



Strengthening
Iowa's
Families

National Gambling Impact Study Commission
Testimony
by
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Madam Chair, honorable members of the commission, members of the media and interested citizens.

I must be honest with you. My attitudes about gambling have evolved over the last several years. There was a time when I believed that forty dollars worth of "entertainment" and a wonderful cruise on a river boat made for a delightful and enjoyable evening.

However, in the last several years, it has become increasingly more difficult to not see the societal problems occurring in our state as a result of more and more gambling. Iowa has more legalized forms of gambling than any of the Midwestern states represented here. From the lottery to slot machines, para-mutual betting facilities to riverboats, crap tables to roulettes, Iowa has become not a place to grow, but a place to lose.

Over the past several months our newspapers have been littered with stories of embezzlement and desperation. One woman, a 24 year employee of one of our state's largest employers, embezzled \$138,000 from her long time employer. She entered her first gaming facility in 1996 and by 1998 was serving a ten year prison sentence. Just last month a long time employee of one of our Des Moines hospitals was arrested for embezzling \$151,000. Authorities reported that a significant amount of this embezzled money too, was spent at the Des Moines casino and race track. "The vast majority of withdrawals was taken from a cash machine at the track or another machine not too far away from the track," reported Des Moines Police Sgt. Bruce Elrod

Iowa currently has nine riverboats, fully equipped with gaming tables and slots. Another riverboat is soon to set port in the small town of Osceola, Iowa, with a population of 4,164. Iowa was the first state to allow river boat casinos, setting sail in 1991. At that time we had a \$5 betting limit and a \$200 loss limit per excursion. Soon our border states also embarked, frequently with no, or higher loss limits. Obviously our boats became less than attractive to the owners and they cast off for bluer waters. After intense pressure from the pro-gambling lobby, Iowa dropped its loss and betting limits and also permitted slot machines on premise.

The promises and enticements of the riverboat owners and proprietors have been endless. Promises of a booming economy, increasing business to local merchants, and tourism abound. One community was told that they should be prepared to offer bass fishing on

their local water ways, because after all, the people coming from across the country to gamble at their very own riverboat would naturally be looking for other forms of entertainment as well. It did not surprise me to find out that no bass fishing trips were ever chartered.

In a recent Iowa State University survey of businesses in Clinton, Iowa, twelve percent of the businesses reported that their business had increased, while 29% reported a decrease. Sixty percent said they had seen no change in revenues.

In 1989, before casinos opened in Iowa, a state commissioned prevalence study showed that 1.7% of our adult population was either a problem or pathological gambler, by 1995 the state again commissioned a prevalence study which showed that 5.4% of our adult population was now considered either a problem or pathological gambler. Mr. Tom Coates of Iowa's Consumer Credit estimates that approximately 15% - 20% of his caseload involve problem gamblers. These gamblers brought with them tens of thousands of dollars of debt, primarily credit card debt.

Between 1994 and 1995 Iowa's bankruptcy rate soared 22% and then jumped another 34% between 1995 and 1996. At the same time the nation's bankruptcy rate jumped twelve and twenty-six percent respectively. During the twelve month period ending in September 30, 1997 two of Iowa's counties outpaced the nation's per capita bankruptcy rate. Both of these counties, Des Moines and Pottawattamie, have casino boats on their riverbanks. What is so disconcerting about this data is that while Iowa is in the midst of a robust economy with extremely low unemployment rates, our bankruptcy filings are continuing to sky rocket.

Other societal problems are also erupting in Iowa, although the full impact of gambling may not be realized for years. The Iowa Gambling Treatment Program helpline shows an increase in calls of 1273% between 1988 and 1997. Hotline representatives report a continued number of callers stating their involvement in embezzlement and an increase in the number of calls evidencing domestic violence.

Gambling in the state of Iowa is not targeted at, or being participated in, by our most affluent or most highly educated. Demographic data compiled from information provided by the gamblers and concerned persons who called the helpline during fiscal year 1997 (July 1, 1996 through June 30, 1997) report that 61% were high school graduates, 22% had some college, 11% were college graduates and only 3% had post graduate education.

Nothing speaks better to the issue of gambling in the state of Iowa than the anecdotal but real stories of human tragedy. One counselor related this very heart wrenching tale.

A fifty year old man came in for counseling on an overwhelming debt. This fifty something gentleman reported his debt at approximately \$60,000, mostly on credit cards and nearly all created by his gambling addiction. He was desperate and didn't know what he would do to overcome this ever amassing debt. This first counseling session was

conducted mid week of an early spring day. In a time when the hope and anticipation of new spring growth and the joys of summer picnics fill most people's minds, this man was despondent.

Just a few short days later, this same man checked himself into a local hotel, placed a gun to his head and ended his misery and desperation.

Unfortunately, gambling does not merely effect the gambler, it leaves in its destructive wake fatherless and motherless children, bankruptcies, and the despondency and destruction of immediate and extended family members.

Please carefully consider all the testimony you hear today. As you listen to the stories of economic growth and job creation, please also listen to the downcast cries of the families affected by the gambling trends sweeping the Midwest and the nation. Thank you.