Sports Betting: Legal and Policy Considerations

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Revenues and Costs

State Economic Growth -- Higher Revenues:
States and operators are attracted to revenues; players are attracted to the “promise of big wins”

High Social Costs:
Business and employment costs; Bankruptcy; Suicide; Social Service Costs; Illness related to pathological gambling; Direct Regulatory Costs; Family Costs (Divorce, Domestic Violence, etc.), Crime...
Social Costs of Problem Gambling

- Social Costs – Calculated based on National Gambling Impact Study Commission (1999) estimates that $5 billion (anticipated $6.5 billion in 2018) per year and an additional $40 billion in lifetime costs are lost due to pathological gambling in terms of money, legal expenses, and lost productivity.

- Washington is 26th out of 40 states that provide public funding for problem gambling services. The average per capita in funding is approximately $0.37 and WA is at about $0.10.

- Additional research shows $1 spent in problem gambling services saves $2 in social costs.

Sports Betting and Problem Gambling

- Risk of problem gambling increases with greater frequency and expenditure on sports betting (Hing et. al., 2016)
- After video-lottery terminals, sports betting is the second most frequently associated gambling activity with gambling problem in national prevalence studies (28 studies, 41.2%)

Sports Betting: Possible Impacts for Problem Gambling

- Sports-betting-related problem gambling – once a rare gambling preference for pathological gamblers undergoing treatment\(^1\) – has gained attention since the number of patients seeking help for the specific problem appears to have increased.\(^2\)

\(^1\) Hing, Russell, Brown, Risk Factors for Gambling Problem on Online Electronic Gaming Machines, Race Betting, and Sports Betting.

\(^2\) Frontiers in Psychol. 779 (May 2017)
Sports Betting:
Three Facilitating Factors for Problem Gambling

In-Play Betting

- In-play betting: gambler places a bet (or multiple bets) once the sport event has begun.

- In-play betting has changed sports betting from discontinuous, low-event frequency (e.g., betting once a week on whether a team would win or lose) to a continuous form of gambling with high-event frequency in which dozens of bets (if not more) can take place within the length of a game.

- Research has shown that in-play betting has higher association than traditional betting with impulsive and/or problem gambling.

In-Play Betting

- Research has consistently shown that types of gambling with high event frequencies have a greater association with problem gambling.
  

- In-play betting is going to be one of those transformational things:
  - Mobile access
  - Immediacy of being at the event
  - Able to bet on everything within the game while you’re at the game
  - Ability for advertisers to send you targeted messages about bets throughout the game

- Increases access and ability to bet more and more and to chase losses.

- What will in-stadium gambling promotion look like?
The Growth of Media Exposure

- Expansion of Media Exposure to sports betting products can fuel these risk factors.
- Advertising helps embed in the public’s mind the “normative nature” of sports betting as a harmless product – tolerance and acceptance.
- In Europe and Australia, most legislation allows bookmakers to advertise before, during, and after sports events, even if such events occur before the watershed that protects minors from adult content. (H. Lopez-Gonzalez/M. Griffiths, Is European Online Gambling Regulation Adequately addressing In-Play Betting Advertising?, 20(6) Gaming L. Rev. and Econ. 495-503 (2016))
With the ability to bet not just on the game, but on anything and everything within individual plays, it has the potential to look unlike any prior market.

As advertising and marketing strategies become integral parts of the business, bookmakers are developing innovative and state-of-the-art tactics to cross-promote and converge separate markets, targeting new gamblers or discouraging the discontinuation of gambling.

(H. Lopez-Gonzalez and M. Griffiths, Nottingham Trent University; 2018 International Review for the Sociology of Sport)
Who is Potentially at Highest Risk?

- The key target market for sports betting is the same as the existing market for Daily Fantasy Sports and/or for illegal sports betting:
  - Male (higher rates of gambling problems)
  - 18-25 years old
  - Display high-risk profiles for things such as alcohol or other forms of gambling
  - Higher percentage of those who gamble illegally
  - Higher percentage of people who gamble on credit (risk factor)
Adolescents and Gambling

- Many adolescents begin gambling at an age earlier than they do other risky behaviors, such as smoking and alcohol use. (Ladouceur, Dube, & Bujold, 1994).

