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C O M M I T T E E M E E T I N G

before

ASSEMBLY INDEPENDENT AND REGIONAL AUTHORITIES COMMITTEE

ASSEMBLY BILL 2753
(Establishes an Office on Compulsive Gambling in the Department of Health; appropriates $800,000)

ASSEMBLY BILL 2767
(Establishes a Divsion on Compulsive Gambling in the Department of Health; appropriates $800,000)

ASSEMBLY BILL 2947
(Establishes a Division of Compulsive Gambling to be funded by certain monies from unclaimed parimutuel tickets)

October 6, 1986
Room 341
State House Annex
Trenton, New Jersey

MEMBERS OF COMMITTEE PRESENT:

Assemblyman William "Pat" Schuber, Chairman
Assemblyman Guy F. Muziani, Vice Chairman
Assemblywoman Marion Crecco
Assemblyman Paul DiGaetano
Assemblyman Jimmy Zangari

ALSO PRESENT:

Edward P. Westreich
Office of Legislative Services
Aide, Assembly Independent and Regional Authorities Committee

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Hearing Recorded and Transcribed by
Office of Legislative Services
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State House Annex
CN 068
Trenton, New Jersey 08625

New Jersey State Legislature
ASSEMBLY INDEPENDENT AND REGIONAL
AUTHORITIES COMMITTEE
STATE HOUSE ANNEX, CN-068
TRENTON, NEW JERSEY 08625
TELEPHONE: (609) 984-7381

M E M O R A N D U M

October 2, 1986

TO: MEMBERS OF THE ASSEMBLY INDEPENDENT AND REGIONAL AUTHORITIES COMMITTEE

FROM: ASSEMBLYMAN WILLIAM P. SCHUBR, CHAIRMAN

SUBJECT: COMMITTEE MEETING - MONDAY, OCTOBER 6, 1986

The Assembly Independent and Regional Authorities Committee Meeting originally scheduled for Monday, October 6, 1986 at 10:00 a.m. in Room 341, State House Annex, is now scheduled to begin promptly at 9:30 a.m.

New Jersey State Legislature
ASSEMBLY INDEPENDENT AND REGIONAL
AUTHORITIES COMMITTEE
STATE HOUSE ANNEX, CN-068
TRENTON, NEW JERSEY 08625
TELEPHONE: (609) 984-7381

M E M O R A N D U M

September 30, 1986

TO: MEMBERS OF THE ASSEMBLY INDEPENDENT AND REGIONAL AUTHORITIES COMMITTEE

FROM: ASSEMBLYMAN WILLIAM P. SCHUBER, CHAIRMAN

SUBJECT: COMMITTEE MEETING - MONDAY, OCTOBER 6, 1986

(Address comments and questions to Edward Westreich, Committee Aide.)

The Assembly Independent and Regional Authorities Committee will meet on Monday, October 6, 1986 at 10:00 a.m. in Room 341, State House Annex, Trenton, to continue hearing testimony on compulsive gambling and to consider the following bills:

A-2753 Schuber/Muziani	Establishes an Office on Compulsive Gambling in the Department of Health; appropriates $800,000.
A-2767 Kavanaugh/Penn	Establishes a Division on Compulsive Gambling in the Department of Health; appropriates $800,000.
A-2947 Rocco/Hardwick	Establishes a Division of Compulsive Gambling to be funded by certain moneys from unclaimed parimutuel tickets.

Anyone wishing to testify at the committee meeting should contact Edward Westreich, Aide to the Committee, at (609) 984-7381.

[OFFICIAL COPY REPRINT]
ASSEMBLY COMMITTEE SUBSTITUTE FOR

ASSEMBLY, Nos. 2753, 2767 and 2947

STATE OF NEW JERSEY

ADOPTED OCTOBER 20, 1986

By Assemblymen SCHUBER, ROCCO, Kavanaugh, Hardwick, Muziani, Penn, Assemblywoman Crecco, Assemblymen Arango and DiGaetano

AN ACT establishing an Office on Compulsive Gambling in the Department of Health and making an appropriation therefor.

BE IT ENACTED *by the Senate and General Assembly of the State of New Jersey:*

1. The Legislature finds and declares that:

a. Compulsive gambling represents a serious social problem and there is evidence that the availability of gaming in all forms increases the risk of becoming a compulsive gambler;

b. New Jersey, which as a matter of constitutional public policy sanctions various forms of gambling and realizes substantial revenues therefrom, has an obligation to initiate and fashion a comprehensive solution to the compulsive gambling phenomenon;

c. The major components of New Jersey's gaming industry, namely lottery, casinos and horse racing which profit from the State's policy of legalized gaming, must accept a measure of responsibility for helping compulsive gamblers by funding remedial and preventive programs; and

d. It shall be the policy of this State to implement a variety of preventive and rehabilitative measures, including programs of clinical treatment, aimed at reducing the incidence of compulsive gambling.

