

# **COMPULSIVE GAMBLING IN MICHIGAN**

## **FINAL REPORT**

**Prepared for the Bureau of State Lottery**

**by**

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in collaboration with the  
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## Executive Summary

This study was conducted under contract with the Bureau of State Lottery in response to the state legislature's request for information on compulsive gamblers in the state of Michigan. As conceived, the study was expected to examine the

- C extent of gambling addiction among Michigan citizens as concerns both legal and illegal gambling
- C incidence of different forms of gambling for persons 18 years and older, including lottery, race tracks, and casinos

Among people who gamble, two types of persons are generally distinguished: those who constrain gambling to reasonable and personally affordable bounds (noncompulsive gamblers) and those who are unable to contain or constrain their impulse to gamble (compulsive gamblers). This study divides compulsive gamblers into two groups, problem gamblers and pathological gamblers, to denote differences in severity and to more appropriately describe the gambling addiction.

Today pathological gambling is recognized and formally described in the American Psychiatric Association's *Diagnostic and Statistical Manual of Mental Disorders* as an impulse control disorder. Consistent with other research on this topic, this study operationally defined a person as a probable pathological gambler if the person scored 5 or more on a 20-point scale of the South Oaks Gambling Screen (SOGS), because those scores efficiently predict persons known to have a gambling pathology. Problem gambling was similarly defined as a score of 3 or 4 on that same scale. As such, problem gamblers have some of the symptoms of pathological gamblers.

The study was grounded in the preceding definitions. Its centerpiece, a statewide telephone survey of 3,900 adults, was prefaced by a survey of current literature and a small set of focus group interviews. Both the literature review and the focus groups were designed to focus, define, and delimit the survey. They provided orientation and additional detail to enhance understandings gained through the telephone interviews. Consistent with design of the study, both the final report and this executive summary are provided in three parts: literature review, focus groups report, and survey report.

### **Literature Review**

Although it has always been present in our country, the past 30 years has seen an enormous and unprecedented growth in gambling. Where gambling was viewed as "big time" in Nevada in 1960, gambling is now a big time *national* pastime. Gambling has captured the imagination and pocketbooks of citizens from New England, through the Midwest and south,

to the far west. Now, only two states, Utah and Hawaii, do not allow some form of gambling. Although illegal gambling is believed to be big business, credible figures are not available regarding the amount of money wagered and lost in those activities. However, the amount of money wagered *legally* across the country is truly staggering—more than \$550 billion dollars in 1995 alone. Adults in the state of Michigan legally wager more than \$5 billion annually and lose more than a billion. This is a conservative estimate because Indian or Tribal casinos only report video/slot machine wagering; wagering amounts for other types of games such as dice, table games, bingo, and pull tabs are not reported. To some, those figures are shocking; to others, the figures just denote the public interest in gambling.

Michigan, like other states, is beginning to address concerns related to compulsive gambling. With the study reported here, Michigan joins nearly 20 states that have conducted or are now conducting surveys to assess the extent of compulsive gambling within the state. The Michigan Bureau of State Lottery now funds a toll-free telephone hot line where individuals can call for guidance and additionally provides support for the Michigan Council on Problem Gambling. Few other states spend large amounts of money annually to address problems of pathological gambling, and \$100,000 typifies the amount currently spent.

Recent epidemiological surveys, together with studies of acknowledged compulsive gamblers and their families, establish several clear patterns:

*U.S. adults tacitly, if not openly promote or condone gambling.*

- < Most adults (roughly 80 percent) do gamble or have gambled at some point in their lifetime.
- < A majority have gambled in the past year

*A small percentage (1 to 2 percent) can be labeled as pathological gamblers, with an additional 1 to 4 percent as problem gamblers.* The proportion of persons manifesting these problems appears to be growing as availability of gambling opportunities grows.

*Pathological gamblers suffer themselves and inflict suffering on their families and the communities where they reside.* Characteristics common to pathological gamblers include

- < High gambling-related indebtedness
- < Adverse affects on medical and insurance costs (lapsed insurance policies, insurance fraud, greater number of medical problems, etc.)
- < Psychiatric disorders (e.g., depression and bipolar disorder)
- < Dysfunctional families (high rates of divorce, psychosocial maladjustments in children, physical abuse, etc.)
- < Increased crime (a majority gamble illegally, and many prison inmates--estimated at 14 to 30 percent--are pathological gamblers)
- < The poor, minorities, males, and less well educated are overrepresented in this group.

*Pathological gamblers engage in all forms of gambling, but appear to be drawn to some forms more than others* (e.g., card games and slot machines). Several researchers (e.g., Grinols & Omorov, 1995) note that casinos in particular appear to obtain a substantial and disproportionate amount of their revenues from pathological gamblers.

