

Changes Created by the Introduction of Legalized Gaming: A Review of the Tunica County, Mississippi Experience

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Areas that welcome casinos are inevitably affected by the introduction of this specialized industry. It is imperative these areas explore the gaming industry's effects on community residents and economic conditions prior to the establishment of gaming, which will better prepare these areas for the upcoming changes. This paper examines the impact of gaming in Tunica County, Mississippi through a comparison of the employment rates prior to the and following the establishment of the gaming entities in the area. Additionally, this paper compares the quality of life for county citizens prior to and following the introduction of the gaming industry.

INTRODUCTION

Researchers and residents find it difficult to determine if the overall impact the casinos have had to the area is beneficial or harmful, resulting in much discussion on the topic. Doyle (2002) presents the inquiry, "Is Gaming a Sure Bet for Economic Growth?" (p.6). When reviewing the positive changes that have resulted from casinos, one discovers that the gaming industry has created more than one million jobs nationwide. Doyle continues that the American Gaming Association reports that the creation of jobs between 1999 and 2000 were in excess of 13,000 with employees earning more than \$10.9 billion in wages including tips and benefits. In 2000, the casino industry grossed revenue of more than \$24 billion and paid \$3.5 billion in taxes, which helped to finance a wide range of community improvements. Opponents of gaming argue that communities with legalized gaming experience several negative economic and social impacts including increased problem gamblers, bankruptcy, crime rate, and suicide attempts (Doyle, 2002). Many recognize the significant changes that occur to locations that legalize gaming. These changes have been most profound in Tunica County, located in the Mississippi Delta.

Gaming in Tunica County provides one with insight into the dramatic affects this industry can have on a region. Through the introduction of gaming to the area, Tunica County became one of the nation's greatest stories of change. These changes resulted in nationwide recognition. This exposure drew the interest of researchers who have conducted numerous studies on gaming's impact on the Mississippi

Delta. These studies concluded differing opinions as to the overall benefit or harm this industry has had on the region.

In the 1980's Tunica County residents faced many challenges. The county recorded America's eighth highest infant-mortality rate, the fourth highest percentage of births to teen mothers, the highest percentage of people living below the poverty line, and the lowest median household income (Schwarz & Schwarz, 1996). Two significant issues for the area were the low high school graduation rate and the living conditions for residents, such as the lack of modern plumbing.

In general, Tunica County's poor population has benefited from casinos. Since the legalization of gaming, the percentage of county residents receiving food stamps has dropped from more than 50 percent to 37 percent, and the county's collection of child support payments has increased from under \$40,000 to between \$60,000 and \$70,000 monthly (Schwarz & Schwarz, 1996). According to Schouten (1998), the gaming industry created an additional 14,000 jobs in Tunica County. Unemployment rates, which stood at 26.2 percent in January of 1992, dropped to 4.9 percent by July of that same year.

TUNICA COUNTY

According to the Tunica Chamber of Commerce (2010), Tunica County was established in 1836. As one of the northern-most counties of the Mississippi Delta, its name refers to a tribe of Indians who settled near the Mississippi River in the southwest corner of the county. Agriculture has long been a staple of the local economy and remains a dominant fixture throughout the county. In 2002, Tunica County ranked eighth statewide in cotton production and fourth in rice production. County farmers were also among the early pioneers of the farm-raised catfish industry, where Mississippi is a recognized leader. Until the 1990s, the county, which was known for "Sugar Ditch Alley" an area named for its open sewage, was one of the most impoverished regions of the country. Currently, the county is recognized as a continuously growing resort area, with major casinos attracting visitors from all over the Southeast. The county's first casino opened in 1992 ushering in the area's highly successful resort and tourism business. In 2000, Tunica County became the nation's third largest gaming destination, following Las Vegas and Atlantic City. The area has attracted as many as 14 million visitors a year since casinos opened, and gaming has generated more than \$40 million a year in tax revenues for the county (Klose, 2009).