2. There is established in the Department of Health the Office on Compulsive Gambling.

The Office on Compulsive Gambling shall be administered by a director, who shall be a person qualified by training and experience to direct the work of the office. The Commissioner of Health shall appoint the director who shall serve at the pleasure of the com-

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.
Matter printed in italics *thus* is new matter.
Matter enclosed in asterisks or stars has been adopted as follows:
***—Assembly committee amendments adopted December 8, 1986.**

missioner and until the director's successor is appointed and has qualified.

The director shall administer the work of the office under the direction and supervision of the commissioner, and shall perform other functions of the department as the commissioner may prescribe.

The director may appoint, retain or employ officers, investigators, experts, consultants or other professionally qualified personnel on a contract basis, or otherwise, which he deems necessary.

3. The director shall:

a. Administer and organize the work of the office and establish therein any administrative subdivisions he deems necessary. The director may formulate and adopt rules and regulations and prescribe duties for the efficient conduct of the office pursuant to Department of Health policies and procedures;

b. Solicit and accept grants of funds from the federal government and from other public and private sources for any of the purposes of this act; and

c. Perform other functions which may be prescribed in this act or by any other law.

4. The responsibilities of the office shall include, but are not limited to:

a. Development of a State plan on compulsive gambling which includes provision for inpatient and outpatient services, partial care service, consultation and educational services, aftercare services and other forms of preventive treatment or rehabilitation services for compulsive gamblers;

b. Contracting with public or nonprofit organizations, or nonprofit hospitals and local compulsive gambling programs for provision of appropriate services;

c. Evaluation and qualification, in accordance with prescribed standards, as well as coordination, of personnel, treatment facilities, professional services and community compulsive gambling service programs supported under the State plan;

d. Development of training and research programs designed to improve and extend the foregoing services; and

e. Making recommendations to the Commissioner of Health regarding any needed executive or legislative action.

5. There is created in the Office on Compulsive Gambling an Advisory Council on Compulsive Gambling which shall consist of the following members:

a. The Commissioner of Health or his designee;

b. The Commissioner of Human Services or his designee;

c. The Commissioner of Education or his designee;

d. The Chairman of the New Jersey Casino Control Commission or his designee;

e. The Chairman of the New Jersey Racing Commission or his designee;

f. The Chairman of the State Lottery Commission or his designee;

g. The Attorney General or his designee; and

h. Five public members appointed by the Governor, no more than three of whom shall be of the same political party.

6. The council shall elect a chairman, vice chairman and secretary among its membership. Of the public members first appointed, two shall serve for terms of two years, two for terms of three years and one for a term of four years. Thereafter, all appointments shall be made for terms of four years. Members shall serve after the expiration of their terms until their respective successors are appointed and qualify, and any vacancy occurring in the membership of the council by expiration of term or otherwise, shall be filled in the same manner as the original appointment was made for the unexpired term only.

7. Members of the council shall serve without compensation but shall be reimbursed for expenses actually incurred in attending meetings of the council and in the performance of their duties as members thereof. The council shall meet at least four times each year, at the call of its chairman, and at other times, at the call of the Commissioner of Health, as he deems necessary.

8. The Advisory Council on Compulsive Gambling shall:

a. Periodically review and report on the problem of and the availability and quality of services for compulsive gambling;

b. Advise and report annually to the director on the progress of the compulsive gambling State plan and of actions needed for further improvements; and

c. Make recommendations for appropriate allocation of funds in accordance with agreed upon priorities and in consideration of financial resources.

9. The director, in consultation with the advisory council, shall report annually to the Governor and the Legislature concerning the status of compulsive gambling prevention programs in the State.

10. Pursuant to the "Administrative Procedure Act," P. L. 1968, c. 410 (C. 52:14B–1 et seq.), the Commissioner of Health shall adopt rules and regulations as are necessary to carry out the purposes of this act.

11. There is a special account created in the General Fund to fund the Office on Compulsive Gambling established in the Department of Health under section 2 of this act. There is appropriated $125,000.00 from the General Fund to the special account for fiscal year 1987 to effect the purposes of this act. It is recommended that funding in the amount of $750,000.00 be approved for the Office on Compulsive Gambling for fiscal year 1988 to carry out the purposes of this act.

12. For fiscal year 1988 and each suceeeding fiscal year thereafter, an amount equal to 60% of the funding amount approved *in the annual appropriations act* for the Office on Compulsive Gambling shall be assessed *[in equal parts on June 30 of the preceding fiscal year to each casino]* *and apportioned, on or before July 15 of the fiscal year, among all casinos* licensed under P. L. 1977, c. 110 (C. 5:12–1 et seq.) *during any month or fractional part thereof during the preceding fiscal year*. This amount shall be *[collected by]* *paid to* the Division of Taxation in the Department of the Treasury *no later than August 15 next following* and shall be *[paid]* *deposited* into the special account created in section 11 of this act*[, provided, however, that the]* *. The* Director of the Division of Taxation shall be authorized to assess a casino licensee *[on a pro rata basis in those cases where the casino licensee is]* in operation for *[only]* *any* part of the preceding fiscal year *in an amount, which shall be a proportionate share of the total amount to be collected, which share shall be the proportion that the number of months and fractional part thereof of operation of a casino licensee in the preceding fiscal year bears to the total number of months or fractional part thereof of operation of all casino licensees in the preceding fiscal year*.