We carefully analyzed instruments employed in these other survey efforts before choosing the SOGS as our primary survey tool. Our review established that the SOGS has been used extensively in other comparable survey efforts and has the strongest base of validity evidence, much stronger than could be developed if we were to develop our own instrument from scratch. Also, because the previous literature shows demographic characteristics (e.g., income, race, and sex) as well as personal behavior variables to be important predictors of gambling behavior, we chose to supplement the SOGS with items addressing those matters.

Uniformly, previous studies were conducted through a telephone interview process. This process is much more economical than in-person interviews and enables collection of information in a relatively short period of time. The response rates of recent surveys were much lower than desirable (less than 40 percent), and all experienced some response bias problems (e.g., underrepresentation of males) that suggest their findings somewhat underestimate the actual prevalence of pathological gamblers.

## **Focus Group Interviews**

We conducted focus group interviews with four groups (compulsive gamblers and spouses of compulsive gamblers, counselors, law enforcement officers, and college students). As expected, the four focus groups evidenced a variety of backgrounds and opinions with regard to gambling in Michigan. The strength of the focus group approach is that we could look for and tease out those differences, in light of the known experiences of the participants. The perceptions and insights would not have come out in a general population survey. Each group had much to share about gambling. We are grateful to these individuals for the time they gave us and even more so for the wisdom they shared.

Specifically, the compulsive gamblers showed a remarkable ability to express the plight of the gambler and the family, job, and health problems related to the pathology. These individuals tend to see the problem as a disease requiring treatment, social support, and abstinence. Stages of the problem and the need to honestly desire help were stressed. Family members shared this disease model and the need for helping resources in the state.

The compulsive gamblers view the current culture as acceptant of gambling and the socialization around it. They listed a wide range of gambling activities: horse racing, lottery, casino, bingo, dice, bowling, after hours clubs (poker), office pools, liars poker, machines

(both legal and illegal), sports, fantasy football (or baseball, or hockey, etc.), numbers, pull tabs, bets with bookies (which themselves might cover a wide range), and betting on the Internet. They even included the stock market. They also noted many prevalent conditions that encourage people to gamble including easy credit, ease of filing for bankruptcy, state sanction of gambling (e.g., lotteries), support of gambling by other institutions such as the church or other community groups, moral acceptance of gambling, the value placed on instant gratification, peer pressure, the media, ease of access, and improved technology. A major issue was the encouragement of gambling by the gambling establishments themselves (including the state). As they see it, gambling is simply part of today's society.

The student group had less direct experience with significant gambling problems, but were aware of very young people entering into the early stages of gambling participation. While this particular group did not have many personal problems or know many associates with problems, they did describe a culture of acceptance of gambling and the socialization around it. The legal-illegal distinction was not stressed, since many saw a tacit acceptance of gambling as a whole in their environment.

The State Police group focused on the interactions of law enforcement with gambling. The distinction of legal and illegal gambling was quite important to these men when it came to the types of gambling they tend to scrutinize. But that distinction was far less important when it came to the legal implications of gambling problems. Gambling debt and the pursuit of winning lead to family, job, and crime problems both as victims (of extortion, for example) and as perpetrators (to secure funds to pay debts or gamble anew). From the perspective of these officers, all types of gambling are linked in contributing to an environment where gambling-related problems, especially those involving criminal activity, will become an increasingly significant problem in Michigan.

The therapist and counselor group also saw compulsive gambling as a significant and growing problem in Michigan. They tended to see root causes in increasing acceptance and social legitimation of gambling as well as easier access for traditionally excluded groups like women. Compulsive gambling itself, however, was generally seen as a manifestation of a deeper disorder that requires identification and treatment. Approaches to addressing these issues must involve awareness, education, and a strong prevention message.

This group noted that some compulsive gamblers seek help through counseling services. The persons seeking help tend to be middle-class persons, not unemployed or underemployed individuals. Their comments suggest that the amount of such assistance is likely to be underreported. Additionally, they noted their own lack of familiarity with the standard gambling screening instruments, for example, The South Oaks Gambling Screen (SOGS).

In sum, members of these groups told us that (1) compulsive gambling is a significant and growing problem in Michigan, although its size is unclear; (2) compulsive gambling is a

disease requiring prevention, treatment, social support, and abstinence; (3) control of gambling-related problems is becoming more difficult, due to gambling's increased social legitimacy, public acceptance, and technological sophistication (e.g., off-shore phone lines and Internet opportunities); (4) the state is compounding the problem through its sponsorship of various forms of gambling (casinos, charitable gaming, lottery, and parimutuel racing); (5) more women and young people are gambling because of socially acceptable opportunities such as casinos; (6) there is some help for problem gamblers, but more should be done in the areas of education and prevention as well as in establishing a referral network of helping resources; (7) illegal gambling and excessive gambling are not victimless and can lead to debt, bankruptcy, crime, poor support of families, and poor job performance; (8) problem gambling is often a manifestation of some deeper psychological problem; and (9) support groups and many therapists still do not work well together.

