

# **Gambling and Problem Gambling in Kentucky; Recommendation to Address the Public Health Issue**

## **Statement Presented to Kentucky General Assembly Interim Joint Committee on Licensing, Occupations and Administrative Regulations September 29, 2022**

### **Presented by the Kentucky Council on Problem Gambling (KYCPG)**

Thank you for this opportunity to speak before the Interim Joint Committee on Licensing, Occupations and Administrative Regulations. Good Morning. I am Mike Stone, and I serve as the Kentucky Council on Problem Gambling (KYCPG) Executive Director. With me today are Scott Hunt, Ph.D., Associate Dean, College of Justice, Safety, and Military Science, Eastern Kentucky University; and Curtis L. Barrett, Ph.D., Professor Emeritus, University of Louisville; and John G. Arnett, Jr., JD. Dean Hunt is a member of the Kentucky Council on Problem Gambling (KYCPG) Board of Directors and serves as the KYCPG Research Committee Chair. Dr. Barrett is KYCPG's founder and serves on the KYCPG Board as Professional Adviser. Mr. Arnett is a member of the KYCPG Board of Directors.

Let's begin by making it clear the Council is not anti-gambling. The Council's mission is to increase awareness of problem gambling, promote prevention and research, and advocate for the availability of treatment. KYCPG cites evidence that excessive gambling is a public health issue that can be best addressed through a state-operated program of evidence-based approaches to prevention, mitigation and counseling. KYCPG is not advocating to get funding for itself. It is advocating for publicly funded services for the problem gambler and his or her family, and for society, managed through the Department of Behavioral Health, Developmental and Intellectual Disabilities (DBHDID).

KYCPG does not oppose nor advocate for gambling. Gambling exists. Statistics indicate tens of thousands of Kentuckians already are at risk or have a problem or an addictive gambling disorder, which is defined by the American Psychiatric Association in the *Diagnostic and Statistical Manual of the Mental Disorders, Fifth Edition*. KYCPG's advocacy efforts focus on raising awareness of problem gambling, promoting responsible gambling, and helping the problem and addicted gambler and his or her family.

That noted, KYCPG does oppose illegal and unregulated gambling that preys on the vulnerable and makes no contribution to the public welfare. This opposition covers all forms of illegal, potentially illegal, unsupervised, and unregulated gambling.

The Council notes two of the most significant factors for individuals to gamble to excess are opportunity and proximity. With expanded gambling opportunity in Kentucky, more people will be closer to increased gambling opportunity. The need for a publicly funded problem and addicted gambling education, prevention and treatment program is justified more than ever before. **KYCPG urges the Kentucky General Assembly to authorize such a**

**program and establish a recurring funding mechanism from existing and projected revenue the state will receive from legally approved gambling.**

Kentucky is a gambling state. A survey by the firm IPSOS for the National Council on Problem Gambling (NCPG) released in 2021 showed 78 percent of adult Kentuckians gambled within the last year. More than \$2 billion was spent, wagered or bet on legal gambling activities in Kentucky last year: with the Kentucky Lottery, including Keno; at pari-mutuel racetracks, satellite Historical Horse Racing (HHR) venues, and simulcast facilities; and at various charitable gaming locations that include bingos, raffles, and poker tournaments. These figures do not include an estimate of the amount of money gambled on illegal or unregulated gambling such as “grey” machines or “skill” games, on cockfights, with bookmakers, or any other illegal or unregulated gambling in Kentucky.

The availability of gambling opportunity in Kentucky can be seen in the maps presented in the slides accompanying this presentation. The gambling sites shown are only those legally sanctioned. Unregulated or illegal sites would add hundreds of locations to the maps.

Economic competition results in gambling’s continued expansion in order to maximize its revenue. Within the last 10 years, the state has seen the introduction of machines in bingo halls for faster play, electronic pulltabs, Keno, online Lottery sales, and Historical Horse Racing (HHR) machines at Kentucky’s pari-mutuel racetracks, which now are allowed to establish satellite operations furthering the expansion. In addition, it is anticipated the General Assembly will consider legislation in its 2023 session to legalize sports gambling and “grey” or “skill” machines in the state. Kentucky state government will receive about \$400 million in 2023 in revenue from legally sanctioned gambling. Regardless of the name or description, all of these activities are gambling. **Gambling is defined as placing something of value at risk, with the outcome at least partially determined by chance, and the results are irreversible.**

