

National Gambling Impact Study Commission

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Testimony on Expert Panel on Lotteries

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I would like to extend my thanks to the Commission for the opportunity to express concerns and offer recommendations that generally reflect the views of the 35 state affiliates of the National Council on Problem Gambling, of which I am a Vice President and Secretary.

The National Council does not take a position on the question of whether gambling should be legalized, but does take a position with regard to whether gambling is carried out in a responsible way, which includes the impact of legalized gambling on problem gambling and underage gambling. Our Councils have tried to stay clear of the strong pro and con positions of the gambling debate.

Although I represent a problem gambling council, I have spent considerable energy collaborating with the gaming industry. The Connecticut Council on Problem Gambling has a long term partnership with Foxwoods Resort Casino to develop a model Responsible Gambling Program. The CCPG is developing a similar relationship with the other Connecticut casino, the Mohegan Sun Casino. We have consulted to the Division of Special Revenue, Connecticut's gambling regulatory body, to develop policies relating to problem gambling. I have also worked with the American Gaming Association's Task Force on Responsible Gambling to develop the AGA's Responsible Gaming Resource Guide. I have provided consultation to the manufacturing and interactive gaming segments of the gaming industry to develop responsible gaming programs.

I would like to confine my remarks to the following three areas:

- A. Problem Gamblers and the Lottery**
- B. Responsibilities of the Lottery and State Government**
- C. Role of the Federal Government**

A. PROBLEM GAMBLERS AND THE LOTTERY

1. The lottery is a form of gambling.

It should not be necessary to have to make this point, but there are still too many people who are reluctant to accept this well-documented fact. Too often state lotteries emphasize that the lottery is a form of entertainment and minimize or deny that the lottery is a form of gambling. The lottery, of course, is gambling, which is also often entertainment.

Buying 100 or 1,000 instant or scratch tickets is no different than putting \$100 or \$1,000 in a slot machine. In fact, as lotteries expand the variety of gambling options they offer, the boundary between casino and lottery gambling is becoming blurry. For example, some lotteries offer slot machines under the name "video lottery terminals".

The lottery is not the only form of gambling that is often not recognized as gambling. The primary example is the gambling that occurs in the stock market and the other financial markets. I am pleased that the Commission is considering including financial markets gambling at the Chicago meeting in May.

2. Problem gambling in the lottery is a public health concern.

A substantial number of callers to state problem gambling Helplines are concerned about lottery problem gambling. Recent statistics from Connecticut, New York, and Texas indicated that between 15% and 40% of the callers were concerned about a lottery problem. Two weeks ago at a hearing on a lottery bill in Connecticut at which I testified, a legislator asked the President of the Lottery Corporation what percentage of compulsive gamblers have a problem with the lottery. His response was "about 20%". It follows that state governments must make a substantial effort to deal with problem gambling in the lottery.

3. Problem gamblers in the lottery are fundamentally no different than problem gamblers in any other form of gambling with respect to the negative impact on the gambler, his or her family, and the community.

The lives of those who are vulnerable to a gambling addiction are as damaged by an addiction to lottery games as to any other form of gambling.

Any vulnerable person who is a lottery player can develop a gambling problem. The range of compulsive lottery players who have called the

Connecticut Helpline has included a lottery jackpot winner and employees and proprietors where lottery tickets are sold. In fact, analogous to a higher rate of alcoholism among bartenders, employees on the gaming floor at casinos and pari-mutuels, and employees who sell lottery tickets are at increased risk for developing a gambling problem.

B. RESPONSIBILITIES OF THE LOTTERY AND STATE GOVERNMENT

1. State governments are compromised in the role of gambling regulator when states directly and indirectly operate the lottery.

It is my view, that when the state is the operator of the lottery (or any form of gambling), the state often loses the ability to adequately regulate the spread of the lottery and the way it is promoted. While separation of these functions is the preferred model, separation of regulation and operations does not necessarily resolve the issue when the two functions are still carried out by different areas of state government.

Let us examine the Connecticut situation where some of the basic issues are relevant to all state lotteries. In Connecticut, lottery operations were transferred from the state regulator to a new quasi-public Lottery Corporation. The corporation is still directly accountable to state government and lottery earnings are deposited in the general fund. The goals in the transfer were twofold: to separate operations and regulation and also to give freer reign to aggressive lottery promotions to increase earnings for the state.

Given the strong support of the Governor and the legislature for aggressive promotion of the lottery, the state regulatory body has been constrained in its regulation of aggressive lottery promotions. On the other hand, the legislative committee which oversees the Lottery Corporation and the Attorney General have begun to rein in some of the more aggressive marketing promotions of the lottery. The Lottery Corporation may well be asking the question, "How can we meet projections for higher lottery earnings which are expected by the legislature and the Governor if we're not permitted to aggressively promote the lottery?" The answer to this dilemma, in my view, is for the legislature and the Governor to end their expectations for increased lottery earnings and to inform the Lottery Corporation that they no longer approve of aggressive marketing practices.

