

Issue Brief

The Social Consequences of Legalizing Gambling in Kentucky

Introduction

The debate about allowing casino gambling in Kentucky has grown in prominence in the past year. In light of significant revenue shortfalls and a tight budget session for 2008, the discussion surrounding the issue has become clouded by the potential increases in state revenue anticipated from the expansion.

A decision on whether or not to expand gambling in Kentucky must set revenue projections temporarily aside and evaluate the impact an expansion will have on Kentucky families. As the industry and the number of states allowing gambling have grown nationally, so has the body of research highlighting the social consequences of legalizing gambling and particularly, the negative and dangerous effects gambling has on children.

This brief gives an overview of the latest research on casino gambling. Based on the social consequences documented, we find that potential added revenue from expanded gambling will not outweigh the cost expansion will take on Kentucky families and children. Kentucky should look to alternative revenue sources rather than place an additional burden on working Kentuckians.¹

Background

Gambling, though often touted for its entertainment value, poses harmful consequences to children and families. Gambling contributes to financial problems and increased health problems among those who participate. Society also feels the effects through increases in crime, negative impacts on local businesses, and increased burdens on social services. Despite consequences, many states continue to promote and market casinos in the name of economic development.

Problem gambling, typically defined as spending and losing more money on the activity than one can “realistically afford to lose”, has increased rapidly in recent years.² The patterns of problem gambling are becoming more apparent amongst adolescents but are difficult to measure, because unlike other illegal activities for youth (i.e. drinking and smoking), there are no visible signs of the addiction.³

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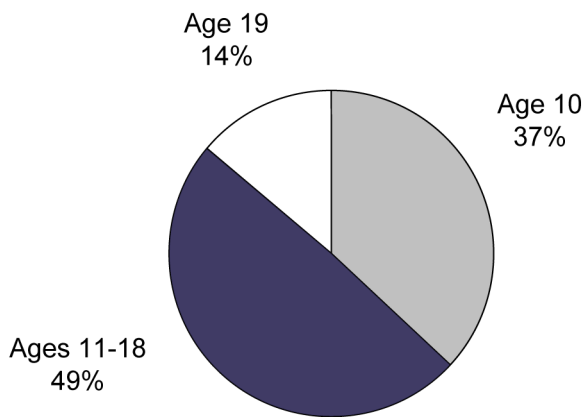
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Despite the difficulty of measuring problem gambling among adolescents, an estimated 15.3 million 12-17 year olds in the U.S. and Canada have gambled in their lifetime and 2.2 million have serious gambling problems.⁴ Today's adolescents are just as likely to experiment with gambling as past generations did with alcohol and tobacco.⁵

These early experiences with gambling do not bode well for the future. Nearly 37 percent of Gamblers Anonymous members reported they first started gambling at age 10, around forty-nine percent between the ages of 11-18, and only 14 percent started when they were aged 19 and older.⁶

Increasing the access Kentuckians have to casinos, increases the chances of problem gambling developing. On average, it takes both men and women hooked on video gambling around one year to become a full blown problem gambler, while it takes around three and a half years for persons hooked on other forms of gambling including horses, sports betting, blackjack, etc., to become compulsive gamblers.⁷

Age Gamblers Anonymous Members Started Gambling



Source: *The International Journal of Addictions*

Health Concerns

Health deterioration is a commonly noted consequence of gambling amongst adolescents. Young people who have gambling addictions also suffer from “higher rates of [depression], alcohol and substance abuse disorders, suicide ideation and attempt, higher anxiety and poor general health”.^{8 9 10} They also face an “increased risk of delinquency and crime, disrupted familial/peer relationships and poor academic performance.”¹¹

Children of gambling parents are put at-risk due the effects problem gambling imposes on their home lives. Research on parents who are addicted to drugs and alcohol bear similar findings in comparison to parents addicted to gambling. Both groups put their children at risk for “inconsistent parenting, difficulties in school progress, reduced or lack of parental interest and involvement, parental emotional unavailability, increased family tension and discord and varying levels of physical and verbal harshness, ranging from erratic and punitive discipline to more serious abuse.”¹²