If people gamble, some will develop a gambling problem or addiction. A gambling problem is evident when someone continues to gamble in spite of recurring negative consequences resulting from the gambling activity. A research analysis performed by Dr. Hunt shows:

- 102,401 - 165,791 Kentucky Adults with problem gambling traits.
- 47,020 - 64,435 Kentucky Adults with gambling addiction.
- 9,221 - 15,816 Kentucky College Students with gambling addiction.
- 9,500 - 15,759 Prison/probation/parole adults in Kentucky with gambling addiction.
- 33 percent of those with gambling addiction committed robbery.
- 13 percent of those with gambling addiction assault someone to get money.
- 73 percent of those with gambling addiction have an alcohol disorder.
- 50 percent of those with gambling addiction identify with mood disorder.
- 34 percent of those with gambling addiction suffer from PTSD.
- 19 percent of those with problem gambling considered suicide.
- 4.7 percent of those with problem gambling attempted suicide.

The Kentucky Incentives for Prevention (KIP) most recent survey conducted by REACH of Louisville, of sixth, eighth, 10th and 12th grade public school students showed more than 26 percent of high school seniors gambled for money or possessions during their lifetimes. The KIP survey indicated almost 2 percent of the more than 100,000

respondents reported gambling money or time spent gambling led to financial problems or problems with family, work, school, or personal life, which are criteria for gambling addiction.

There is additional evidence that problem and addicted gambling is increasing in Kentucky. Information from Gamblers' Anonymous meetings in Kentucky reported growing participation at meetings. In Lexington, the Gamblers' Anonymous phone list has doubled over the last two years.

Calls and texts to the 1-800-GAMBLER helpline show a significant increase the last two years. Total contacts in 2020 were 466, with 123 provided a referral to Gamblers' Anonymous, a certified gambler counselor (ICGC), or a Community Mental Health Center (CMHC); or sent detailed information on gambling addiction. In 2021, the number of contacts were 594, with 222 provided referrals. That is a 27 percent increase in contacts, and an 80 percent increase in referrals. Through eight months of 2022, the number of contacts was 432, with 178 provided referrals. Projected through 2022, based on averages through eight months, total contacts will be 648, with 267 provided referrals, increases of almost 10 and more than 20 percent respectively.

The General Assembly previously acknowledged the existence of problem and addicted gambling in the 2003 Legislative Research Commission Report #316, *Compulsive Gambling in Kentucky*. That report supported the need for a publicly funded program to address problem and addicted gambling. **Next year will mark the 20th anniversary of that report, and there still is no publicly funded program to address problem and addicted gambling in the state.**

A gambling problem is evident when someone continues to gamble in spite of recurring negative consequences resulting from or linked to the gambling activity. An advisory from the federal Substance Abuse and Mental Health Services Administration (SAMHSA) notes, "Gambling problems are associated with poor health, several medical disorders, and increased medical utilization -- perhaps adding to the country's healthcare costs." Additional citations are: (In the interest of time, these points listed in the written text will not be recited orally.)

- Gambling disorder increases the chance of an individual's developing a psychological disorder, particularly antisocial personality disorder, major depression and phobias.
- Gambling disorder is linked to behavioral health conditions, including alcohol use disorder, drug use disorder, nicotine dependence, mood disorder, anxiety disorder, and personality disorder.
- Academic and medical research identifies both learned responses and normally occurring brain chemicals as contributing to a person's striving to re-create an experience through gambling. For these individuals, it's not about the money; it is about staying in the game. In the gambler's parlance, it's being "in action." They crave the need to gamble and likely need help through Gamblers' Anonymous, counseling or treatment to stop or minimize their gambling.
- Addicted gamblers have a higher suicide rate than any other addictive disorder. KYCPG's President and Director of Education RonSonLyn Clark, Psy.D., LCADC-S, NCC, MAC, ICGC-II, BACC,CGT, Addiction Recovery Program Coordinator, Boulware Mission, Owensboro, always screens for suicide thoughts or actions when treating gambling disorder. She says it is a primary duty of care for the client because the suicide rate of problem gamblers is so high, and they are so effective at keeping their addiction hidden.
- A study by Nancy Petry, Ph.D., indicated each addicted gambler (those suffering a gambling disorder, which previously has been known as compulsive gambling or pathological gambling) affected 8-10 other individuals.

