

regarding gambling in their community without a thorough and accurate assessment of both economic and social costs.

The sad fact is that many policymakers have been forced to make decisions about expanding gambling with virtually no credible studies to rely on and, at best, only an assessment of the perceived social impacts. Indeed, the social impacts of gambling are even less well documented than the economic impacts. However, even if there were not a lack of research in this area, Commissioners found themselves at a loss when it came to quantifying the emotional damage suffered by millions of pathological gamblers and their families. How does one quantify the tragic actions of the 16-year-old boy in Atlantic City who slit his wrists after losing \$6,000 on lottery tickets? How does one categorize the deaths of the middle-aged couple from Joliet, Illinois, who committed suicide after the wife accumulated \$200,000 in casino debt? How can one calculate the “cost” of the two children that died while locked in cars as their parents or caregivers gambled in nearby casinos? It was these hidden costs—the emotional costs of problem and pathological gambling behavior—that concerned the NGISC far more than the annual dollar expense of problem and pathological gamblers.

The NGISC recognizes that some policymakers and citizens have struggled and will continue to struggle with gambling’s often conflicting impacts. The net effect of gambling on people and places is clearly an immensely complicated issue. It demands not only considerably more research but also the highest powers of judgment by both citizens and leaders.

Future Research Needs

To date, the NGISC’s congressionally mandated research program, conducted by NORC, the Cook-Clotfelter team, and NRC, has achieved two valuable goals. First, useful data have been developed that will be immediately helpful to federal, tribal, and state officials. Second, after careful reflection on the existing research, the Commission has set forth an aggressive agenda for future research based on what we need to know about gambling’s impact on our lives.

The need for quality research on gambling is urgent, especially because of profound changes now occurring within the gambling industry. Chief among these is the blurring of the traditional lines that once clearly defined each segment of the industry. States are

granting horse-racing track owners the right to install slot machines at tracks. State-run lotteries are becoming more interstate in character. The number of gambling venues continues to multiply. Today, eight states allow betting on horse racing from home. And if gambling continues to proliferate unchecked, every American in the immediate future will be able to play a high stakes game from anywhere over the Internet. Secondly, the public, Congress, and tribal and state leaders are debating gambling issues, both within the political arena and the private sector, without grounding their perspectives in an objective body of available knowledge. Policymakers, and indeed all Americans, deserve to have access to impartial data from which to develop sound judgments.

To that end, the NGISC recommends that Congress and the states set forth two comprehensive gambling research agendas. The following are summaries of the recommended agendas. (Complete detailed agendas are presented within the “Future Research” chapter of the **Final Report**.)

The NGISC recommends that Congress adopt a general research strategy to build a knowledge base of gambling behavior and its consequences on individuals and communities. Such a strategy would add “gambling components” to existing data sets being collected by federal agencies and national institutes on related areas. The Commission recommends, for example, that Congress direct the Department of Justice and the Department of Health and Human Services to add gambling components to their existing surveys, including the National Household Survey on Drug Abuse and the Arrestee Drug Abuse Monitoring System. Such a strategy would also include the addition of longitudinal and cross-sectional research on the general population and major subgroup populations similar to that being conducted in the area of substance abuse. Recommended research studies would focus on the prevalence of gambling behaviors, including pathological gambling and gambling by adolescents, as well as the prevention and treatment of problem and pathological gambling. In addition, the Commission recommends that Congress request the National Science Foundation to establish a multidisciplinary research program on the social and economic impacts of legal gambling in the United States, including the benefits associated with legalized gambling as well as its costs.

Although many aspects of the private sector gambling industry have become international, national, or regional, state-specific

research on gambling is indispensable. The regulation of most legal gambling forms has been, and will continue to be, under the purview of state governments. States must be fully informed by quality research to make decisions as to whether gambling should be initiated, expanded, limited, or terminated. To that end, the Commission recommends that governors and state legislatures: (1) authorize and fund every 4 years an objective study of the prevalence of problem and pathological gamblers among their states' residents; (2) fund research, public awareness education, and prevention and treatment programs for those who are or are likely to become problem or pathological gamblers among their resident populations; and (3) as a condition of the granting of a license to operate a gambling facility or to sell goods or services to a gambling facility, the licensee provides full cooperation in any research undertaken by their states to fulfill the legislative intent of federal and state statutory policy.

Recommendations

CHAPTER 3. REGULATING GAMBLING

- 3-1 The Commission recommends to state governments and the federal government that states are best equipped to regulate gambling within their own borders with two exceptions—tribal and Internet gambling. (See separate recommendations on tribal and Internet gambling in their respective sections.)
- 3-2 The Commission recommends that all legal gambling should be restricted to those who are at least 21 years of age and that those who are under 21 years of age should not be allowed to loiter in areas where gambling activity occurs.
- 3-3 The Commission recommends that gambling “cruises to nowhere” should be prohibited unless the state from which the cruise originates adopts legislation specifically legalizing such cruises consistent with existing law.
- 3-4 The Commission recommends that warnings regarding the dangers and risks of gambling, as well as the odds where feasible, should be posted in prominent locations in all gambling facilities.
- 3-5 The Commission recognizes the difficulty of campaign finance reform in general and an industry-specific contribution restriction in particular. Nonetheless, the Commission believes that there are

sound reasons to recommend that states adopt tight restrictions on contributions to state and local campaigns by entities—corporate, private, or tribal—that have applied for or have been granted the privilege of operating gambling facilities.