For fiscal year 1988 and each succeeding fiscal year thereafter, an amount equal to 40% of the *[approved]* funding amount *approved in the annual appropriations act* for the Office on Compulsive Gambling shall be paid from the General Fund to the special account. This amount shall be drawn from those sums deposited in the General Fund from unclaimed parimutuel tickets pursuant to section 44 of P. L. 1940, c. 17 (C. 5:5–64), section 1 of P. L. 1984, c. 236 (C. 5:5–64.1) and section 7 of P. L. 1971, c. 137 (C. 5:10–7), and from those sums deposited in the General Fund from unclaimed lottery prize money pursuant to section 17 of P. L. 1970, c. 13 (C. 5:9–17).

Moneys in the special account, exclusive of such amounts as may be necessary for administration and collection of the assessments imposed by this section, are appropriated to carry out the purposes of this act.

13. The additional assessment imposed on casino licensees pursuant to section 12 of this act shall be governed by the provisions of the "State Tax Uniform Procedure Law," *[under Subtitle 9 of Title 54 of the Revised Statutes]* **R. S. 54:48-1 et seq.***.

14. The Director of the Division of Taxation shall issue such rules and regulations as may be necessary to implement the provisions **of sections 12, 13 and 14*** of this act.

15. This act shall take effect immediately.

GAMBLING—LOTTERY, RACING, OTHER

Creates the Office on Compulsive Gambling within the Department of Health and makes an appropriation therefor.

FISCAL NOTE TO
ASSEMBLY COMMITTEE SUBSTITUTE FOR

ASSEMBLY, Nos. 2753, 2767 and 2947

STATE OF NEW JERSEY

DATED: AUGUST 3, 1987

Assembly Committee Substitute for Assembly Bill Nos. 2753, 2767 and 2947 would establish the Office on Compulsive Gambling within the Department of Health. The office is to develop a State plan on compulsive gambling, which will provide necessary health, prevention and education services. The office will contract for necessary services and would evaluate such programs. A 12 member Advisory Council on Compulsive Gambling is also established. The director of the office is required to report to the Governor and the Legislature annually. The Assembly Committee Substitute would appropriate $125,000.00 from the General Fund for fiscal year 1987 and recommend a fiscal year 1988 appropriation of $750,000.00. Sixty (60) percent of the office's annual appropriation would be assessed to casino licensees and forty (40) percent of the office's annual appropriation would be General Fund expenditures deposited from unclaimed parimutuel tickets and unclaimed lottery prize money.

The Department of Health and the Office of Management and Budget estimate annual costs of $750,000.00, $763,500.00 and $788,500.00 for the FY 1988—FY 1990 period, respectively.

The Office of Legislative Services concurs with these estimates but notes that the proposed FY 1988 Appropriations Act includes $365,000.00 for compulsive gambling. Thus, the amount of additional funds that may be needed for FY 1988 is $385,000.00.

This fiscal note has been prepared pursuant to P. L. 1980, c. 67.

ASSEMBLY INDEPENDENT AND REGIONAL AUTHORITIES COMMITTEE

STATEMENT TO

ASSEMBLY COMMITTEE SUBSTITUTE FOR

ASSEMBLY, Nos. 2753, 2767 and 2947

STATE OF NEW JERSEY

DATED: OCTOBER 20, 1986

The Assembly Independent and Regional Authorities Committee reports favorably Assembly Committee Substitute for Assembly Bill Nos. 2753, 2767 and 2947.

This committee substitute establishes the Office on Compulsive Gambling within the Department of Health to be responsible for development of a State plan on compulsive gambling, contracting with public or nonprofit organizations for appropriate services, evaluation and qualification of compulsive gambling programs under the State plan, development of training and research programs and recommending to the Commissioner of Health any needed executive or legislative action.

The substitute also creates a 12-member Advisory Council on Compulsive Gambling within the Office on Compulsive Gambling to report to the Director of the Office on Compulsive Gambling concerning the availability and quality of services for compulsive gambling, to advise the director on the progress of the compulsive gambling State plan and any remedial measures necessary for further improvements, and to recommend appropriate allocation of funding. The director is required, in consultation with the advisory council, to report to the Governor and Legislature annually on the status of compulsive gambling prevention programs in the State.

The substitute creates a special account in the General Fund to finance the Office on Compulsive Gambling. For fiscal year 1987, the substitute appropriates $125,000.00 from the General Fund to establish the office and effect the purposes of the act. As reported, the substitute recommends that a funding level for fiscal year 1988 be approved in the amount of $750,000.00 for the Office on Compulsive Gambling to carry out the purposes of the bill.

