Redefining Responsible Gambling for Today's Gaming Industry

September 15, 2020
Charting a New Course for Responsible Gambling

Cait DeBaun
Senior Director, Strategic Communications & Responsibility
American Gaming Association
What Happens When RG Stakeholders Come Together?
Responsible Gambling Collaborative

American Gaming Association
Association of Gaming Equipment Manufacturers
Association of Problem Gambling Service Administrators
Harvard Medical School
International Center for Responsible Gaming
National Indian Gaming Association
National Thoroughbred Racing Association
Nevada Council on Problem Gambling
North American Association of State and Provincial Lotteries

Responsible Gambling Council
University of Nevada, Las Vegas – International Gaming Institute
University of Memphis
Washington State University
Yale School of Medicine
Objectives

• Identify effective regulations and those that do not achieve their objectives
• Move beyond compliance-based RG programs - expanding focus to effectiveness
• Identify information gaps, opportunities for new research, and potential solutions
• Unify all stakeholders
• Ensure accountability of all stakeholders
## Effectiveness Principles

<table>
<thead>
<tr>
<th>Support funding for research and evaluation.</th>
<th>Support funding for problem gambling treatment.</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Research is essential to advance effective RG and PG practices.</td>
<td>• The research is clear: treatment for gambling disorder works for many individuals.</td>
</tr>
<tr>
<td>• State government funding should support research into identifying behaviors that encourage RG and effective practices for PG treatment services.</td>
<td>• Governments should fund evidence-based problem gambling treatment and insurance providers should provide coverage for treatment.</td>
</tr>
</tbody>
</table>
Effectiveness Principles

Help patrons make informed choices about their gambling.

- Researchers, academics, and funding institutions should investigate the effectiveness of messaging, timing and presentation, and disclosure.
- Encourage operators to go beyond minimum standard of RG signage.

Ensure every company has a responsible gambling plan and industry employees understand their role in responsible gaming.

- Every company should develop and maintain a responsible gambling plan that: includes actionable, measurable performance objectives; is regularly evaluated and updated; and considers disclosure of outcomes.
- Academic and operator research into employee training effectiveness.
Effectiveness Principles

Confirm gambling-related business practices encourage responsible gambling.

- Recommendations focused on credit extension and alcohol beverage services.
- Additional research needed into these issues as well as other intoxicants.

Equip consumers with the tools they need to gamble responsibly and prevent problem gambling behavior.

- Recommends voluntary self-limiting and self-exclusion financial tools be part of any approach to gambling management.
- Call on researchers, academics, and funding institutions to support additional investigation into best practices for self-exclusion programs.
Is Industry Tax Money Being Spent as Intended?
Research Overview & Objectives

- Sought to understand whether states that earmark a portion of gaming tax revenue to RG programs are actually spending that money on RG
- Determine the amount of money that should have been raised for RG programs
- Identify the amount appropriated for RG programs
- Attempt to confirm whether that money was ultimately spent on RG programs
Methodology

• **14 states**: California, Indiana, Iowa, Kansas, Louisiana, Maryland, Mississippi, Missouri, Nevada, New Jersey, New York, Ohio, Oklahoma, Pennsylvania

• Each individual state report is based on a review of public records sources including budget documents, legislation, media coverage, government contracts and industry and third-party studies
Historical Themes

- Commercial gaming is proposed and approved with ambitious revenue projections.
- Accompanying RG services are proposed and enacted with high expectations. There is typically a dedicated fund.
- This also dovetails with "legacy" problem/compulsive gambling issues that predate the casinos.
- The dedicated fund for RG may meet revenue expectations, but it is slow to establish an infrastructure. There are questions about the effectiveness of marketing.
- The RG services and the dedicated fund become underutilized, and lawmakers begin to eye the money for other purposes.
- Dedicated fund is used for problem gambling and other substance abuse issues; there is generally limited transparency as to how much money went for each service.
- Media scrutiny of the issue seems to have abated in the last five to 10 years. Major publications are giving it less coverage. Some of it gets picked up by trade sites but overall there is much less coverage than in the past.
### States Tend to Fall into Three Categories