- Those with a gambling problem are six times more likely to be divorced than those without a gambling problem.
- A study showed 25-50 percent of spouses of compulsive gamblers were abused, and intimate partner violence increased 10.5 times when the partner was a problem gambler.
- Negative impacts on family members can include a variety of physical, emotional, and financial problems, such as stress-related illness (e.g., headaches, high blood pressure, anxiety, depression), loss of trust, neglect, domestic violence, severe financial hardship, separation, and divorce.
- Research has shown that children with parents who have gambling problems are up to 10 times more likely to develop gambling problems themselves.
- Problem gamblers have increased involvement in criminal activity.
- Problem gamblers miss work, lose productivity and get fired from employment.
- Problem gamblers use family financial resources to gamble, frequently without a partner's knowledge, and often resulting in bankruptcy.

Gambling's potential impact on society, and the value of increasing awareness of potential harm from excessive gambling, can be inferred from last year's announcement by the National Football League that its NFL Foundation will grant \$6.2 million over the next three years to the National Conference on Problem Gambling (NCPG), which will use the funds to increase prevention and responsible gambling messaging. The NFL, as well as the gambling industry, understands its social responsibility. Online sports wagering sites, such as Fan Duel and Draft Kings, promote responsible gambling, as does the American Gaming Association (AGA). All the gambling companies in Kentucky support awareness of problem gambling and promote responsible gambling, including through membership in KYCPG and sponsorship of KYCPG training programs to increase the number of ICGCs in the state. Similarly, gambling entities provide the bulk of NCPG's funding for national programs.

Indeed, the regulated gambling industry is aware of the potentially addictive nature of all forms of gambling. They want gambling to be a safe, regulated form of entertainment and frequently partner with and fund program to address problem and addicted gambling and treat addicted gamblers. For example, the International Center for Responsible Gaming (ICRG), which is affiliated with AGA, funds research and identification of best practices to improve problem gambling prevention and treatment of addicted gamblers.

**Society pays for the criminal justice and government social services in place to address the societal problems. The impact is far from just the individual. Society shares in the cost. New and more comprehensive data can provide a better understanding of the scope of the problem and plan an effective public health initiative.**

Academic studies indicate each addicted gambler costs society between \$1,200 to as much as \$19,000. Using these estimates and the prevalence of gambling in Kentucky, the impact to the state could be as low as \$10 million annually or as high as \$300 million each year. Regardless, the benefit of addressing problem and addicted gambling will lower the social cost of the disorder in Kentucky.

Nationally, the 40 states and territories with publicly funded problem gambling services spend an average of 23-cents per person according to a report from the National Association of Administrators of Disordered Gambling Services (NAADGS). In Kentucky, that extrapolates to slightly more than \$1 million. Following the release of LRC Report #316,

KYCPG researched and presented a five-year plan to establish a set of fully functioning problem gambling services. The estimate indicated funding of \$1.4 million in year one, increasing to \$3.7 million in year five. Of course, these estimates are almost 20 years old. In 2012, KYCPG researched publicly funded problem gambling services provided in similar-sized gambling states. It showed, based on 2010 census numbers, that Kentucky needed 14-24 certified gambler counselors across the state to provide adequate, competent counseling services. Currently, there are seven active ICGCs located in London, Louisville, Owensboro, and Paintsville. As shown on the accompanying slides, the number of GA meetings and ICGCs is minuscule compared to the availability of gambling opportunity. There are many areas lacking coverage. All of Kentucky's border states have legal gambling, and each one provides publicly funded services for problem gamblers and their families.

There is evidence nationally that publicly funded problem gambling services mitigate gambling harm and provide needed counseling services. Even in Kentucky, there is anecdotal evidence that education and awareness works. In 2006, the KIP survey of more than 100,000 public school students across the state added questions regarding gambling behavior among youth. In that first KIP survey, almost 50 percent of high school seniors indicated they gambled within the past year. Since then, working with the Kentucky Lottery Corp., KYCPG has provided more than 200 addiction awareness programs to middle and high schools across the state. The latest KIP survey reported 26.6 percent of high school seniors gambled in the past year, a percentage almost half of the first-year figure. But a prevention, mitigation and counseling program cannot function without professionals to deliver the services, and currently Kentucky has no program nor appropriated any funding for a program.