Since the introduction of casinos to the area, many business and individuals have experienced success. The landowners who sold flood-prone acreage to make room for the casino industry became instantly wealthy. The businesses who secured billboard rights on U.S. Highway 61 also reaped the benefits of their decisions. Tax revenues funded new schools, new roads and sewers, an airport, a health-and-wellness center, three community centers, and many other amenities (Tyler, 2009). According to Klose (2009), the industry gives people a rare chance to advance through excellent wages and benefits and the opportunities presented for promotions and additional training. Retail sales and commercial construction dramatically increased following casino development; with most of the increase attributed directly to casinos themselves. Additionally, land value has been strongly affected, and County leaders invest tax dollars to create tourist attractions such as a golf course and a new river park. The residents of Tunica County dependent on government assistance have decreased significantly.

The Delta is the birthplace of the blues; the music captures the hardship of life along the Mississippi River. In Tunica County, generations of sharecroppers raised cotton for incredibly low wages, as agriculture was the primary option of employment for low-skilled workers. Currently, there are in excess of 8,000 residents in the county with improved job opportunities related to gaming. In fact, 12,000 people are employed at the county's nine casinos (Tyler, 2009).

LITERATURE REVIEW

The National Gambling Impact Study Commission traveled throughout Tunica County to explore the effects of legalized gambling on society. According to Muphree (Schouten, 1998), "There's a sense of hope and opportunity in Tunica County that hasn't existed for decades" (p. 2G). Many newspapers,

magazines, and government agencies have explored this issue. It is of interest to those vested in the casino industry to explore the effects of the casino industry on employment rates and the quality of life of residents. It is equally important to review the previous studies that have examined the issues relating to legalized gaming, especially in Tunica County.

Assumptions exist that the presence of the gaming industry in an area is a direct reflection on the positive changes that expectantly occur. Schouten (1998) states that immediately following the introduction of casinos in Tunica County, there were more than 14,000 jobs created in a county that was for decades considered the poorest region in the poorest state in the country. Due to the casino's demand for a large workforce, the unemployment rate experienced a significant improvement during the first six months of 1992. Jones (2010) explains that Tunica County has welcomed a major commercial airline because of a \$4.5 million investment by a casino in the county. This investment has resulted in Tunica County receiving recognition and more jobs at the local airport. This business accomplishment is an additional example of how casinos have brought good fortune to the county.

Additionally, Mehta (2007) explains how legalized gambling lifted a depressed county. Tunica County is now the fifth largest gaming market in the United States. The author continues sharing that the casinos and related businesses employ in excess of 15,000 people and collect revenue of up to \$1.2 billion of which \$48 million goes to the county's coffers for items such as repairs to seniors citizens' homes, a recreation center, and the public school budget.

However, one must also recognize gambling opponents who argue that bankruptcy, crime and other social problems result from the arrival of casinos (Schwarz & Schwarz, 1996). With nine casinos, the county of approximately 8,000 people has more jobs than it does residents. Employees who originate from outside the county hold most of those jobs, particularly the better paying ones. It appears that casinos have dramatically reduced the unemployment rate for the area, however this assumption is not accurate, due to the influx of non-residents transferring to the area and accepting positions within the gaming industry. Furthermore, the quality of life for county residents as compared to the average American is dramatically different. Little of modern America has penetrated Tunica County outside of the influences brought from the introduction of gaming. As Schwarz and Schwarz (1996) explain, residents of the county appear excluded from the basic pleasures most Americans appreciate and they do not experience what many would consider the American dream.

Gambling has increased employment and tax revenues, and resulted in other businesses' decline of jobs and revenues (Doyle, 2002). Doyle claims that gambling has influenced real estate and increased crime rates have reduced property values. Additionally, gambling is the fastest growing teenage addiction, with the rate of pathological gambling among high school and college age youth about twice that of adults. Doyle further argues that poor and working people spend a disproportionate amount of their incomes on gambling.

