



Gambling is Risky Business

Standard 12

The student will explain and evaluate the financial impact and consequences of gambling.

Lesson Objectives

- Explore the societal costs and benefits of gambling.
- Evaluate the personal costs and benefits of gambling.

Personal Financial Literacy Vocabulary

Pathological gambling: The inability to resist impulses to gamble, which leads to severe personal or social consequences.

Problem gambling: An increasing preoccupation with gambling, the loss of control, restlessness, or irritability when attempting to stop gambling and continuing to gamble even when it has serious, negative personal consequences.

Introduction

Tino's dad enjoys going to the local casino and the horse races. He even has been known to use his

credit card to play Poker online. No one in the family says too much about it, but Tino is wondering if his dad is making a good choice – or if he is making enough money to cover his bets. Tino is considering using his debit card to play a few rounds of Blackjack or Poker online because he knows he is too young to go to the casino. What would you recommend he do?

Lesson

Almost every state in the United States allows some kind of legalized gambling. Whether it is casinos or lotteries, states have taken steps to tap into gambling as a potential source of revenue. Most research shows that there is little or no consensus about the overall benefits that gambling provides states or local communities. While some see it as a tool of economic growth, others tend to see that the social costs offset any of the local benefits.

Social Costs and Benefits of Gambling

Using gambling to promote state or federal revenue is not a new idea. For example, the American Revolution and the Civil War were both financed with lotteries. Prestigious universities such as Harvard and Yale used lotteries to raise money as start-up funds. In the early 20th Century, the wealthy became interested in horse racing and pari-mutual betting, which gradually expanded into illegal games of chance and casino gambling. Nevada was the first state to legalize casino-style gambling in the 1940s, followed by New Jersey in the 1970s. New Jersey was also the first state to initiate a state-wide lottery, starting in the 1970s as well.

However, the passage of the Indian Gaming Act of 1988 accelerated the growth of casino gambling nationwide by allowing tribal casinos in virtually every state in the union. Within ten years, the amount of money spent on gambling activities was more than the combined revenue for all movies, music, cruise ships, college sports, professional sports and live concerts. And, the amount spent on gambling has continued growing annually since then. Needless to say, gambling activities have become an important part of our overall economy and is now greater than a \$100 billion industry annually with more than one million employees. Those earnings provide jobs for many people who work for casinos, race tracks, and other related businesses.

Even so, the gambling industry has its critics who cite the potential increase in suicides, domestic violence, family debt, addiction, alcohol and drug abuse, fraud, tax evasion, bankruptcy, and other social issues that are often linked to problem gambling. Additionally, casinos tend to take revenue from other businesses in the area and may even discourage other businesses from locating there because of the opportunity costs on local communities. If you work for a casino, you cannot work for another business in the area; and if you spend money at a casino, you cannot spend that money with other local businesses.

Gambling, as well as state lotteries, are also a regressive tax that tends to have a much greater impact on lower income families than those at higher income levels, meaning that people with lower levels of income

use a larger percentage of their income to gamble or buy lottery tickets than people with middle to upper incomes. Because the proceeds of the lottery and scratch tickets go the state, buying lottery tickets is a voluntary tax on those who choose to buy the tickets. Money spent on lotteries tends to reduce income levels by about five percent, leaving families with less money to purchase food, pay rent and utilities, or contribute to their savings accounts.

In Oklahoma, the gaming industry continues to grow and is now second only to California in the size of the tribal gaming market revenue. The state has over 100 casinos, representing almost 10% of all casinos in the U.S. and more tribal casinos than any other state. The state's casinos have more than 70,000 slot machines, which is the most slot machines of any state, along with the third largest casino in North America. Several of the state's casinos also offer bingo, blackjack, and poker tables. Approximately one-fourth of their revenue now comes from card games. Others have expanded to include hotels, restaurants, convenience stores, entertainment facilities, and a variety of ancillary services.

REMINDER

Gambling, as well as state lotteries, are also a regressive tax that tends to have a much greater impact on lower income families than those at higher income levels.

Oklahoma casinos employ over 30,000 individuals with annual wages of almost \$1 billion, and over 80 percent of those employees are full-time with benefits such as health care, dental, life insurance, and retirement plans. About 40 percent of the casino employees are females, and 60 percent are not members of any tribe. The majority of these jobs are in areas outside Oklahoma City and Tulsa, providing employment in rural areas across the state.

In addition to the casinos, Oklahoma is home to three tracks for horse racing, and over 800 facilities where race horses are bred, raised, and trained. The Oklahoma Equine Alliance estimates that the direct economic impact of this industry in Oklahoma is more than \$250 million when including the racing facilities, breeders, trainers, owners, and others closely associated with it plus an additional \$300 million indirect impact on the Oklahoma economy resulting from tourism and other sources. The industry employs about 6,500 people, directly and indirectly.

All total, it is estimated that tribal gaming is about 2.5 percent of the overall Oklahoma economy. These estimates of local economic impact include the daily operations of the facilities plus construction and indirect expenditures. In addition, the revenue from tribal gaming now exceeds \$4 billion, with around 40 percent of that revenue coming from residents outside the state.

Personal Issues with Gambling

People gamble for a variety of reasons. For some, it is the opportunity to test their luck while others simply enjoy the thrill of winning. Whatever the reason, most people who gamble consider it just another form of

entertainment and they budget for it, much like they budget for other forms of recreation. They simply set a limit on how much to spend and then walk away once it is spent, just like they would spend money on a ticket to a concert or baseball game.