The substitute further provides that the funding level for the Office on Compulsive Gambling which is approved for fiscal year 1988 and for each succeeding fiscal year thereafter be paid for as follows:

1. 60% of the approved funding amount shall be assessed in equal parts to each casino on June 30 of the preceding fiscal year; provided, however, that the Director of the Division of Taxation is authorized to assess a casino on a pro rata basis if the casino has been in operation for only part of the fiscal year;

2. 40% of the approved funding amount shall be drawn from sums deposited in the General Fund from unclaimed parimutuel tickets and from unclaimed lottery prize money.

As reported, the substitute provides that the Division of Taxation shall be responsible for collecting the assessments imposed on the casinos, that the assessment shall be governed by provisions of the "State Tax Uniform Procedure Law," Subtitle 9 of Title 54 of the Revised Statutes and that the Director of the Division of Taxation shall issue such rules and regulations as may be necessary to implement the provisions of the bill.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY SUBSTITUTE FOR

ASSEMBLY, Nos. 2753, 2767 and 2947

with Assembly committee amendments

STATE OF NEW JERSEY

DATED: DECEMBER 8, 1986

The Assembly Appropriations Committee favorably reports the Assembly Committee Substitute for Assembly Bill Nos. 2753, 2767 and 2947 with amendments.

This bill as amended establishes the Office on Compulsive Gambling within the Department of Health. The office is to be responsible for development of a State plan on compulsive gambling, which will include provision for inpatient and outpatient services, partial care services, consultation and educational services, aftercare services and other forms of preventive treatment or rehabilitation services for compulsive gamblers. The office is also given responsibility for contracting with public or nonprofit organizations or nonprofit hospitals for the provision of appropriate services, evaluating and qualifying compulsive gambling programs under the State plan, developing training and research programs and recommending to the Commissioner of Health any needed executive or legislative action. The bill also creates a 12 member Advisory Council on Compulsive Gambling to report on the availability and quality of services for compulsive gambling, to advise the director on the progress of the compulsive gambling State plan, to propose remedial measures necessary for further improvements, and to recommend appropriate allocation of funding. The director is required to report to the Governor and Legislature annually.

FISCAL IMPACT:

A special account is created to finance the Office of Compulsive Gambling with an appropriation of $125,000.00 from the General Fund for FY 1986-87. The bill makes a recommendation that a funding level for FY 1987-88 be approved in the amount of $750,000.00. That recommended funding level for FY 1987-88 and any expenditures for the office thereafter are to be derived from the following:

1. 60% of the annual approved funding level shall be assessed and apportioned among all casinos on or before July 15, of the fiscal year; with the Director of the Division of Taxation authorized to assess each casino on a proportional basis, collecting each casino's share of the total

assessed amount based on the number of months of operation of the casino to the total operating months of all casinos during the preceding fiscal year; and

2. 40% of the annual approved funding level shall be drawn from sums deposited in the General Fund from unclaimed parimutuel tickets and from unclaimed lottery prize money.

COMMITTEE AMENDMENTS:

The committee amended the bill to clarify the method of proportional assessment among the licensed casinos from which 60% of the annual funding for the Office on Compulsive Gambling is to be collected. The amendments equitably divide the collection of this part of the funding among all casinos, including any casinos operating during only part of the fiscal year, by basing each casino's assessment on the number of months of operation of each casino during the year to the total operating months of all casinos during the year.

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ASSEMBLYMAN WILLIAM "PAT" SCHUBER (Chairman): I will call the meeting to order. This is the second in a series of hearings regarding the problem of compulsive gambling in the State of New Jersey. Today we're going to be listening to the testimony of Mr. Bruce Garland, Executive Director of the New Jersey Racing Commission; Mr. Robert Mulcahy, the Executive Director of the New Jersey Sports and Exposition Authority; Robert Culleton, Research Associate, Forum for Policy; Dr. Michael Leffand, Director of the Mental Health Institute, JFK Medical Center in Edison; and Dr. Rena Nora of the VA Medical Center in Lyons, New Jersey.

I think Mr. Garland is with us. So, Mr. Garland, if you will take a seat here. Welcome. You have a statement, I believe?

B R U C E G A R L A N D: I have no statement.

ASSEMBLYMAN SCHUBER: Okay.

MR. GARLAND: I have no really prepared statement. In reviewing the bills, I just wanted to indicate this is a concept that the Racing Commission and the industry has really embraced and been involved in for a number of years.

I would like to comment on one version of one of the bills that I've seen; that is the version that contains the references to being funded by 20% of the uncashed parimutuel tickets. I don't believe that that is really a stable funding source, and I'd like to bring some things to the Committee's attention, for them to consider.

The first one is, the reason I think it's unstable is the initial concept of an uncashed ticket is that somebody has won some money and has failed to claim that ticket. I think that's a variable that's unusual in itself, and should be considered.