<table>
<thead>
<tr>
<th>Likely Meeting or Exceeding Expectations (6)</th>
<th>Likely Not Fully Funding RG Programs (4)</th>
<th>Uncertain or Other Issues (4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Funding RG programs as required, in some cases doing more.</td>
<td>• Clearly not appropriating or spending earmarked industry tax money on RG.</td>
<td>• Unclear how the money is spent, funds partially diverted, or the state has recently rolled back RG funding streams.</td>
</tr>
<tr>
<td>• Indiana, Maryland, Nevada, New Jersey, New York, Pennsylvania</td>
<td>• Louisiana, Oklahoma, Missouri, Kansas</td>
<td>• California, Iowa, Mississippi, Ohio</td>
</tr>
</tbody>
</table>
## Likely Meeting Expectations (6 States)

<table>
<thead>
<tr>
<th>State</th>
<th>Gaming Taxes to RG</th>
<th>Amount Appropriated</th>
<th>Amount Ultimately Spent</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maryland (FY18)</td>
<td>$5.3 million ($425/machine; $500/table)</td>
<td>$6.1 million to the Md. Dept. of Health’s Problem Gambling Fund</td>
<td>$5.3 million</td>
<td></td>
</tr>
<tr>
<td>Nevada (FY18)</td>
<td>$1.3 million ($2/machine/quarter)</td>
<td>$1.8 million</td>
<td>$1.3 million, primarily in Problem Gambling grants distributed by DHHS.</td>
<td>In 2020, funding will shift to a fixed $2 million/year from the General Fund</td>
</tr>
<tr>
<td>New Jersey (FY18)</td>
<td>$1.5 million (Control Commission penalties, annual license fees)</td>
<td>$1.5 million to the Council on Compulsive Gambling of NJ; additional funding to other state agencies</td>
<td>$1.4 million appears to be spent Council on Compulsive Gambling</td>
<td>Council on Compulsive Gambling of NJ spends almost all annual revenue, but less than half goes directly to programming or treatment costs</td>
</tr>
<tr>
<td>New York (FY18)</td>
<td>$3.3 million ($500 per machine/table)</td>
<td>$3.3 million appropriated to NY State Commercial Gaming Fund Problem Gambling Services Account</td>
<td>$3.3 million distributed for “local assistance.”</td>
<td>Additional $1.5 million transferred to the general fund from previously unspent Problem Gambling funds</td>
</tr>
<tr>
<td>Pennsylvania (FY17)</td>
<td>$4.7 million (Greater of $2 million or 0.2% of GGR)</td>
<td>$4.6 million to the Dept. of Drug and Alcohol Programs Compulsive Gambling Treatment Fund</td>
<td>Unclear, but appears to be spent. 66% to county grants, 10% to outpatient service providers, 24% for administration.</td>
<td>$3 million/year transferred from Gaming Fund to the Gambling Treatment Fund for drug/alcohol treatment related to problem gambling</td>
</tr>
<tr>
<td>Indiana (FY18)</td>
<td>$1.4 million (3.33% of riverboat admissions tax, 25% of which must go to RG; plus $1 million from racinos)</td>
<td>$3 million appropriated for “Gambler’s Assistance”</td>
<td>$2.8 million spent by the Gambler’s Assistance Fund</td>
<td></td>
</tr>
<tr>
<td>State</td>
<td>Gaming Taxes to RG</td>
<td>Amount Appropriated</td>
<td>Amount Ultimately Spent</td>
<td>Notes</td>
</tr>
<tr>
<td>-------------</td>
<td>------------------------------------------------------------------------------------</td>
<td>---------------------</td>
<td>-------------------------</td>
<td>----------------------------------------------------------------------</td>
</tr>
<tr>
<td>Kansas (FY17)</td>
<td>$7.6 million (2% of GGR) to the Problem Gambling and Addictions Grant Fund</td>
<td>$716,927</td>
<td>$716,927</td>
<td>About a third of Grant Fund money is transferred to other agencies, much goes to other substance abuse programs</td>
</tr>
<tr>
<td>Missouri (FY18)</td>
<td>$395,598 (1% of the casino admissions fees may be used for RG)</td>
<td>$100,000 transferred from the Gaming Commission to the Compulsive Gamblers’ Fund, $259,000 total appropriated to the fund</td>
<td>$120,418</td>
<td></td>
</tr>
<tr>
<td>Oklahoma (FY17)</td>
<td>$1 million ($250,000 in Tribal exclusivity fees, $750,000 from unclaimed lottery prizes)</td>
<td>$1 million to Oklahoma Department of Mental Health and Substance Abuse Services (ODMHSAS)</td>
<td>$755,000</td>
<td>Local media note that ODMHSAS has regularly failed to spend the authorized amount on RG programming</td>
</tr>
<tr>
<td>Louisiana (FY18)</td>
<td>$2.5 million, effectively $500,000 from each sector: land-based, racino, video poker, riverboat, lottery.</td>
<td>$2.6 million to the Compulsive and Problem Gambling Fund</td>
<td>$2.2 million spent by the Fund</td>
<td></td>
</tr>
</tbody>
</table>
### Grey Areas & Other Issues (4 states)