Additionally, Woodson (1996) states sanctioning gambling undermines the principles and values of this nation. More specifically, gambling is rooted in the assumption that unpredictable circumstances rather than the fruit of one's labor determine one's fate and fortune. More damaging than the hundreds of dollars that are often lost by the poorest is the loss of self-determination and personal responsibility.

Goldberg (1994) shares insight into the unexpected growth in towns like those located in Tunica County. The gaming industry attracts more than 75,000 visitors each day while retail sales have significantly increased and numerous hotels, restaurants, and condominiums have been built on former farmland. Towns appear ill prepared for handling these sudden changes; furthermore, proper provisions regarding financing are not considered to allow for necessary changes. Depending on gambling revenue, supporting civic development is feasible, but only with careful advance planning and a realization of gaming pitfalls.

Cooper (1994) discusses the mixed blessings that result from gambling. Tunica residents believed their position in an underdeveloped, extremely poor area was certain to change with the addition of the casinos to the area. In 1994, casinos attracted 1.7 million tourists, who contributed a total of \$140 million to gaming halls and the local economy. Tunica County, which struggled to collect the finances to improve Sugar Ditch Alley, experienced a sudden saturation of capital. Unfortunately, the introduction of casinos

failed to solve the area’s most significant problems. Housing and property values were serious concerns. “Property values have skyrocketed,” explains Robert Hall, a history teacher at the Rosa Parks High School. “So you have people suddenly getting work at the casinos and making money, but they can’t afford to get a decent place to live” (Cooper, 1994).

DATA COLLECTION AND HYPOTHESES

This study explores the employment rates and quality of live for Tunica County residents prior to and following the advent of legalized gaming. While it is not possible to resolve the issue of whether casinos benefit or harm society, one can better understand the impact this industry has on regions through understanding the changes it has made regarding employment and quality of life for the residents.

Data were collected from several sources, specifically the Tunica Chamber of Commerce, Mississippi Department of Employment Security, United States Census Bureau, Mississippi Institutions of Higher Learning, and the human resources departments of Tunica County casinos. Analysis of the data provides a comparison of the employment conditions for the residents prior to legalized gaming arriving in Tunica County until present. This analysis also includes individual and community benefits such as changes to the health care and education systems.

Several hypotheses were formulated for this study.

Hypothesis 1: Gaming has a positive impact on the employment rate of residents in Tunica County, Mississippi.

Hypothesis 2: Gaming has a positive impact on the quality of life of residents in Tunica County, Mississippi.

THE DATA

Gold (1994) believes that the benefits of legalized gambling as a revenue source have become more dubious. The author argues that it is unrealistic to expect gambling to generate enough revenue that will allow areas to significantly reduce their reliance on taxes. Hill (1994) reported that Mississippi gross gaming revenue grew from \$10.6 million in August of 1992 to \$119.7 million in March of 1994. Hill recorded that per capita personal income for the state of Mississippi rose 5.8 percent following the legalization of gambling. This increased Mississippi’s gaming rank to number four in the United States. Carroll (1994) provides specific data on unemployment rates in Tunica County (See Table 1).

**TABLE 1
UNEMPLOYMENT PERCENTAGE DATA BY YEAR**

| Year | Percentage |
|-------------|-------------------|
| 1990 | 13.8 |
| 1991 | 16.2 |
| 1992 | 14.6 |
| 1993 | 7.9 |
| 1994 | 10.4 |
| 1995 | 13.7 |
| 1996 | 7.8 |
| 1997 | 7.7 |
| 1998 | 7.6 |

| | |
|------|------|
| 1999 | 6.6 |
| 2000 | 5.2 |
| 2001 | 6.1 |
| 2002 | 7.2 |
| 2003 | 10.9 |
| 2004 | 9.1 |
| 2005 | 10.6 |
| 2006 | 8.4 |
| 2007 | 8.0 |
| 2008 | 11.1 |
| 2009 | 15.1 |

(Carroll, February 1994)

The decision to legalize gambling in Mississippi immensely affects Tunica County. McLain and Maheshwari (2006) state that both employment and per capita personal income increased following the introduction of gaming to the region. Table 2 shows this information ranging four years prior to and four years following the arrival of the casinos.

