

Testimony of Timothy A. Kelly, Ph.D.
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Senate Committee on Commerce, Science, and Transportation
United States Senate
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Good morning Mr. Chairman and Members of the Committee. I am Tim Kelly, Executive Director of the National Gambling Impact Study Commission. I appreciate this opportunity to give testimony on Sports Gambling and its effects.

Only thirty years ago, gambling was illegal in most states and was generally considered to be a vice contrary to the American work ethic. Serious gamblers had to travel to Nevada for casino play, and the states had not yet plunged into lottery mania. Today, however, there are over 800 casinos operating in 28 states, the lottery is played in 37 states plus the District of Columbia, and all but three states have legalized some form of gambling. Gambling expansion has swept the nation, with revenues jumping from about \$1 billion in 1980 to well over \$50 billion today.

The National Gambling Impact Study Commission was charged with conducting a comprehensive legal and factual study of the social and economic impacts of legalized gambling. Last year the Commission completed its unanimously-adopted final report, which can be found on the web at www.ngisc.gov. The report contains 77 far-reaching recommendations for state and federal legislators, and calls for a national moratorium on gambling expansion. The recommendation that addresses Sports Gambling reads as follows:

“The Commission recommends that betting on collegiate and amateur athletic events that is currently legal be banned altogether.”

This recommendation is especially noteworthy in light of the fact that four of the nine commissioners represented or endorsed gambling industry interests. Let me review the facts that led to its adoption.

Sports Gambling Nevada

As you know, the Professional and Amateur Sports Protection Act of 1992 made it illegal for anyone to operate a gambling scheme based on competitive games in which amateur or professional athletes participate. It was intended to ensure the integrity of athletic events. Congress was concerned that

gambling potentially threatens sports by providing tremendous incentive for point shaving and game-fixing, and thus puts players at risk. As Senator Bradley stated at the time, “state-sanctioned sports betting conveys the message that sports are more about money than personal achievement and sportsmanship.” But the act did not apply to states with pre-existing statutes providing for sports gambling – notably Nevada. Consequently, Nevada runs 142 legal sports books that generate over \$2.3 billion in revenue, including over \$77 million from collegiate and amateur sports.

The Commission heard testimony that sports gambling has devastated families and careers and, most alarmingly, that it is rampant on college campuses. Cedric Dempsey, executive director of the NCAA, stated that “every campus has student bookies, (and) we are also seeing an increase in the involvement of organized crime on sports wagering.” Gambling rings have been uncovered at Michigan State, University of Maine, Rhode Island, Bryant, Northwestern, and Boston College, among others. A University of Michigan survey found that 5% of male student-athletes provided inside information for gambling purposes, bet on a game in which they participated, or accepted money for performing poorly in a game.

Although Nevada’s state-sanctioned sports betting is well regulated, it likely contributes to collegiate sports gambling in two ways. First, it provides a ready resource for students, student-athletes, and student bookies looking for betting information and/or an opportunity to place bets via phone or internet. Second, it provides the Las Vegas “line,” or point spread, which is published throughout the country. The line provides betting parameters and tends to fuel illegal sports wagering.

Sports Gambling as a Gateway

According to a recent Harvard study, an estimated 15.4 million Americans suffer from problem or pathological gambling, often referred to as gambling addiction. Over half that number are adolescents. Accordase indiineual, h whstateywestersh whedrloutsa phone orpathologicaparaenghe mmble ptruc, exout theTht, fixing, hrom 15ng, h6omh saevry a game.The

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supermarket, to cover gambling debts. At age 24, Scott made his first of many trips to Atlantic city, sometimes gambling as many as 50 hours straight. His relationship with parents, friends, and even girlfriends crumbled as his gambling addiction grew, and his savings account dwindled to nothing. He embezzled \$96,000 from the stock brokerage where he worked, then wrote \$100,000 in bad checks. Arrest, jail, and subsequent house arrest did not deter him. "I still went to Atlantic City with ankle bracelet on," he said from the inpatient treatment center where he was being treated for his gambling addiction. "Nothing mattered to me but gambling."

Conclusion: Ban Sports Gambling

Scott and others like him would have been better off if he had not had to deal with sports gambling at age 18. The Commission recognized there is much that the NCAA and other youth, school, and collegiate athletic organizations can do to help prevent such tragedies. This includes public service announcements during tournaments, better enforcement of existing laws on campus, and full NCAA clout brought to bear against universities tolerating gambling violations. But the problem also requires dealing with the loophole built into the Sports Protection Act. Unless sports gambling is banned altogether, there will always be the resource of 142 sports books and the Las Vegas line for those wanting to gamble on collegiate and amateur sports. Their misuse threatens the integrity of collegiate and amateur athletics, puts student-athletes at risk, and makes it very easy for kids like Scott to begin a lifetime of gambling addiction.

Thank you, Mr. Chairman.

Attachment: Gambling Backlash: Time for a Moratorium on Casino and Lottery Expansion, Timothy A. Kelly, Ph.D., March 17, 2000.