<table>
<thead>
<tr>
<th>State</th>
<th>FY</th>
<th>Gaming Taxes to RG</th>
<th>Amount Appropriated</th>
<th>Amount Ultimately Spent</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>California</td>
<td>FY17</td>
<td>$46.3 million (to the Indian Gaming Special Distribution Fund (SDF))</td>
<td>$8.2 million from the SDF to the Office of Problem Gambling (OPG), part of the Dept. of Public Health</td>
<td>OPG appears to spend the entire $8.2 million, though about half is spent as “local assistance”</td>
<td>RG funding is the second priority of the SDF, behind funding shortfalls in the Revenue Sharing Trust Fund</td>
</tr>
<tr>
<td>Iowa</td>
<td>FY18</td>
<td>Collectively, three tribes contribute about $80,000 annually for “Gambling addiction programs,” though there is no record of these funds.</td>
<td>$2.5 million to the Gambling Treatment Program</td>
<td>$2.5 million</td>
<td>Prior to 2009, the Iowa Gambling Treatment Fund had received 0.5% of casino revenue, capped at $6 million. In 2018, the state allocated just $2.5 million</td>
</tr>
<tr>
<td>Mississippi</td>
<td>FY18</td>
<td>None</td>
<td>None; prior to 2018, the Gaming Commission annually transferred $100,000 Miss. Council on Problem and Compulsive Gambling (MCPCG).</td>
<td>n/a</td>
<td>Around 1994, casinos agreed to each provide $5,000 in annual funding to MCPCG, totaling about $150,000/year.</td>
</tr>
<tr>
<td>Ohio</td>
<td>FY19</td>
<td>$9.1 million (2% of land-based gaming revenue; 0.5% of racino gaming revenue)</td>
<td>$5.4 million to Ohio Dept. of Mental Health and Addiction Services for Problem Gambling and Casino Addiction (OhioMHAS) $3.5 million in VLT net win amounts were allocated to “Problem Gambling Services.”</td>
<td>No public accounting of OhioMHAS distributions for RG linked to this appropriation (the agency does spend $1.5 million on RG via a lottery line item)</td>
<td>OhioMHAS is required to use gaming tax money “to support efforts to alleviate problem gambling and substance abuse and to fund related research in Ohio”</td>
</tr>
</tbody>
</table>
Questions?
Perspectives on Advancing RG/PG in the United States

A Panel Discussion
Brianne Doura-Schawohl
Vice President, U.S. Policy and Strategic Development
EPIC Risk Management
PROBLEM GAMBLING in the USA

• **2 million** (1%) of U.S. adults are estimated to meet criteria for gambling disorder in a given year.

• **4-6 million** (2-3%) would be considered problem gamblers; that is, they do not meet the full diagnostic criteria for a gambling disorder, but meet one of more of the criteria and are experiencing problems due to their gambling behavior.