2. Lottery advertisements by state governments should be “passive” rather than “aggressive”.

Lottery advertisements should be “passive” rather than “aggressive”. I define passive as not reaching out to or targeting any individuals, households, or groups. Here are two examples of aggressive advertisement:

- (a) Asking every customer at the sales counter if he or she wants to purchase a lottery ticket. Several legislators and the Attorney General of the State of Connecticut recently were instrumental in stopping this practice in Connecticut, primarily because minors and problem gamblers were in danger of being solicited.
- (b) Advertisements mailed to homes, especially if they contain coupons which can be redeemed for free lottery tickets. These can easily fall into the hands of minors and recovering or active problem gamblers.

Should it be the official policy of state government to encourage people to start gambling when they would otherwise not gamble? Should it be the official policy of state government to entice people who have begun to buy lottery tickets to become habitual purchasers? And what about compulsive lottery gamblers who are trying to recover from this disorder but are exposed to pervasive lottery advertisements and lottery availability in all segments of the community?

At the two casinos in Connecticut, people can request permanent self-exclusion if they have a problem with casino gambling and thereby effectively stay away from the casino. How can a person with a lottery problem effectively stay away from the 3,300 retail lottery outlets that are aggressively marketing the lottery? To make the point with an extreme example, I treated a recovering compulsive gambler who moved out of the State of Connecticut to a non-lottery state in order to escape temptation to play the lottery elicited by advertisements encountered throughout his daily activities in the community.

3. An excessive number of minors are gambling in the lottery due to ineffective monitoring by retailers and state personnel.

Results from a recent Connecticut statewide high school survey confirms the results of a number of other state surveys of high school students that approximately 30 – 35% of students report purchasing lottery tickets themselves. This problem will only get worse as states continue to install lottery vending machines across communities. I ask the question, haven't

we learned from the example of widespread underage access to cigarette vending machines?

4. Very few state regulatory bodies and lottery departments have comprehensive Responsible Gambling Programs.

Responsible Gambling Programs have written mission and policy statements and a built in structure to implement goals. To my knowledge, of all the state lotteries, the Ohio lottery is the only state lottery that has an employee whose title and primary area of concern is problem gambling.

Examples of proactive steps which could be initiated by lotteries include: placing a problem gambling Helpline number on lottery terminals and tickets; creating a pamphlet on problem gambling for customers and a separate one for lottery vendors; developing radio and television public service announcements on problem gambling.

5. Few state governments provide significant funding for community organizations which provide the following problem gambling related services: public awareness information, prevention programs, professional training, treatment programs, and research.

It would be helpful if agreement could be reached across state governments that it is the responsibility of government to fund these types of programs. In my view, the best mechanism for funding thus far utilized by state governments is the allocation of a percent of gross or net revenue from all forms of state sanctioned gambling. Ideally, funding should be based upon the results of a community needs assessment of the problem.

State dollars are needed to develop educational curricula that provide information about problem gambling that parallels the curricula for alcohol and other drugs. Education in the schools, along with family support programs, would go a long way toward preventing a significant number of future cases of problem gambling.

C. ROLE OF THE FEDERAL GOVERNMENT

1. The recently published meta-analysis of problem gambling research conducted at Harvard University demonstrated a consistently higher problem gambling rate among teens than adults in studies across the United States and Canada.

In view of the high rate of problem gambling among high school students, I would strongly recommend that the Commission's planned national gambling prevalence study also include 16 and 17 year olds. It is very

important to obtain comparable data for adults and teens at the same point in time. Problem gambling information obtained from youth who are closest to adulthood will allow for data-based estimates of the future incidence of problem gambling when these teens obtain full access to a wider variety of legal and illegal forms of gambling.

2. The federal government should include pathological gambling in the Americans with Disabilities Act.

Americans afflicted with pathological gambling need to be understood on the same terms and receive the same services and protection under the law that citizens with the related disorder of alcoholism are already receiving. The rationale for the specific exclusion of compulsive gambling was clearly unsound.

3. The federal government provides no funding for public awareness education, prevention programs, professional training, treatment programs, and research.

A National Institute on Gambling and Gambling Abuse should be established with adequate funding for these services. While there is sporadic, minimal funding for some of the National Council on Problem Gambling's affiliate state councils from state governments or the gaming industry, there are few vehicles or mechanisms for funding vital services at the national level.

A substantial ongoing federal commitment of funds is needed to support the following programs: basic research to gain further understanding of pathological gambling; prevention programs such as the development of school curricula and family education programs; and treatment programs for the millions of citizens affected by this addictive psychiatric disorder.