role in supporting a new Erie economy still taking form. ECGRA's mission "to elevate Erie County by galvanizing nonprofits and small businesses toward economic and community development" is used as a North Star, ensuring that its investments are effective, transparent, and impactful.



"The Minority-owned Business Accelerator and the Erie Inclusive Fund are purposeful efforts to ensure all Erie residents benefit from future economic improvements.

ECGRA and Bridgeway deserve kudos for having the vision to pursue them."

—Editorial Board  
Erie Times News  
4/19/2019



Erie Lead Asset

Primary financial data used in this study was obtained from ECGRA, Erie County government, Summit Township, and small businesses receiving funding from ECGRA grants/loans. The analysis in this report is a cumulative impact showing ten years of gaming revenue's impact.

## Overview and the IMPLAN Model

The most common and widely accepted methodology for measuring the economic impacts of economic sectors is input-output (I-O) analysis. At its core, an I-O analysis is a table that records the flow of resources to and from companies/organizations and individuals within a region at a given time. For a specified region like a state or the nation, the input-output table accounts for all dollar flows between different sectors of the economy in a given time period. With this information, a model can then follow how a dollar added into one sector is spent and re-spent in other sectors of the economy, generating outgoing ripples of subsequent economic activity. This chain of economic activity generated by one event is called the “economic multiplier” effect.

## IMPLAN Methodology

The model uses national production functions derived from U.S. Census Department data for over 536 industries to determine how an industry spends its operating receipts to produce its commodities and IMPLAN couples these with county-level economic data to determine the impacts at a state and congressional district level. To estimate these regional impacts, IMPLAN combines national industry production functions with county-level economic data. IMPLAN collects data from a variety of economic data sources to generate average output, employment and productivity for each industry in a given county. IMPLAN combines this data to generate a series of economic multipliers for the study area. The multiplier measures the amount of total economic activity generated by a specific industry's spending an additional dollar in the study area. Based on these multipliers, IMPLAN generates a series of tables to show the economic event's direct, indirect, and induced impacts to gross receipts, or output, within each of the model's more than 536 industries.

## Frequently Asked Questions and Answers

### What is an economic impact study?

Technically, this study is a contribution analysis, but is most commonly referred to as an economic impact study. The study quantifies the economic contribution of gaming revenue in terms of jobs, economic impact, and local and state tax revenue. The study calculates the impact of gaming revenue dollars invested and spent by ECGRA, Erie County government, and Summit Township. It examines how expenditures and investments create additional impact in the economy to produce an economic impact.

### What should you remember about the study when you read it?

- It is a point-in-time calculation of impact of local share gaming revenue.
- It quantifies the amount of impact that local share gaming revenue has generated in the statewide and local economy.

### What methodology was used to complete this study?

Impact analysis for PLANning (IMPLAN) data and software were used to conduct this study. The IMPLAN database is built utilizing county, state, ZIP code, and federal economic statistics that are specialized by region, not estimated from national averages to measure the contribution or impact of an organization economy's activity.

### What were the multipliers for this study?

The multipliers used in this study range from 1.8 to 2.1. The multipliers are derived through the input-output models created through the IMPLAN software based upon industries selected during the modeling process.

### What data does this study utilize to calculate the economic impact?

Primary data utilized in this analysis includes:

- Expenditure data from ECGRA, Erie County government, Summit Township
- Expenditure and investment data by ECGRA program type
- Expenditure data for small businesses and their leverage dollars

### Why did ECGRA commission a study?

ECGRA commissioned the analysis to quantify the ten-year impact of its strategic investments of local share gaming revenue, Erie County government expenditures, and Summit Township. This independent study is one way to try to explain the importance of local share gaming revenue.

# APPENDIX B: TERMS AND DEFINITIONS

<b>Study Year</b>	January 1, 2008 – December 31, 2018.
<b>Dollar Year</b>	Presented in 2019 dollars.
<b>Total Economic Output/ Economic Impact</b>	Includes organizational spending on operations, capital expenditures, labor income expenditures, and value-added to the economy as a result of expenditures made by an organization. It is the combined impact of direct, indirect, and induced impacts.
<b>Direct Economic Impact</b>	All direct expenditures made by an organization due to an organization's operating expenditures. These include operating expenditures, capital expenditures, and pay and benefits for expenditures.
<b>Indirect Economic Impact</b>	The indirect impact includes the impact of local industries buying goods and services from other local industries. The cycle of spending works its way backward through the supply chain until all money is spent outside of the local economy, either through imports or by payments to value added (multiplier effect).
<b>Induced Economic Impact</b>	The response by an economy to an initial change (direct effect) that occurs through re-spending of income received by a component of value added. IMPLAN's default multiplier recognizes that labor income (employee compensation and proprietor income components of value added) is not lost to the regional economy. This money is recirculated through the household spending patterns causing further local economic activity (multiplier effect).
<b>Multiplier Effect</b>	The multiplier effect is the additional economic impact created as a result of the organization's direct economic impact. Local companies that provide goods and services to an organization increase their purchasing by creating a multiplier (indirect/supply chain impacts). Household spending generated by employees of the organization and the organization's suppliers create a third wave of multiplier impact (induced/household spending impacts).
<b>Government Revenue/ State and Local Tax Impact</b>	Government revenue or tax revenue that is collected by governmental units at the state and local level in addition to those paid directly by an organization. This impact includes taxes paid directly by the organization itself, employees of the organization, and vendors who sell products to the organization and at the household level.
<b>Direct Employment</b>	Total number of employees, both full-time and part-time, at the organization based on total jobs, not FTEs.
<b>Indirect Employment</b>	Additional jobs created as a result of an organization's economic impact. Local companies or vendors that provide goods and services to an organization increase their number of employees as purchasing increases, thus creating an employment multiplier.
<b>Induced Employment</b>	Additional jobs created as a result of household spending by employees of an organization and the employees of vendors. This is another wave of the employment multiplier.



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