The second thing is that the total amount of the uncashed tickets in any particular year depends on the number of racing days during that year, and on the number of tracks

operating during that year. Therefore, a disaster such as a fire at one of the tracks or something that interrupts racing at a track, for example a strike or something like that, could severely impact the total number of dollars available under this source.

The third thing to consider is that for the last few years, the number of uncashed parimutuel tickets in the State has been about $1.5 million.

ASSEMBLYMAN SCHUBER: How much is that?

MR. GARLAND: About $1.5 million each year. Twenty percent of that would be about $300,000. The other two versions of the bill -- to the extent that $800,000 is what the Committee considers a reasonable amount -- the $300,000 would fall far short of that number.

The final consideration is, this money goes directly to the general fund anyway. It's not in any way money that goes to the Racing Commission or the industry. It already is deposited directly to the general fund.

So those would be my only comments on the bill. I guess just in conclusion-- I think the uncashed ticket funding is unstable, but--

ASSEMBLYMAN SCHUBER: Every year there has been unclaimed tickets, though. Is that true?

MR. GARLAND: That's correct, and quite honestly, for the last three years the amount has been relatively constant at about $1.5 million a year.

ASSEMBLYMAN SCHUBER: That's more than we thought it was, by the way. (confers with aide) Oh that's right. No I'm sorry. I was thinking of it in half.

ASSEMBLYMAN ZANGARI: Did the Commissioner say $8 million a year?

ASSEMBLYMAN SCHUBER: A million and a half. What is the Racing Commission doing now with regard to its contributions or its programs on compulsive gambling?

MR. GARLAND: Okay. The Commission itself is in contact with all the tracks on an annual basis. The Council on Compulsive Gambling, and the Commission, and the race tracks, have been volunteering contributions for a number of years now. The tracks have contributed in the past $10,000 a year to the Council on Compulsive Gambling. Now that's in total, not individually.

ASSEMBLYMAN SCHUBER: Total of?

MR. GARLAND: Ten thousand dollars.

ASSEMBLYMAN SCHUBER: Ten thousand dollars. Okay.

MR. GARLAND: That was to fund a Gamblers Anonymous hot line, and a newsletter. A few years ago, the tracks started putting in their programs, announcements for the 800 number for the Gamblers Anonymous hot line, and information on the Council on Compulsive Gambling. The Sports Authority has set up its own individual relationship with the Council on Compulsive Gambling. I guess Mr. Mulcahy will address that when he testifies.

ASSEMBLYMAN ZANGARI: Who do you represent?

MR. GARLAND: The Racing Commission.

ASSEMBLYMAN SCHUBER: It is safe to assume then, that you have no objection if part of the unclaimed monies is dedicated to this. To the extent that it be funded, however, your concern is that it's an unstable funding source?

MR. GARLAND: That's correct. I have no objection to the money being funded. I just felt an obligation to indicate how it's potentially unstable.

ASSEMBLYMAN SCHUBER: We appreciate that it could be. It appeared to have been relatively stable over the last several years, but I think our feeling is that everybody is going to have to contribute something to this. Let me ask you a question that we've been playing with--

MR. GARLAND: Sure.

ASSEMBLYMAN SCHUBER: --with the issue of adding a small tax on admissions to the track, you know, as one aspect of this if you don't go the parimutuel unclaimed tickets. If you don't go the tickets, let's say, and you go to some other aspect of asking everybody to contribute in your area, what happens if we put a 10¢ tax or something on?

MR. GARLAND: Well, there already is a tax on paid admissions at most of the facilities, with the exception of Sports Authority at the Meadowlands and Monmouth Park. That's already a nickel. That goes to something called a local expense fund, and local municipalities meet and pass ordinances that they'd like to participate in that, and at the end of the year they submit affidavits indicating what additional expenses the fact of having a track in their municipality has had. That amount of money is then given proportionately to the number of municipalities who have sent in those requests.

ASSEMBLYMAN SCHUBER: What's the criteria on that now? Do you have to have a race track within your municipality, or within the area of your municipality?

MR. GARLAND: It's got to be within the area. It doesn't have to be directly in the municipalities.

ASSEMBLYMAN SCHUBER: But if you can prove that you have had some impact adversely because of the track you're allowed to participate?

MR. GARLAND: That's some additional expenses. You're allowed to participate. You never get full funding. For example, someone may put in that the extra police officers and traffic duty and things like that maybe amounted to $300,000 or $400,000 and if the particular track has only raised $28,000 or $30,000 under this local expense fund, and other municipalities have petitioned for $100,000 or $200,000 each, really what they get back is a very small amount in comparison to what they petitioned for.

ASSEMBLYMAN SCHUBER: How much does that fund carry per year?

MR. GARLAND: I would say that's approximately $80,000 a year.

ASSEMBLYMAN SCHUBER: Eighty thousand a year?

MR. GARLAND: Approximately.

ASSEMBLYMAN SCHUBER: That's on 5¢ a head?