According to the NCPG, problem gambling prevention and treatment programs save money by decreasing the severity and prevalence of gambling addiction, which in turn reduces suicidal behavior, cuts criminal justice and other social costs, lowers usage of other public health services and improves quality of life, family relationships, financial and mental health, housing and other key indicators of health and welfare. Research indicates every \$1 spent on treatment saved more than \$2 dollars in social costs.

The state will receive in 2023 about \$400 million in receipts from legislatively sanctioned gambling. Less than one-half of 1 percent of the revenue from legally sanctioned gambling would fund a credible program in Kentucky.

**(PLEASE NOTE, KYCPG is not seeking to operate the program nor be named in legislation, other than to have a seat on any advisory group established by law.)**

Gambling has become an accepted activity for mainstream society in America and in much of the world. Kentucky long has been associated with one of the most significant gambling events in the nation each year. Along with acceptance of gambling is the recognition that it can be an addictive behavior. Those that profit from gambling have an obligation to minimize the potential harm by providing prevention and counseling services. Canada, the United Kingdom, Australia and New Zealand are among the leading proponents of providing problem gambling services. In the United States, 40 jurisdictions, including all of Kentucky's neighboring states, fund problem gambling services from revenues received from legal gambling activities. The gambling industry recognizes its responsibility by sponsoring Responsible Gaming Education Month (September) and participating in the Responsible Gift Campaign that emphasizes the potential harm of giving gambling-related gifts to children.

Problem and addicted gambling is a public health issue that can be best addressed through a state-operated program of evidence-based approaches to prevention, mitigation and counseling. **KYCPG urges the General Assembly to designate a portion of the revenue received from legal gambling to fund a public program of problem and addicted gambling education, prevention and counseling services.** The opportunity and means are before the General Assembly.

Thank you for your time and consideration. We will be pleased to answer any questions or provide additional research.

**Submitted by:**

The Kentucky Council on Problem Gambling (KYCPG)

*A 501(c)(3) non-profit organization governed by an all-volunteer board, funded by memberships, grants, donations and sponsorships from the public, government agencies, organizations and the gambling industry.*

P.O. Box 4595, Frankfort, KY 40604-4595

[www.kycpg.org](http://www.kycpg.org), [www.kygamblinghelp.org](http://www.kygamblinghelp.org)

[kmstone1951@gmail.com](mailto:kmstone1951@gmail.com)

502-223-1823



# By the Numbers

## A Research Analysis of Gambling and Problem Gambling in Kentucky

Prepared by the Kentucky Council on Problem Gambling (KYCPG)

Kentucky is a gambling state. There are three broad categories of legal gambling in Kentucky: lottery, parimutuel wagering, and charitable gaming. Annually, more than \$2 billion is spent on legal gambling in Kentucky; and additional money is spent on unregulated, unsupervised, and potentially illegal gambling. State government receipts from taxes, fees and fines, and transfer payments from legal, legislatively sanctioned gambling is approaching \$400 million annually.

The latest survey of gambling activity in Kentucky by IPSOS, a survey firm that conducted the survey for the National Council on Problem Gambling (NCPG), showed that 78 percent of Kentucky adults gambled over the past year. That is more than 2.5 million Kentucky citizens. Additionally, the Kentucky Incentives for Prevention (KIP) survey conducted by REACH of Louisville, of sixth, eighth, 10th and 12th grade public school students showed more than 26 percent of high school seniors gambled for money or possessions during their lifetimes. The KIP survey indicated almost 2 percent of the more than 100,000 respondents reported gambling money or time spent gambling led to financial problems or problems with family, work, school or personal life, which are criteria for gambling addiction.

### Analysis of gambling surveys and statistics reveal:

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This analysis was performed by Scott Hunt, Ph.D., Associate Dean, College of Justice, Safety, and Military Science, Eastern Kentucky University. Dean Hunt is a member of the Kentucky Council on Problem Gambling (KYCPG) Board of Directors and serves as the KYCPG Research Committee Chair. KYCPG does not take a position for or against legal gambling. KYCPG's mission is to increase awareness of problem gambling, promote prevention and research, and advocate for the availability of treatment. Contact KYCPG at [kmstone1951@gmail.com](mailto:kmstone1951@gmail.com).

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