- The rise in problem gambling has been most notably reflected in the increase in college counseling centers reporting cases of students facing issues:
  - Insurmountable debt
  - Depression
  - Academic problems
  - College student-athletes in jeopardy of expulsion for illegal activities related to gambling (Martin, Nelson, & Galucci, 2016; National Collegiate Athletic Association, 2003; Oster & Knapp, 1998)
College Student Risk Factors: The Five A’s

- AGE
- AVAILABILITY
- ACCEPTABILITY
- ADVERTISING
- ACCESS to funds, especially from student loans and through numerous credit card solicitations

High-Risk Group: College Student-Athlete Population

- Student-athletes, and male student-athletes in particular, are vulnerable to disordered gambling problems.

- Most notably, it appears that athletes in certain high-profile, revenue-generating team sports (football, basketball, etc.) are more likely to report problems with gambling than their counterparts participating in less visible athletic programs.
NCAA Sports Wagering Principles

- NCAA has outlined its own Sports Wagering Principles around a uniform approach to legalized sports betting in the United States.

- The NCAA joins other professional sports leagues and policymakers in urging for the enactment of Clear and enforceable legal standards to protect the integrity of American sporting contests, the health and safety of student-athletes and professional participants, and consumers.
Impacts on Athletes

Preventing and treating gambling addiction among athletes protects their health and the integrity of the game.

Leagues and teams should establish specific gambling addiction prevention and education programs for youth athletes:

| prior to high school | all the way through college | and into professional sports |
Research on Sports Betting Proliferation, Trends, and Risks -- Tasmania

- The global expansion of the Internet and associated media technologies has created an environment of “convenience gambling,” which is difficult to monitor and regulate.

- While current knowledge of sports betting is in its infancy, and prevalence rates of problem gambling associated with it are relatively low, researchers, clinicians and counselling services are predicting greater involvement among youth markets and young males.

- There is some evidence that marketing messages about “risky” products at major sporting events (i.e. unhealthy foods and alcohol) need to include messages about gambling and sport betting more particularly.

UTAS Sports betting research: literature review (2013) Prepared for Gambling Research Program, Department of Health & Human Services, Tasmania
Sports Betting: Policy Considerations

"If anything, legalizing sports betting, if done properly, should, for one, protect gamblers better by having an above-board, regulated gambling environment for people who want to do this behavior. And secondly, it should -- hopefully with the states and governments in mind -- preserve some funds and revenues and resources for men and women who do develop this disorder now that it is legalized."

--Dr. Timothy Fong, Director, UCLA Department of Psychiatry and Biobehavioral Sciences.
Safer Sports Betting Initiative – Initial Projects

- Conduct National Survey of Gambling Attitudes and Gambling Experiences (NGAGE) – to provide baseline statistics to measure the impacts of expansion and enable evidence-based, data-driven responsive measures.

- Benchmark current sports betting regulations and proposed legislation against NCPG Responsible Gambling Principles for Sports Gambling legislation.
  
  Anticipated completion: December 31, 2018

- Commission review of scientific literature on gambling addiction and sports betting.
  
  Anticipated completion: mid-December, 2018. Being conducted by:

  Dr. Jeff Derevensky, McGill University; Director, International Centre for Youth Gambling Problems and High-risk Behaviours and Dr. Ken C. Winters, Oregon Research Institute

- Coordinate national grassroots effort to advocate for responsible gambling provisions in every state that is considering expansion.
NCPG Responsible Gaming Principles for Sports Betting Legislation:

Steps to Minimize Harm Following Expansion of Legalized Sports Betting

- **Minimum Age**: Establish a consistent minimum age for sports gambling and related fantasy games.
- **Prevalence Studies**: Conduct surveys of the prevalence of gambling addiction prior to expansion and at regular periods thereafter to support evidence-based, data-driven responsive measures.
- **Regulatory Agency**: Assign a regulatory agency to enforce responsible gambling and other regulations.
- **Responsible Gaming**: Require sports betting operators to implement responsible gaming programs.
- **Dedicated Funding**: Dedicate at least one percent of revenue to prevent and treat gambling addiction.
NCPG Sports Betting Principles: Dedicated Funding

- Dedicated Funds (1%): Any governmental body and sports league that receives a direct percentage or portion of sports betting revenue must also dedicate funds to prevent and treat gambling problems.
NCPG Sports Betting Principles: Responsible Gaming Programs

- **Responsible Gaming:** Sports betting operators must have
  - A written plan with measurable objectives
  - An annual report on the progress toward these goals provided to the regulator and available for public review
  - Compliance with the RG regulations and plan performance should be a condition of licensure and renewal.

- **RG Program Key Elements:**
  - Employee training at hire and retrained/tested regularly
  - Self-exclusion options with information about available help services
  - Players should be able to set weekly or monthly deposit, loss, win, and time limits prior to the onset of gaming.
  - Clearly articulated Advertising Code
  - Include Problem Gambling Helpline Number for Phone, Text, and Chat Support on Advertising Materials
Any legislation to legalize sports betting must designate a regulatory agency with the specific mandate to minimize gambling-related harm.