MR. GARLAND: Yes.

ASSEMBLYMAN SCHUBER: Guy?

ASSEMBLYMAN MUZIANI: Yes. I wanted to ask a question. I think you just said that the million and a half that's unclaimed monies goes back to the general fund.

MR. GARLAND: Fifty percent of it does now.

ASSEMBLYMAN MUZIANI: Fifty percent if it?

MR. GARLAND: Yes.

ASSEMBLYMAN MUZIANI: What happens to the other 50%?

MR. GARLAND: The other 50% -- by legislation passed just last year-- In thoroughbred racing 50% goes to the tracks for overnight purses in thoroughbred racing. In the standardbred industry -- harness racing -- 25% goes to the tracks for use to supplement overnight purses, and 25% goes to supplement sire stakes purse races.

ASSEMBLYMAN MUZIANI: I was under the belief that the entire $1.5 million is going back into the general fund, but it's not?

ASSEMBLYMAN SCHUBER: No it's not. Under the legislation, only half of it, I think, is going to the general fund.

MR. GARLAND: That's correct. Now it's just half.

ASSEMBLYMAN SCHUBER: In fact, I think the breeders were here the other day. I think they want the other half.

MR. GARLAND: Probably. (laughter)

ASSEMBLYMAN SCHUBER: I think that's what they were talking about.

ASSEMBLYMAN ZANGARI: How many of the people that frequent the track would you consider the percentage to be of compulsive gamblers?

MR. GARLAND: I couldn't even estimate that. I've seen the figures in the other legislation -- the one setting up the Advisory Committee -- as to being 375,000 in the State approximately.

ASSEMBLYMAN ZANGARI: I'm talking just attending the races.

MR. GARLAND: Assemblyman, I would just be pulling a number out of the hat. I really have no idea.

ASSEMBLYMAN ZANGARI: You know, I was thinking, you have so many windows on each floor. Nobody keeps a record. There's no name, address, telephone number, social security number, that a guy bets. Okay? You come there. You drop your money. You go home. Unless you follow the guy -- or he's throwing tickets up in the air, and you identify a certain guy every day. I don't know how you could say-- I mean that-- I couldn't anyway, say that this guy is a compulsive gambler. You know, that's he's losing so much money that he's depriving his family of a livelihood. I just can't envision, or how you could-- Yet you know that the majority of the people that have been testifying are willing to give up something because they know there are compulsive gamblers. I want to know how they can determine who the compulsive gambler is, and what effect it has on their livelihood and on their families?

MR. GARLAND: I'm like you, Assemblyman. I couldn't begin to identify numbers from observing people at a track or whatever. Maybe Mr. Wexler might have numbers concerning people who have used the hot line -- the gamblers hot line -- from racetracks. I don't know. I don't have that figure.

ASSEMBLYMAN ZANGARI: But, you do acknowledge that there are compulsive gamblers?

MR. GARLAND: I would say that, yes, I would acknowledge that. The extent to which it is applicable to race tracks, I don't know.

ASSEMBLYMAN ZANGARI: And yet, to derive a living, you put ads in the paper everyday, "Come and visit the Meadowlands." You're on television-- Just hold it. You're on television, you give away hats, bags, ties, free admission, lavish dining facilities and everything else, to lure people in. Does it pay? If you know the percentage of people coming in, that you're destroying their lives to make a few dollars to give back to a certain program, or to employ a certain number of people.

MR. GARLAND: Well, first, Assemblyman, don't confuse the Racing Commission with the Sports Authority. We don't give away anything.

ASSEMBLYMAN ZANGARI: Well, the Sports Authority -- whatever, you know -- racing itself is broad.

MR. GARLAND: But racing does do that, yes.

ASSEMBLYMAN ZANGARI: That's the thing. We're spending that type of money to lure people into coming and lose their money. It's a business that you've got to make money. The dig is there. Right off the top you know that the track has got to make "X" number of dollars. They never lose. What they're doing is they're taking a pool of money, taking their cut out, and then the rest goes to the operating, and whatever. So that what we're doing is promoting something to let people come in, drop their money, have a night's entertainment, then go home -- have people bet on something they that they can't beat. You have not only the bet on the parimutuel, the race itself. You have the daily double. You have the exacta. You have the trifecta. You have the pick 6. It's hard enough to pick one horse, you now lure them in -- you know they're lured, not you -- to bet an exacta. They're lured to bid a trifecta to get a bigger payoff, and the pick 6, that's impossible. And now we're asking them to fund something for people because they're compulsive gamblers, but we make them compulsive gamblers. I think our job is to stop the

people from becoming compulsive gamblers by eliminating the source. You get to the root of what is causing the problem.

MR. GARLAND: You're asking me for my comment on whether racing should be eliminated in the State?