All the groups added to our understanding in particular ways and tended to agree on certain points:

- < Access to gambling is easier.
- < Social approval of gambling is perceived to be increasing.
- < There is insufficient understanding of the problems associated with gambling.
- < Among those problems are disruptive effects on individual health and well-being and on families and workplaces.
- < Criminal involvement may be related to gambling in ways we are not fully able to document.
- < Necessary remedial actions must include a clearer focus on programs to help gamblers and a clear and strong educational program.

## **Statewide Survey**

The primary purpose of the survey was to establish a precise estimate of compulsive gambling among adults in Michigan. The survey was administered through a computer assisted telephone interviewing approach utilizing a random digit dialing telephone sample. A total of 3,942 persons were interviewed from a total of 9,257 reached by telephone, a 43 percent response rate. (While lower than desired, this response rate is higher than those in recent similar surveys in other states.) Respondents slightly underrepresent blacks and to a greater extent lower income groups. Data were weighted on several key variables to address these representation problems, with little effect on the results.

The survey consisted of four parts. The first two parts asked respondents to address gambling from two perspectives, lifetime and current (within the past 12 months). In the first part respondents were asked to answer a series of questions regarding whether they had ever gambled in a variety of ways (e.g., lottery, horse racing, sports betting) and, if so, whether they had gambled in that way in the past year. In the second part respondents answered the set of 20 questions known as the South Oaks Gambling Screen. These

questions are designed to identify individuals as at risk of being either a *problem* gambler (a response of yes to 3 or 4 of the SOGS items) or a probable *pathological* gambler (a response of yes to 5 or more items). Again, respondents were asked to respond to each item on a lifetime and current basis. The third section of the survey was an in-depth analysis of respondents whose scores on the SOGS indicated they were currently or at some point in their lifetime had been problem and pathological gamblers. Finally, all respondents were asked a set of demographic questions regarding factors such as age, race, education, employment, size of household, and marital status.

Michigan's prevalence rates among adults for gambling and for lifetime and current problems with gambling (SOGS scores of 3 or more) are all within the expected range based on other statewide surveys. The Michigan survey also elaborated a series of detailed results that may contribute to policy discussions on this timely issue. But perspective is important. The survey results are only part of the data gathered in this report. It is that combination of methods and sources in the overall study that provides the best guidance, for the present, that we can offer.

Among adult residents of Michigan who answered this survey, 77 percent currently gamble and 85 percent have gambled at some point in their lives. Among current gamblers about 1 percent scored as probable pathological gamblers, 2 percent as problem gamblers, and 97 percent as social or nonproblem gamblers. Among individuals who reported gambling at some point in their lives, about 2 percent scored as probable pathological gamblers, 3 percent as problem gamblers, and 95 percent as social gamblers. Those numbers are well within the range reported in other statewide studies. When extrapolated to the adult population of Michigan, they suggest that more than 230,000 residents would score as problem or pathological gamblers on the current year measure and more than 350,000 on the lifetime measure.

Rates of gambling participation vary by type of gambling and by population subgroup. For example, men tend to have higher rates than women (with notable exceptions like bingo). The male dominance of participation is least pronounced in legal secure games like the lottery and casino gambling and most pronounced in activities like sport betting and betting on one's own performance in a game of skill.

Variations in the rate of gambling problems are also interesting. Education and income are modestly, if at all related to rates of problem gambling. On the other hand, males, nonwhites, and younger respondents tend to have higher rates of gambling problems as measured by the lifetime and current SOGS.

It is important, if not surprising, that problem gamblers tend to gamble longer at a time and to lose more money than social gamblers. They report starting to gamble when quite young, and a significant proportion have at some point been nervous about the amounts they gambled. Even more importantly, however, relatively few report a desire to stop gambling

and even fewer report seeking help to stop. Finally, a significant minority of problem and pathological gamblers also report a substance abuse or mental health problem.

In summary, the focus group and survey findings consistently confirm and substantiate findings from other states. Gambling in Michigan is a large, socially accepted entity. Michigan adults do gamble, and do so in a wide array of activities. Though small in percentage, many individuals meet the criteria as probable problem and pathological gamblers. Our study suggests that currently there are enough problem gamblers to populate a city the size of Flint and enough pathological gamblers to populate an additional city the size of Kalamazoo, two of Michigan's larger cities.

There is evidence that prevalence rates are increasing in recent years and that states with large numbers of casinos have higher prevalence rates. Both factors suggest Michigan should closely monitor prevalence and associated problems. Furthermore, the low reported use of helping services among respondents who score as compulsive gamblers suggests examination of education, coordination, and referral efforts on matters of accessibility and quality may be needed. In combination with the focus group and other information on the economic, personal, work, and family problems associated with problem gambling, the survey findings begin to convey the seriousness and scope of the problem in Michigan.