The regulator should consider the precautionary principle when considering new and expanded gambling legislation, regulations, policy, or programs:

- There is a social responsibility to protect the public from exposure to harm, when scientific investigation has found a plausible risk.
NCPG Sports Betting Principles: Prevalence, Perceptions, and Gambling Behavior Studies

- Conduct surveys of the prevalence of gambling addiction prior to expansion and at regular periods thereafter to support evidence-based, data-driven responsive measures.
- Data collected by regulated operators on gambling activity should be made publicly available through the regulatory agency to qualified researchers to help support mitigation efforts.
- Data must be de-identified to remove personally identifying information, consistent with Federal and state privacy, intellectual property, and freedom of information laws.
NCPG Sports Betting Principles: Minimum Age

- A minimum age to bet on sports should be determined and enforced consistently.
- Operators have an affirmative obligation to put in place technical and operational measures to prevent access by those who are underage, especially in online or mobile betting.
What’s Happening in Other States?

- Have any states put in place the NCPG Principles To Date?
  - New Jersey meets all 5 – through regulation, not through legislation.
  - Pennsylvania meets 3 of 5 principles.
  - Rhode Island meets 3 principles.
  - Mississippi meets 1 principle.

NCPG has commissioned benchmark study of current sports betting regulations and proposed legislation against NCPG Responsible Gambling Principles for Sports Gambling legislation. **Anticipated completion: December 31, 2018**
Thank You!

Contacts and Resources

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  Call/Text/CHAT – Washington State 24/7
  Problem Gambling Helpline:
  1.800.547.6133

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▪ National Council on Problem Gambling
  ncpg@ncpgambling.org

  Call/Text/CHAT – 24/7
  1.800.522.4700
  ncpgambling.org/chat
The National Council on Problem Gambling has created the Safer Sports Betting Initiative (SSBI) in order to address the new landscape of sports betting in the U.S that is developing after the Supreme Court decision. State legislatures are drafting bills this fall to bring to their 2018-2019 legislative sessions and many states are actively working to implement sports betting without addressing the potential negative as well as potential positive impacts on their citizens and communities.

The purpose of the Safer Sports Betting Initiative is to reduce gambling problems and mitigate harm associated with the legalization of sports betting. The overall SSBI goal is that every state sports gambling bill includes all five of NCPG’s responsible gambling principles, including dedicating one percent of sports betting revenue to implement problem gambling programs.

SSBI builds on NCPG’s Resolution on the Legalization of Sports Gambling in February 2017 and our March 2018 Responsible Gambling Principles for Sports Gambling Legislation to provide a road map for legislators, regulators, leagues, teams, and the media to minimize harm from increased sports betting gambling participation.

The initial phase of SSBI runs from September to December 2018 and has three objectives:

1) build a data-driven evidence base about gambling participation and gambling problems associated with sports betting;
2) advocate for responsible gambling principles in any sports betting legislation, regulations or operations;
3) raise awareness of potential gambling addiction-related problems and suggested responsible gambling solutions among states, leagues, gambling operators and other stakeholders.

The initial SSBI projects are:

- Conduct a new ground-breaking study, the National Survey of Gambling Attitudes and Gambling Experiences (NGAGE), which will provide baseline statistics to measure the impacts of expansion and enable evidence-based, data-driven responsive measures.
- Benchmark current sports betting regulations and proposed legislation against our Responsible Gaming Principles for Sports Gambling Legislation.
- Commission a review of the scientific literature on gambling addiction and sports betting.
- Coordinate a national grassroots effort to advocate for responsible gambling provisions in every state that is considering expansion.
Responsible Gaming Principles for Sports Gambling Legislation

NCPG’s Responsible Gaming Principles for Sports Gambling Legislation provide a basis for new regulations and legislation that may be enacted to allow sports betting. The principles will help protect individuals, gaming companies, and legislators by assisting the creation of reasonable efforts to prevent harm and provide treatment.

NCPG urges that these principles be included in all sports betting legislation and calls on NCPG members and stakeholders to advocate for the implementation of these principles with their state and federal representatives.

These principles were approved by the NCPG Board of Directors in February 2018 and were based on our Board of Directors’ February 2017 Resolution on Sports Betting. As stated in the Resolution:

“NCPG believes the expansion of legalized sports gambling in the United States will likely increase gambling participation and problems unless the following steps are taken to minimize harm.