**TABLE 2
PER CAPITA CHART**

| Year | Adjusted Per Capita Personal Income | Percentage Employed |
|-------------|--|----------------------------|
| 1983 | \$12,618.00 | 49.64% |
| 1984 | \$13,369.50 | 51.35% |
| 1985 | \$13,715.61 | 52.33% |
| 1986 | \$14,089.42 | 52.88% |
| 1987 | \$14,295.77 | 53.82% |
| 1988 | \$14,650.04 | 55.01% |
| 1989 | \$14,935.48 | 55.59% |
| 1990 | \$14,902.07 | 55.84% |
| 1991 | \$14,604.99 | 54.79% |
| 1992 | \$14,863.86 | 54.25% |
| 1993 | \$14,772.32 | 54.55% |
| 1994 | \$14,960.86 | 55.19% |
| 1995 | \$15,141.73 | 55.95% |
| 1996 | \$15,407.90 | 56.48% |
| 1997 | \$15,784.42 | 57.07% |
| 1998 | \$16,492.64 | 57.87% |

| | | |
|------|-------------|--------|
| 1999 | \$16,770.11 | 58.40% |
| 2000 | \$17,332.75 | 59.10% |
| 2001 | \$17,237.15 | 58.55% |
| 2002 | \$17,179.54 | 58.00% |

(McLain & Maheshwari, 2006)

In every county in Mississippi where casinos located since 1993, residence-based employment has more grown than the average growth of employment across the state. The highest rate of growth was experienced in Tunica County, where employment of residents increased 30.4 percent (Hill, 1994). Riverboat gaming has continued to defy gaming experts who predicted the market would reach saturation with nine to ten boats. To date, the state has 25 casinos in operation and revenues continue to soar.

RESULTS AND DISCUSSION

Data analysis results presents one with a better understanding of the economic impact the casinos have had on the residents of Tunica County. The unemployment rate in the Mississippi Delta county in 1990 was 13.8 percent as compared to 15.1 percent in 2009, indicated a disappointing increase of 1.3 percent in the unemployment rate. This unexpected increase reflects the momentous economic troubles experienced not only in the state, but also throughout the nation, where the unemployment rate experienced a significant increase due to the challenging economic times during recent years.

A more accurate determination of the changes to unemployment rate for the county can be determined through the highest rate available in the presented data as compared to the lowest, rather than comparing the pre-casinos year's data to the last reported year. To this effect, over the 19-year period of available data, the highest unemployment rate for Tunica County was reported at 16.2 percent in the year 1991, which was prior to the introduction of the casinos. The lowest unemployment rate for the area occurred in 2000 with a 5.2 percent reported, which followed the gaming industry's establishment in the area. Therefore, the unemployment rate, as a review of the largest change that occurred in the county, decreased 11 percent. This more accurate and extremely dramatic lowering of the unemployment rate reflects the increase in available jobs in the area following the introduction of gaming.

Through further analysis of the data, the average unemployment rate prior to the casinos' impact to the region was determined to be 14.87 percent. Following the casinos' hiring their workforces within the area, the data reflects an average rate of 9.02 percent. When comparing the average unemployment rate for Tunica County as reported prior to and following the introduction of casinos, one concludes that a decrease of 5.85 percent occurred. Both presented results of the lowest unemployment rate as compared to the highest for the county during the 19-year period and the comparison of the average rates prior to and following the introduction of cases supports Hypothesis 1, which states "Gaming has a positive impact on the employment rate of residents in Tunica County, Mississippi".