Children of problem gambling parents often live in unstable and unhealthy environments of addiction that eventually results in low self-esteem and poor interpersonal relationships. Children of problem gamblers are also two to three times more likely to be abused than their peers¹³ and four times as likely to develop the same, destabilizing addiction later in life.¹⁴

Increases in Crime

It is estimated that almost 1 in 10 adolescent gamblers commit illegal acts to fund their addiction,¹⁵ while around 57 percent of members belonging to Gamblers Anonymous admitted stealing to fund their gambling addictions.¹⁶ Adolescent gamblers, who fit the Diagnostic and Statistics Manual of Mental Disorders’ (DSM-IV) diagnosis of “pathological gambler”, are also more likely to have a conviction before the age of 15.¹⁷

It is also documented that availability to casinos increase all types of the FBI’s Index I crimes including rape, robbery, aggravated assault, burglary, larceny, and auto theft. This accounts for approximately 8.6 percent of property crime and 12.6 percent of violent crime that is directly related to the presence of a casino.¹⁸

Costs to Local Business

Estimates indicate that around “21 and 36 percent of problem gamblers in treatment” reported losing their jobs due to behaviors associated with gambling.¹⁹ Problem gamblers in the workforce cost their employer in lost productivity due to their unreliability and erratic behaviors. Businesses can also suffer when casinos draw customers away. In Natchez, Mississippi, it was found that 70 percent of local businesses had decreased sales when the city’s first casino opened and the town of Vicksburg, MS saw the number of pawn shops increase from 2 to 20.²⁰

Costs to the State

The costs of dealing with problem and pathological gamblers resulting from casino gambling in Kentucky, is a valid concern. The total cost annually for a pathological gambler based on previous national statistics, is around \$13,586, while estimates for problem gamblers could cost Kentucky’s families around \$2,945 annually per gambler.²¹ This price would continually grow given the fact that an “increase in both positive attitudes towards gambling and gambling activity increase with age.”²² These changes are thought to be associated with the different stages of cognitive development throughout childhood and adolescence and can also be associated with “greater access to one’s preferred forms of gambling.”²³ Kentucky’s adolescent gamblers as they age will become fonder and more inclined to gamble frequently, if given higher accessibility, according to these findings.

According to Dr. John Kindt of the University of Illinois at Urbana Champaign, studies show that casinos create three dollars in social costs for every dollar the state collects because of increased gambling addiction, bankruptcies and crime.

Social service costs for adolescents and their families are also expected to increase if Kentucky expands gambling. Examples of services that often bear the brunt of the negative impacts of gambling include therapy/treatment costs, unemployment insurance, welfare, and food stamps.²⁴ Many of these additional expenses to the state are linked with the large number of bankruptcies among problem gamblers, around twenty percent.²⁵ Families left bankrupt by casino gambling would

be forced to rely on other mechanisms, such as existing social welfare systems, to support their lack of monetary funds.

Impact of Gambling on Kentucky

In 2005, around 500,000 Kentuckians went to casinos out of state, about one-third of those casino visitors resided in Louisville and Northern Kentucky --areas bordering nearby casinos. However, Lexington averaged 8 percent while the rest of Kentucky only hit a high of 16 percent.²⁶ In other words, Kentuckians who lived in proximity to neighboring states with casinos were much more likely to visit casinos. The National Gambling Impact Study Commission (NGISC) also found that the percentages of problem and pathological gamblers increase when the distance to the nearest casino is shortened.²⁷ As a result, the numbers of Kentuckians gambling would more than likely double in size, particularly in rural areas, if casino gambling was legalized.

National gambling participation rates are at 25 percent and Kentucky is below this average at 16 percent. If Kentucky had numerous casinos, in central, eastern and western parts of the state, accessibility would increase, and so would the rates of problem gamblers.

In light of the evidence, it is hard to argue the advantages of expanded gambling in Kentucky, considering the social consequences outweigh any positive benefits. Kentucky needs to exhaust all other revenue production alternatives before even considering legalizing expanded gaming. Casino gambling is not the answer to Kentucky’s current social problems, but rather, will be a potential cause for magnifying our existing tribulations. Kentucky’s families and children do not deserve to be exposed to the social and economic repercussions associated with casino gambling, when better solutions exist for balancing Kentucky’s structural deficit.

Endnotes

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