**Legislators and Regulators Should:**

Ensure that any expansion of sports gambling includes dedicated funds to prevent and treat gambling addiction.

Require sports betting operators to implement responsible gaming programs which include comprehensive employee training, self-exclusion, ability to set limits on time and money spent betting, specific requirements for the inclusion of help/prevention messages in external marketing.

Assign a regulatory agency to enforce the regulations and requirements that are enacted.

Conduct surveys of the prevalence of gambling addiction prior to expansion and at regular periods thereafter in order to monitor impacts of legalized sports betting and have data that will support evidence-based mitigation efforts. Establish a consistent minimum age for sports gambling and related fantasy games.”
Discussion:
Everyone who profits from sports betting bears responsibility for gambling problems. The only ethical and economical way to maximize benefits from sports betting is to minimize problem gambling harm. Therefore any governmental body and sports league that receives a direct percentage or portion of sports betting revenue must also dedicate funds to prevent and treat gambling problems.

Sports betting should not be allowed in a state without funding for problem gambling services.

NCPG suggests that the equivalent of 1% of revenue from legalized sports betting should be dedicated to problem gambling services. The source of funds may include state tax revenue and license fees as well as voluntary contributions by gaming operators. In order to maximize effective treatment and prevention, the funds must be dedicated to problem gambling and should be made available to state health agencies and private non-profits.

Sports betting operators must be required to have responsible gaming programs. These programs should be specified in the regulations. The operator must have a written plan with measurable objectives, and an annual report on the progress towards these goals must be provided to the regulator and available for public review. Compliance with the RG regulations and plan performance should be a condition of licensure and renewal.

Key elements of an RG plan include employee training for all staff who have contact with players, including customer service agents as well as administrative and corporate staff members. These staff members are taught skills and procedures specific to their position to respond to situations where a player exhibits warning signs or discloses they may have a gambling problem. Employees should be trained at hire and retrained and tested regularly.

Players who wish to exclude themselves from gambling or sports betting should have options through either the operator an outside service recognized by NCPG or the regulatory agency. Family members should be able to request a gambler be banned through a process adjudicated by the regulator. Excluded players should receive information about available help services upon application; and subsequently should not receive any advertising, marketing or promotional materials or offers to continue gambling. Regulators should hold harmless operators who make reasonable efforts to comply with exclusion requests; but should pursue actions against operators who fail to make reasonable efforts.

Players should be able to set weekly or monthly deposit, loss, win and time limits prior to the onset of gaming.

The operator should have a clearly articulated commitment to advertising that does not mislead or target people with gambling problems or minors. Advertising should contain a responsible gaming message and/or the National Problem Gambling Helpline (1-800-522-4700)
number. Advertising should not be placed before any audience where most of the audience is ordinarily expected to be below the legal age to participate in gambling activity.

Any legislation to legalize sports betting must designate a regulatory agency with the specific mandate to minimize gambling-related harm. The regulator should consider the precautionary principle—there is a social responsibility to protect the public from exposure to harm, when scientific investigation has found a plausible risk—when considering new and expanded gambling legislation, regulations, policy or programs.

Survey research should be conducted prior to the expansion of sports betting and periodic monitoring conducted thereafter. In addition, data collected by regulated operators on gambling activity should be made publicly available through the regulatory agency to qualified researchers to help support mitigation efforts. Data must be de-identified to remove personally identifying information, consistent with Federal and state privacy, intellectual property and freedom of information laws.

A minimum age to bet on sports should be determined and enforced. Operators have an affirmative obligation to put in place technical and operational measures to prevent access by those who are underage, especially in online or mobile betting.

Sports betting legislation that allows internet, mobile and online gambling options may further increase risk factors for gambling addiction, but this technology also allows additional opportunities to enhance the responsible gaming features described above. Therefore NCPG urges legislators and regulators to utilize NCPG’s best practice Internet Responsible Gambling Standards (IRGS) as the basis for any internet or mobile gaming regulation. Gaming vendors and operators are encouraged to build platforms and operations to meet these standards, and pursue NCPG’s Internet Compliance Assessment Program (iCAP) to receive an independent audit confirming they meet the IRG standards. Not only will this make it easier for all stakeholders to have a consistent RG program across various jurisdictions, systems and license holders but most importantly it will provide gamblers with continuity of protection.

As with other forms of gambling, there will be a significant portion of the population who experience negative consequences as a result of sports betting. It is incumbent upon our governmental bodies to help both betting companies and their customers by requiring reasonable regulations that will protect individuals from addiction issues that are highly likely to be the unintended consequences of sports betting.