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(Gov) Agency: Tribal Gaming -- Compulsive Gambling -- DHFS

Recommendations:

Paper #164: Alternative 3

Comments: While investing in services to help people with compulsive gambling problems seems like a good idea, but the gov here just throws additional money at DHFS, which has no plan. This is probably too little money to do much good. Also, this spending is not consistent with MOUs. This saves \$600,000.

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Joint Committee on Finance

Paper #164

Tribal Gaming Revenue Allocations

Compulsive Gambling (DHFS -- Supportive Living)

[LFB 1999-01 Budget Summary: Page 328, #8]

CURRENT LAW

The Department of Health and Family Services (DHFS) is required to provide grants totaling \$100,000 PR in 1998-99 to one or more private sector individuals or organizations to conduct compulsive gambling awareness campaigns. Program revenue is available from Indian gaming revenue (\$50,000), pari-mutuel racing revenue (\$14,000) budgeted in the Department of Administration (DOA) and lottery fund revenue (\$36,000) budgeted in the Department of Revenue (DOR) and transferred to DHFS.

DHFS contracted with the Wisconsin Council on Problem Gambling to develop a statewide compulsive gambling awareness campaign. In 1998-99, the Council used this grant funding to support: (a) a media awareness campaign that includes the development of informational posters, brochures and pamphlets; (b) training for human services professionals on issues relating to problem gambling; (c) advertising for a 24-hour per day helpline that provides information and referrals for gamblers and family members of problem gamblers; (d) educational materials targeted for middle- and high school-age youths; (e) a statewide conference that will be held in Steven's Point in May, 1999; and (f) miscellaneous staff and office costs. Although these activities are targeted towards all gamblers and those affected by problem gambling, the Council identifies the elderly and adolescents as high-risk populations.

GOVERNOR

Provide DHFS \$150,000 PR annually to increase from \$100,000 to \$250,000 the annual amount of funding that would be budgeted for compulsive gambling grants. Delete the amount of annual PR funding budgeted in DOA from pari-mutuel racing revenues (\$14,000 PR) and

statutory provisions requiring DOR to transfer \$36,000 SEG from the operating costs of the lottery to DHFS for the compulsive gambling campaign. Instead, the grant would be funded entirely with tribal gaming revenue (\$250,000 PR annually). Increase Indian gaming funds budgeted for the Department of Administration by \$200,000 PR annually to support compulsive gambling grants.

DISCUSSION POINTS

1. On April 6, 1999, Wisconsin voters approved an amendment to the state Constitution that requires that state revenues attributable to state licensed bingo games and to pari-mutuel on-track betting, exclusive of monies used for the regulation of, and enforcement of law relating to these forms of gaming, be used in conjunction with the net proceeds of the state lottery for property tax relief for residents of the state. The provision in the Governor's bill to delete pari-mutuel racing and lottery funding for the compulsive gambling awareness program makes these funds available for property tax relief, as constitutionally required.

2. Problem gambling is defined by the National Council on Problem Gambling as "gambling behavior which causes disruption in any major area of life: psychological, physical, social or vocational. It includes, but is not limited to, the condition known as pathological or compulsive gambling, a progressive addiction characterized by increasing preoccupation with gambling, a need to bet more money more frequently, restlessness or irritability when attempting to stop, "chasing" losses, and loss of control manifested by continuation of the gambling behavior in spite of mounting, serious, negative consequences." Pathological gambling is recognized as an impulse control disorder in the American Psychiatric Association's Diagnostic and Statistical Manual of Mental Disorders -- Fourth Edition (DMV-IV).

3. Limited data is available on the prevalence of problem gambling, although most resources suggest that between 2% and 5% of the U.S. adult population could be considered problem gamblers, including between 1% and 2% that could be considered pathological gamblers. The rate is somewhat higher for adolescents -- between 6% and 15% of adolescents are believed to have gambling problems.

4. The need for the Governor's recommended funding increase for the program has not yet been demonstrated by the administration, since:

- DHFS did not include a request for additional funding for the compulsive gambling awareness campaign in its 1999-01 biennial budget submission;
- Funding for the program was first provided in 1998-99 and therefore, it is too early to tell whether current funding for the program is effective in increasing awareness of the issue and whether current funding is sufficient; and
- DHFS has indicated that it does not yet know how it would allocate the additional \$150,000 annually that would be provided in the budget bill. DHFS indicates that it would likely

either expand the activities currently funded or develop a new initiative. However, DHFS has not yet made this decision.