ASSEMBLYMAN ZANGARI: Yeah. If this in fact is causing a problem, that there are staggering figures the way Mr. Wexler says, then something has to be done. If you're talking thousands and thousands of people whose homes and lives are being destroyed and we're contributing to that, I don't think that we're doing our job. We're allowing you to promote such things as coming to the track, giving them the facilities, the luxuries, the amenities, to make it inviting to come there; and then bet on the double, bet on the exacta, bet on the trifecta, bet on the pick 6, knowing that the people that come there can't win.

MR. GARLAND: Well, I don't know that people who come there can't win. A percentage of every dollar is taken off. Some people presumably win, that's the essence of parimutuel wagering.

ASSEMBLYMAN SCHUBER: Any other questions? (no response) Mr. Garland, thank you very much. We appreciate you being with us. We'll let you know what your assessment is at a later date, if any. (laughter) Thank you very much.

MR. GARLAND: Thanks.

ASSEMBLYMAN SCHUBER: Anyone here who has not signed up as a witness and wanted to testify?

D R. M I C H A E L L E F F A N D: (from audience) I'm Dr. Leffand from the Kennedy Hospital. I spoke to you--

ASSEMBLYMAN SCHUBER: Oh okay. Yes, we have you on the list. I think Mr. Mulcahy is our next witness, and I think he should be on his way up. (inaudible comment from audience) I know. I see everybody is coming in, so I assume he is here and on his way. There will be a five minute recess while we wait for him to come up.

(RECESS)

AFTER RECESS:

ASSEMBLYMAN SCHUBER: Okay everyone, we will start again.

(At this point, Chairman calls Dr. Rena Nora to testify next. Due to equipment malfunction, opening portion of this witness' testimony has been deleted. However, her written testimony has been reprinted verbatim up to the point at which recording continued.)

D R. R E N A N O R A: I am Dr. Rena Nora, and I am from the Veterans Administration Medical Center in Lyons, New Jersey.

In the 1980s we had official inclusion and recognition of the diagnosis of pathological -- compulsive -- gambling by the American Psychiatric Association and the International Classification of Diseases. The types of treatment programs for gamblers are outpatient and inpatient in nature. Seventy five percent of the people who are in this program are under outpatient care at the present time.

The common principles of treatment programs and treatment approaches are based on the following:

1) Focus on abstinence from all gambling and gambling activities.

2) Focus on the here and now, with emphasis on self-defeating behavior, maladjusted type lifestyles, or stresses that contribute towards compulsive gambling.

3) Emphasis on restitution and payment of all debts incurred as a result of compulsive gambling, meaning to say that every penny that has been incurred as a debt, as a result of gambling, has to be paid for. It doesn't matter whether it's 10 years or 20 years, but the accounting and restitution must be accomplished.

4) Another thing is that we work. Any self-respecting therapist or program that deals with compulsive gambling recognizes and highly recommends the involvement of the patient in a Gamblers Anonymous program. Obviously you have heard already about this self-help group. It has been demonstrated that it works. In fact, 75% of those who are recovering from compulsive gambling may have been helped with that approach.

Another comment perhaps is that, when I say 75% on an outpatient basis, that leaves another 25% of vulnerable individuals who may have had so severe a problem that they can only be helped in an inpatient setting. I am talking about a select group. As I said, it's a smaller group of individuals, who contemplate suicide, or hurting themselves, or homicide, or are about to commit a severe crime, as part of his desperation in pursuing his gambling activities.

Also, there are individuals who behave like severe compulsive gamblers, and yet underneath are really suffering from a very specific psychiatric disorder. If I may use a scientific diagnosis, we call these the manic depressives, or the schizo-affective individuals, who have a true psychiatric diagnosis, but one of the manifestations of their illness is a gambling activity. Sometimes these things cannot be-- (inaudible) -- in an outpatient setting. They need to go into the hospital, go through a battery of psychological testing, sometimes brain wave testing. It's not too easy to do that as an outpatient. We usually would recommend a short-term hospitalization.

I believe those are the general principles. The state where we're at, is that since the recognition and establishment of pathological gambling -- which is the scientific term for compulsive gambling -- by the American Psychiatric Association, and also included in the international classification of diseases, the official inclusion of this in 1980 has led to

developments in treatment approaches. It's almost six years now, and right here in the State of New Jersey where we have -- if we draw a 300 mile radius, we're talking about millions of possible or potential compulsive gamblers -- there is not one single inpatient treatment program. There is one outpatient treatment program which is at the JFK Medical Center, and Dr. Leffand is going to speak for that program in a short while.

It's been six years I have been involved in voluntary work with the council. We've made several efforts going from county to county, approaching in fact, private sectors, even State hospitals, so on and so forth. We have not been successful because programs such as this cannot be implemented without appropriate staffing. What I mean is that although most likely the people who will be best able to get a program such as this off the ground will be those who are in the addiction disorders clinics -- such as alcohol treatment programs, or drug treatment programs -- there is not enough people to add one more workload in their scheduling or in their activities.