However, that is not true for everyone. A small minority of those who gamble become highly addicted and wreck their personal finances. It may start out as fun and entertainment, but becomes a problem they cannot control. Recent studies show that at least 20% of all compulsive gamblers file bankruptcy after maxing out their credit cards and exhausting other credit options. Approximately one-third of them will also lose their jobs because of their gambling problems.

Even teens can become compulsive or problem gamblers. Several studies have found that about 80% of all high school students have gambled for money at some point in their lives. Those same studies estimate that somewhere between 4% and 8% of all young people have a serious gambling problem, with another ten percent at risk of developing serious problems. Male teens are more likely to have gambling problems than female teens, but the number of young women with gambling problems is increasing. The prominence of teen gambling is highest among male student athletes, who also report the highest percentage of young people with potential gambling problems.

Compulsive gambling or gambling addiction is called pathological gambling by mental health experts and is defined as the inability to resist impulses to gamble, which leads to severe personal or social consequences. Generally, pathological gambling is a gradual change in behavior. It begins slowly and then progresses to a point where it becomes impossible to control. Problem gambling is identified as an increasing preoccupation with gambling, the loss of control, restlessness, or irritability when attempting to stop gambling and continuing to gamble even when it has serious, negative personal consequences.

Following are several factors to consider when determining if you or your friends might have a gambling problem:

- Always thinking about gambling or having an urge to gamble that they cannot stop.
- Having to bet more money more often to keep up the thrill of gambling.
- Being really cranky when trying to cut back.
- Lying to hide gambling.
- Making bets through illegal activity.
- Trying to win the money they lost by gambling more.
- Using gambling as an escape.
- Making people they love unhappy.
- Relying on others to help them when they lose all their money.
- Not being able to control or stop their gambling.
- Preferring to gamble when alone.

If you or someone you know might have a gambling problem, you may want to discuss it with a school counselor or call the Oklahoma Problem Gambling Help-Line at 1-800-522-4700. The number is toll-free,

and someone is available 24/7 to discuss the situation with you. While compulsive gamblers may promise to control the problem, most people need professional help to stop the behavior.

Other Gambling Issues

It is important to remember that not all gambling happens in a casino or at a race track. Betting on sports with friends or playing casino-style games online for money are also forms of gambling that can be both fun and addictive.

Online gambling, sometimes called Internet gambling, is rather complex because there are differing views about whether or not it is illegal, where the sponsor is located, and the legal age for participants. Because online gambling generally requires you to submit a credit or debit card number or give access to your bank account, it can become a source of identity theft or fraudulent activity, which could drain your financial resources. These types of problems are especially prominent when using unregulated, offshore gambling sites. Many financial institutions have actually blocked your ability to use credit cards, debit cards, and bank account information on many online gambling sites. While some states have a more structured, legalized method of online gambling, most states have not explored that option. Therefore, online gambling tends to be considered extremely high risk due to the number of unknown factors associated with it.

According to a recent ESPN survey, over 118 million people annually gamble on sports in one way or another. That statistic represents 67% of all college students who report they have bet on at least one sporting event. Sports betting is second to poker in popularity among college students who gamble. Teen males have very similar numbers, with almost 50% of all male high school seniors reporting they placed a bet on at least one sporting event. Sports betting is the most popular type of gambling for teens, with almost one-fourth of all teenage males admitting they bet on sports at least once a month

Responsible Gambling Tips

If you're concerned that gambling is becoming more than a game for you, try using these guidelines to moderate your play.

- Think of the money you lose as the cost of your entertainment. Consider any money you win a bonus.
- Set a dollar limit and stick to it.
- Set a time limit and stick to it. Leave when you reach your limit, whether you're winning or losing.
- Understand that you'll probably lose, and accept the loss as part of the game.
- Don't borrow money to gamble.
- Don't let gambling interfere with or become a substitute for family, friends or work.
- Don't chase losses. Chances are you'll lose even more trying to recoup your losses.
- Don't use gambling as a way to cope with emotional or physical pain.

<http://www.maine.gov/dhhs/samhs/osa/help/gambling/responsible.htm>

Conclusion

Gambling has become an integrated part of Oklahoma's culture and economy. When gambling, you are taking a chance with your personal finances; you are risking your money or something else of value on an activity with an uncertain outcome. Whether buying lottery or scratch tickets, betting on sports or horses, playing cards or slot machines, you risk losing your money because you have no control over what happens. If placing a bet or buying a lottery ticket is anything more than just fun for you and if you are using money you cannot afford to lose, then you should walk away and not play.

FINAL NOTE: If you would advise Tino to avoid online gambling sites then you are giving him great advice! Those online sites are very dangerous because it is difficult to determine if they are legitimate or fake sites designed to steal your information. He could end up losing everything in his bank account if he uses his debit card. Besides, if he is too young to gamble at the casino, then he is also too young to play online. He would be much better off to save his money. Just because his dad is a gambler does not mean that it is a good choice for Tino.

This lesson was written and created by
Oklahoma educators in partnership with



Name: _____ Class Period: _____

Gambling is Risky Business Review 12.2

Answer the following questions and give the completed lesson to your teacher to review.

1. What are two benefits that gaming industry provides in Oklahoma?

2. What are two social costs associated with gambling?

3. What are three signs that someone may have a gambling problem?

Name: _____ Class Period: _____

Gambling is Risky Business Activity 12.2

In the box below, design a poster or write a news article explaining the costs and benefits of gambling; give the completed lesson to your teacher to review.

A large, empty rectangular box with a thin black border, intended for the student to design a poster or write a news article. The box is currently blank.