5. The tribes have testified that many of the purposes for which tribal gaming revenue is proposed in the Governor's budget are not consistent with the purposes specified in the state-tribal memoranda of understanding (MOU) associated with most of the amended compacts. Generally, these purposes are: (a) economic development initiatives to benefit tribes and/or American Indians within Wisconsin; (b) economic development initiatives in regions around casinos; (c) promotion of tourism within the state; and (d) support of programs and services of the county in which the tribe is located.

It is reasonably clear that the use of tribal gaming revenue to fund a compulsive gambling campaign is inconsistent with the common purposes identified in the MOU.

6. A January, 1999, report prepared by the Problem Gambling Awareness Department of the Ohio Lottery Commission indicates that the amount of funding Wisconsin currently allocates for problem gambling awareness is small compared with other states that allocate funding for problem gambling programs.

Of the 21 states that identified a specific dollar amount allocated for problem gambling programs, the average per capita amount allocated was approximately \$0.27. Under the current program, DHFS allocates \$100,000, or \$0.02 per capita on problem gambling programs.

Further, the report indicates that eight states (Indiana, Louisiana, Massachusetts, Michigan, Minnesota, New York, Oregon and Texas) provide \$1.0 million or more for programs targeted toward problem gambling prevention, education, training and treatment. Programs that allocate a large amount of funding usually include funding for treatment programs, which is a service not funded under Wisconsin's program.

7. The report indicates that there are several activities funded in other states that are not currently part of Wisconsin's public awareness program. Some of these activities could be included as part of an expansion of the current program. These activities include: (a) "Please Play Responsibly" campaigns; (b) development of websites for problem gamblers; (c) outpatient treatment for pathological gamblers; and (d) studies to determine the prevalence of problem and pathological gambling.

8. However, according to the Ohio Lottery Commission report, at least 23 states do not designate any public revenue for problem gambling programs. Another five states indicated that they allocate some funding for problem gambling, but the report did not indicate a specific funding amount for these states. One state (Kentucky) was not included in the report.

9. If the Committee supports increased funding for problem gambling, it could approve the Governor's recommendations. Under the Governor's bill, Wisconsin's per capita allocation for problem gambling would increase to \$0.05.

10. The Committee could also increase funding for problem gambling activities by providing an additional \$275,000 PR annually more than the amount recommended by the Governor. Under this alternative, DHFS would be budgeted \$525,000 PR annually, an amount that is equivalent to \$0.10 per capita.

11. However, since the need for additional funding has not been clearly identified, the Committee may wish to deny the Governor's recommendations and instead support the current funding level for the program.

12. Alternatively, if the Committee does not support the allocation of Indian gaming revenue for problem gambling programs, the Committee could delete DHFS base funding and statutory provisions for the program and make corresponding changes to the DOA appropriations for Indian gaming revenue.

13. The allocation of lottery fund and pari-mutuel racing revenues for this program could be considered unconstitutional under the constitutional amendment passed by the voters on April 6, 1999. The amendment prohibits the expenditure of lottery fund and pari-mutuel racing revenues for any purpose other than property tax relief. Because the compulsive gambling program is currently funded with lottery fund revenues and pari-mutuel racing revenues, at a minimum, a change is required to ensure that lottery fund revenue and pari-mutuel gaming revenue are not used to support funding for the campaign.

ALTERNATIVES

1. Adopt the Governor's recommendation to: (a) increase funding for the DHFS compulsive gambling awareness program by \$150,000 PR annually; (b) increase funding budgeted in DOA from Indian gaming revenue by \$200,000 PR annually to support the program; and (c) delete references to the transfer of pari-mutuel racing revenues (\$14,000 PR annually) and lottery fund revenues (\$36,000 SEG) to support the program.

2. Modify the bill to provide an additional \$275,000 PR annually for DHFS and provide a corresponding increase for DOA so that \$525,000 PR annually would be provided for the program.

<u>Alternative 2</u>	<u>PR</u>
1999-01 FUNDING (Change to Bill)	\$1,100,000

3. Maintain current funding budgeted in DHFS for the program by deleting \$150,000 PR annually in both DHFS and DOA, but adopt the Governor's recommendation to fund the program entirely with Indian gaming revenue budgeted in DOA (\$100,000 annually).

<u>Alternative 3</u>	<u>PR</u>
1999-01 FUNDING (Change to Bill)	- \$600,000

4. Delete current funding and statutory provisions relating to the compulsive gambling awareness program.

<u>Alternative 4</u>	<u>PR</u>
1999-01 FUNDING (Change to Bill)	- \$1,000,000

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