It is important to note that since the inception of gaming to the Mississippi Delta county, a variation in the number of casinos has been extreme. This variance in the number of casinos, as employers in the area, is reflected in the continuing changing unemployment rates. The years that present higher unemployment rates are likely compatible with the years in which a lower number of casinos were present in the county and the closing of one or more casinos, which can greatly affect the number of residents employed. The results of this study shows that there is a direct effect of casino gaming on employment rates, as the significant decrease in the unemployment rates show.

Another important aspect of the impact casinos have in the area is the change to the residents' quality of life. Casinos are only synonymous with economic development if they create a greater value to the surrounding society. The Tunica County gaming establishments have provided positive influences on the standard of living for residents. One such improvement is the influx of cash into the educational system. The improvements made to the schools have led to there being an increased number of high school

graduates. According to Mehta (2007), about 33 percent of students graduated from high school in Tunica County prior to the casinos as compared to the post-casino rate of 87 percent (Mehta). The U.S. Census Bureau (2000) reports 1,638 African Americans, as the largest represented race in the county, graduated from high school in Tunica County. This increase in graduation rate has provided a positive cycle, which includes the area casinos providing scholarships, which have encouraged additional African Americans in the county to seek their post high school education.

Furthermore, the town of Tunica, which is located south of the casinos, was once considered a “one-doctor” town, as reflected by the town’s one doctor and three walk-in clinics all of which closed by seven o’clock each evening. Following the introduction of casinos to the county, the town proudly hosts multi-doctor, 24-hour facility that includes a medical helicopter. Additionally, the living conditions of the residents were unsafe and unsanitary, as compared to today where the area boasts of offering affordable housing with a list of attractive amenities.

In reference to the household incomes of the residents prior to the casinos, more than half of the residents in Tunica County received government assistance. The introduction of casinos to the area greatly reduced the need for the residents to use government assistance. For example, food stamp reported usage decreased by greater than half with a pre-casino rate of 53.8 percent in 1991 and a post-casino rate of 24.2 percent in 1997; this rate has continuously declined (Snyder, 1999). This 29.6 percent decrease in the residents’ need for food stamps is a reflection of the positive impact the gaming industry has had to the area. Additionally, temporary aid to families declined from 22.2 percent in 1991 to 6.6 percent in 1997 (Snyder). The impressive 15.6 percent reduction in need of area families to seek temporary aid also can be attributed to the introduction of the gaming industry into the area. The data clearly shows that the gaming industry greatly improved the conditions and standard of living for residents in Tunica County since its inception. Therefore, the information presented supports Hypothesis 2, which states “Gaming has a positive impact on the quality of life of residents in Tunica County, Mississippi”.

CONCLUSIONS AND RECOMMENDATIONS

In Tunica County, the financial and social impacts of the casinos have been significant. The gaming industry influenced a county dominated by agriculture through creating a vision of improved economic and community conditions. This vision plays a key role in guiding positive changes through inspiring residents. Additionally, the gaming industry significantly improved and empowered communities by donating services and financial resources.

Overall, Tunica’s experiment with legalized gaming has been positive. It has lifted the extremely poor out of abject poverty. Gaming has created an abundance of jobs, attracting workers across the entire region. As a result of the introduction of gaming to the Mississippi Delta county, the economy has been stimulated. More than anything, it has changed the landscape and culture of a community mired in a seemingly permanent depression.

Clearly, the area’s gamble on casinos has paid off for Tunica County and its residents. The casinos are a progressive force pushing the county out of its well-worn groove of economic and social despair. These established businesses are a source of wealth and opportunity sure to continue succeeding in their efforts to promote the county. Through careful decision making, Tunica County can continue to use its unique resources in preparing residents advance themselves.

Future research relating to the changes created by the introduction of legalized gaming should consider factors not included in this study such as crime rate, problem gambling, quality of the educational system, and local business changes. Additional research would yield interesting results from a comparison of the Tunica County experience with other regions that have introduced gaming and have been similarly affected. Finally, suggestions for future research include the continuation of the review of the unemployment rate following an improvement to the Tunica County unemployment rate as a reflection of an improvement to the national economy.

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