• **8.4% - 14%** of adult population meet the criteria for being an at-risk gambler

• **Several states have commissioned their own prevalence studies and have state specific prevalence data (Kansas, Iowa, New Jersey, Massachusetts, etc.)**
CURRENT PROBLEM GAMBLING INFRASTRUCTURE in USA

Problem Gambling Funding Per Capita

A Tattered Safety Net:

- Total average $ per PG per capita is 12 cents
- Avg 37 cents in states with funding
- Only 5 states +$1 per capita
- 10 states with $0
- No Federal funding
- Substance abuse was 336x more funded than publicly funded Problem Gambling services.

Information from APGSA & NCPG National Survey; 2016
Current Responsible Gaming & Problem Gambling Regulations and Policies across the US

- RG and PG regulations and policies vary immensely from state to state and across the nation
- Makes it difficult for operators to comply and provide substantive and comprehensive tools and information to the players across jurisdictions

Barriers

- Not one national approach to important RG and PG tools like self-exclusion
- Funding - ½ of the 22 states, DC, and Puerto Rico that now have legal sports wagering did not set aside any extra dollars for RG/PG – some of those states/jurisdictions in fact don’t have any state dollars allocated for problem gambling services
- Over 25 helplines for problem gambling across the nation – this can be burdensome for operators and a confusing deterrent for customers to access the vital help that they might need
- Lack of adaptative regulations
A Call to Action

• All stakeholders should understand the economic and social benefits that come from investing in research, prevention & RG, treatment, and recovery services related to problem gambling
• Understanding and highlighting that PG & RG infrastructure is only as good as the weakest states policies and regulations
• Advocating for dollars to be protected and not able to be distributed for other purposes
• Advocating for accountability measures and for RG & PG to be accounted for when it comes to licensure
• Advocating that legislation and regulations around these two areas be consistently evaluated – must be a continuous and fluid approach – adaptative regulations are crucial
• Ensuring that with expansion and technological advances simultaneously brings an expansion for funding in the areas of RG and PG
• Operators need to have an understanding and appreciation for the ‘whole market’ picture – which includes what services are available for RG & PG
  • Ensuring that there is proper infrastructure in place (proactive and reactive) and not just lip service messaging
Alan Feldman
Distinguished Fellow
UNLV International Gaming Institute
Board Chair, ICRG
Responsible Gambling Background

• Gambling problems have long been surrounded by stigma and a lack of consensus about what it is and how it should be addressed.

• The key to reducing stigma lies in transparency and open access to the variety of information and services that are available to people affected by gambling disorder.

• Research points to the need to modernize responsible gambling by focusing on healthy play and harm reduction.
A New Era for Responsible Gambling

• In today’s gaming industry, responsible gambling (RG) is no longer simply a matter of regulatory compliance.

• In new jurisdictions, it is often the centerpiece of the political process and debate surrounding legalizing gambling.

• Responsible gambling therefore must be seen in the broader context of Corporate Social Responsibility.

• By implementing a vibrant RG program, companies can not only fulfill their regulatory requirements, but they now have the chance to enhance their brand, and that of the industry, more broadly.
The Future of Responsible Gambling

- Gambling has expanded worldwide as a mainstream entertainment option. Responsible gambling deserves mainstream discussion.

- We must change the conversation from “identifying” problem gambling to promoting positive principles of responsible gambling – like setting a budget, understanding the odds, and keeping gambling a fun, social activity.

- By creating a positive, normalized conversation, we build stronger guest relationships, reduce stigma and transform responsible gambling from compliance policy to an enhanced customer service program.
Kahlil Philander, PhD
Assistant Professor
Washington State University, School of Hospitality Business Management
Linear model of innovation

Source: Romer, P. (2020). What It Takes To Be a Leader in Both Basic Science and Technological Progress. Statement for House Budget Committee Hearing on Federal R&D
Progress in Responsible Gambling Innovation

RG Beta
“Laissez-faire”

RG 1.0
“Checklist”

RG 2.0
“Market Incentives”
What incentives can exploit the power of markets?