

TESTIMONY BEFORE THE NATIONAL GAMBLING IMPACT STUDY COMMISSION

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Members of the commission, thank you for this opportunity to discuss the social impact of riverboat casino gambling in the state of Indiana. I am Bill Smith, Executive Director of the Indiana Family Institute.

Unlike many midwestern states, riverboat casinos are a relatively new form of gambling in Indiana. In 1988, the voters of our state decided to change Indiana's Constitution to permit a state lottery and other forms of gambling. Today, Indiana has every form of gambling with the exception of greyhound racing.

Ten riverboat licenses have been created by the state gaming commission allowing for casinos along the Ohio River in southern Indiana and on Lake Michigan in northwest Indiana. The first riverboat casino opened in December of 1995 near Evansville.

Because riverboat casinos have existed in our state for just over two years, most social service agencies are still collecting data to determine the social costs to families and communities throughout Indiana. Despite the short data collection period available to us, enough troubling trends have surfaced to cause Governor Frank O'Bannon to appoint a commission to study the consequences of gambling in Indiana. The state commission held its first meeting last month. In another effort to study the social cost of gambling, the Indiana State Department of Mental Health has just commissioned Louisiana State University to investigate and report upon the increasing concerns over addictions and family breakdown.

It is not necessary, however, to wait for these reports and studies to be completed to determine whether Hoosier families are paying a

high price for the privilege to gamble. According to the *1998 State of the Industry Report*, gaming estimates for Indiana riverboats will reach \$1.5 billion by the year 2000. The report found that the most frequent gamblers in Indiana are in Vanderburgh County, the home of the riverboat Casino Aztar. The report estimates that 51 percent of Evansville area residents visit the casino each year, with the average person attending 18 times each year.

Even before Casino Aztar opened, Evansville therapists and mental health agencies began gearing up for the increase in addictions to gambling. Eric Zehr, Executive Director of Addiction and Behavioral Services at Proctor Hospital in Peoria, Illinois, was brought in to conduct week-end training workshops for local therapists. As a result of expert predictions that between 3 and 6 percent of the entire population of Vanderburgh County would develop compulsive gambling habits, the Southern Indiana Mental Health Center's addiction treatment center trained 20 therapists to become certified compulsive gambling counselors.

In an article in *The Evansville Courier*, Zehr said that Evansville could expect to see more people with gambling problems about a year after the casino opened. He said, "It used to take a horse track gambler 10 to 15 years to reach the desperation phase. But with slot machines and video poker, it's so fast the reinforcement schedule is very quick. People reach the desperation phase in more like 10 to 15 months."

Twenty-two months after Casino Aztar opened, *Ladies Home Journal* listed the divorce rate of Evansville, Indiana, as third highest in the nation behind Reno and Las Vegas, Nevada. The magazine

gave no reasons for this unexpectedly high divorce rate, but we do know from other studies that gambling addiction and debts play a prominent role in increased divorce rates. In fact, a 1995 survey of compulsive gamblers here in Illinois found that 26 percent were divorced or separated due to gambling problems. And when we consider that approximately 75% of divorces involve minor children, we begin to see a clear picture of a casino's impact on families.

Recent reports from *The Evansville Courier* have found an increase in gambling related bankruptcies. In northwest Indiana; the other area for Indiana riverboats, *The Times* of Munster, Indiana, has reported that up to 18 percent of bankruptcies around Lake County are linked to gambling.

Again, even before Governor O'Bannon's commission releases its report, it is easy to see how these financial pressures and behavioral problems lead to the breakdown of families in our state. That there is a high cost to society is not even debated in Indiana. The question to be answered relates to the extent of the damage, not whether it exists. Even Joe Cole, Vice President of Corporate Communications for the Casino Aztar, said the riverboat would be making donations to Evansville social service agencies to assist with the problem of gambling addictions.

Indiana radio and television stations today continue to air public service announcements warning people to play responsibly while reminding them that their odds of winning the PowerBall lottery are over 80 million to one.

It is evident from these actions that the gaming industry in Indiana and our state government already know that there is a

destructive side to gambling. This problem is not a new one. It is a problem that many Indiana school children were taught about more than one hundred years ago. Long before electronic slot machines, long before video poker and long before slick advertisements, our great grandparents had learned that gambling harms families. It is a lesson we have forgotten and are destined to relearn.

Alex M. Gow authored a textbook entitled *Good Morals and Gentle Manners* in 1873. It was once used in many Indiana public schools. Gow wrote one hundred and twenty-five years ago:

"In the earlier days of our history, it was not uncommon for the legislatures of the colonies and states to grant authority to establish lotteries, the profits of which were for the purpose of endowing schools, building churches, etc. The design in legalizing these establishments was not to encourage the people to acts of benevolence, and to teach them liberality from a sense of duty, but to appeal to their covetousness, and lead them to invest their money in the hope that, by a lucky turn of the wheel, they would be the fortunate possessors of valuable prizes. It was found by observation that, whatever good might have accrued from the churches and schools thus erected, the evil effects upon the community were greater.

"People who purchased tickets became excited with expectations of sudden wealth; they ceased to work steadily, and became idle and dissipated. . . .so infatuated did men become that they would try and try again, in the hope of a future success, and thus waste their entire means. . . . Such was the extent of the mischief produced, that almost all the states abolished lotteries as prejudicial to the public

welfare and injurious to individual prosperity and happiness. All such institutions foster the spirit of covetousness, which makes men discontented, idle, and vicious.

"If the experience of our own and many foreign countries is such as to compel them to abolish state lotteries, and pass severe laws against the sale of tickets, as prejudicial to the interests of the people, are not all schemes of this character liable to the same objection?" (pg 98-99)

Appropriately, Mr. Gow was from Evansville, Indiana.

Alex Gow's warnings from 1873 may be more relevant today than they were more than 100 years ago. Yet the citizens of Indiana will wait for the research illustrating the damage done in the 20th century. At this time in our state, the stories, the anecdotes, the reports of increased bankruptcy, divorce, suicide and hurt children will have to suffice – until we calculate the numbers and are able to fully quantify the impact of gambling on the families of Indiana.

References:

The Evansville Courier, December 3, 1995

Ladies Home Journal, November 1997

Illinois Council on Problem and Compulsive Gambling, June 14, 1995