- 3-6 The Commission received testimony that convenience gambling, such as electronic devices in neighborhood outlets, provides fewer economic benefits and creates potentially greater social costs by making gambling more available and accessible. Therefore, the Commission recommends that states should not authorize any further convenience gambling operations and should cease and roll back existing operations.
- 3-7 The Commission recommends that betting on collegiate and amateur athletic events that is currently legal be banned altogether.
- 3-8 The Commission recommends that in states where there is little regulatory oversight for organizations contracted to help manage or supply the lottery, states should put all individuals, entities, and organizations involved with managing or supplying the lottery through a rigorous background check and licensing process.
- 3-9 The Commission recommends to states with lotteries that the states should publicly develop and review model regulations for their lottery in the form of “best practices,” designed to be adopted legislatively.
- 3-10 The Commission urges states with lotteries to not allow instant games that are simulations of live card and other casino-type games. Generally, the outcome of an instant game is determined at the point of sale by the lottery terminal that issues the ticket.
- 3-11 The Commission recommends that all relevant governmental gambling regulatory agencies should ban aggressive advertising strategies, especially those that target people in impoverished neighborhoods or youth anywhere.
- 3-12 The Commission recommends that states should refuse to allow the introduction of casino-style gambling into pari-mutuel facilities for the primary purpose of saving a pari-mutuel facility that the market has determined no longer serves the community or for the purpose of competing with other forms of gambling.

- 3-13 The Commission recommends to state and tribal governments, the NCAA, and other youth, school, and collegiate athletic organizations that because sports gambling is popular among adolescents and may act as a gateway to other forms of gambling, such organizations and governments should fund educational and prevention programs to help the public recognize that almost all sports gambling is illegal and can have serious consequences. The Commission recommends that this effort should include public service announcements, especially during tournament and bowl game coverage. The Commission recommends that the NCAA and other amateur sports governing bodies adopt mandatory codes of conduct regarding sports gambling education and prevention. The Commission also calls upon the NCAA to organize America's research universities to apply their resources to develop scientific research on adolescent gambling, sports gambling, and related research.
- 3-14 The Commission recommends that each gambling operation, state lottery, tribal government, and associations of gambling organizations voluntarily adopt and then follow enforceable advertising guidelines. These guidelines should avoid explicit or implicit appeals to vulnerable populations, including youth and low-income neighborhoods. Enforcement should include a mechanism for recognizing and addressing any citizen complaints that might arise regarding advertisements. Additionally, the Commission recommends that Congress amend the federal truth-in-advertising laws to include Native American gambling and state-sponsored lotteries.
- 3-15 The Commission recommends that Congress should delegate to the appropriate federal agency the task of annually gathering data concerning lottery operations in the United States, including volume of purchase; demographics of lottery players and patterns of play by demographics; nature, content, accuracy, and type of advertising spending regarding problem and pathological gamblers; spending on regulation; and other relevant matters.
- 3-16 The Commission recommends that states and tribal governments should conduct periodic reassessments of the various forms of gambling permitted within their borders for the purpose of determining whether the public interest would be better served by limiting, eliminating, or expanding one or more of those forms.

- 3-17 The Commission recommends that federal, state, and tribal gambling regulators should be subject to a cooling-off period that prevents them from working for any gambling operation subject to their jurisdiction for a period of 1 year. Federal, state, or tribal lottery employees should be subject to a cooling-off period that prevents them from working for any supplier of lottery services for a period of 1 year.
- 3-18 The Commission recommends that jurisdictions considering the introduction of new forms of gambling or the significant expansion of existing gambling operations should sponsor comprehensive Gambling Impacts statements. Such analyses should be conducted by qualified independent research organizations and should encompass, in so far as possible, the economic, social, and regional effects of the proposed action.
- 3-19 The Commission recommends that states with lotteries reduce their sales dependence on low-income neighborhoods and heavy players in a variety of ways, including limiting advertising and number of sales outlets in low-income areas.
- 3-20 The Commission recommends that states with lotteries create a private citizen oversight board. The board would make data-based policy decisions on types of games to offer, marketing strategies to follow, etc.
- 3-21 The Commission recognizes that lotteries and convenience gambling may play a significant role in the development of youth gamblers. Further, with respect to all forms of legal and illegal gambling, the Commission recommends that all relevant governmental gambling regulatory agencies enact and enforce harsh penalties for abuse in this area involving underage gamblers. Penalties and enforcement efforts regarding underage gambling should be greatly increased.
- 3-22 Heavy governmental promotion of lotteries, largely located in neighborhoods, may contribute disproportionately to the culture of casual gambling in the United States. The Commission, therefore, recommends that states curtail the growth of new lottery games, reduce lottery advertising, and limit locations for lottery machines.

CHAPTER 4. PROBLEM AND PATHOLOGICAL GAMBLING

The Commission respectfully recommends that all governments take every step necessary to implement all relevant components of the recommendations listed here before lotteries or any other