I must also mention that although group therapy is perhaps the more effective approach to treating compulsive gambling, there are a certain number of people who need one-to-one individual therapy. That is time-consuming. There's not much of a shortcut, and therefore you will tie up one individual for a segment of time. In this situation, again, you cannot introduce a program such as this without having to take away staff time or staff efforts from something else.

I will also mention that since the establishment of the diagnosis, there are many efforts -- be it in the media, in the scientific community -- of educating the public, which is terrific. A lot of people seem to know and recognize now that it is a mental disorder, or a psychiatric disorder, that it is an illness with a theoretical framework from which you can help

the individual. And as we educate the public-- Thank God there was not much of an exodus to really get them out of there and look for treatment programs. In a way it happened initially in New Jersey and it's still going on, but we have some problems because there are not enough of these treatment programs around other than the JFK and the one at Lyons VA Medical Center, which is the inpatient group.

ASSEMBLYMAN SCHUBER: This is where you are from?

DR. NORA: Right. That's the VA at Lyons, and immediately you have a pre selected group. By law, we cannot treat anybody who is not a veteran. So, it's a sad thing when I have to turn away compulsive gamblers who really could benefit from the program. If they are not eligible I have to say we cannot serve them.

So as the public got educated, and our families are making calls, "Where can we get this help?" They end up with possible treatment in the private sector, but that's a very expensive affair. There are a few psychologists, psychiatrists, social workers, who have sort of trained themselves also, and have been interested in the problem. But there's not much of them to get around. The disadvantage also of having just private sector therapy is that it is mostly for the one-to-one approach. Whereas, if it were in an outpatient clinic, you can group five, ten, or twelve at a time, and that peer approach -- or peer group -- has a certain unique effect on the compulsive gambler, as opposed to the one-to-one approach.

ASSEMBLYMAN SCHUBER: How many people do you treat at the VA Medical Center?

DR. NORA: All right. I knew you would ask me that, and I tried to look at my folders. In the course of my seven years, I have an ongoing treatment census of about 35. I am not counting those who really just came in for reevaluation.

ASSEMBLYMAN SCHUBER: You mean ongoing treatment?

DR. NORA: Excuse me?

ASSEMBLYMAN SCHUBER: Ongoing treatment?

DR. NORA: Yes. And the thing is, you can never close the folder, because they may be gambling free and -- I'm almost hesitant to say this, but I'm pretty surprised at my own statistics -- I have almost 50% going on five years gambling free. I don't know if that's simply a selected group, or I don't think I'm really that super, but anyway, these are the people who remain gambling free. I can never close the folders, because we never say recovered. We say recovering.

ASSEMBLYMAN SCHUBER: Recovering, okay.

DR. NORA: Yes. And they may be clean for one or two years, and suddenly get into a situation and will be back to have another session.

ASSEMBLYMAN SCHUBER: Dr. Nora, let me ask you this. What would you tell to the State of New Jersey to help out the situation? What would you recommend?

DR. NORA: Well, first, as I said, we have started with the education. There's still more work to be done in terms of public education and the understanding of the illness. The second thing is for those who have been identified to really have the problem, we have to have help available. In what ways can this be? I've mentioned inpatient programs -- which is really a smaller group -- outpatient clinics, implementing the program in community mental health centers, in correction houses, and including it perhaps in the drug and alcohol abuse centers. Another thing is, there is a need for even halfway homes for these people who need to be rehabilitated.

But, of course, before you provide the treatment you have to train professionals. That also needs money. The Council has been excellent in giving some of these in service training programs for free, but when you print materials, you develop curriculum, mailing, and so on and so forth, that also needs money. All of this really needs to go hand in hand.

Now I must not forget the area of research. The area of research is a very open field. We are way behind the United Kingdom, or the European countries. Since we only recognized this as a diagnosis in 1980, most of the publications and most of the research are really very minimal. There is hope. I am involved with Dr. (sic) Culleton in some of the biological research at Rutgers University, but that also needs money. I believe they gave $75,000. How much can you do with that? Again, it needs staffing, it needs materials. So, research as well.

And, possibly what we're doing here today, which is to make sure that the legislative bodies and the government authorities are made aware of this problem and contribute their help.

ASSEMBLYMAN SCHUBER: I would assume that you would agree with us that the State has a role to play in this whole scenario. Is that true?

DR. NORA: I hope so. Yes.

ASSEMBLYMAN SCHUBER: I don't normally throw up a softball all that often, but I just wanted to--

DR. NORA: In fact, you may be the only realistic hope. I mean, if we rely on the scientific community, if we rely on universities, if we rely on the private sector, they're having a hard time keeping their budget, let alone something like this.

ASSEMBLYMAN SCHUBER: Let me ask you this. In the course of your research, and your experience with the patients that you have treated, is there any one form of gambling that contributes to this, or is it across-the-board? What have you found with regard to the contributing factors?

DR. NORA: I really can not say it in a dogmatic form. All that I perhaps can report is that when I made a study, I surveyed 199 verified compulsive gamblers, and the top three choices of gambling activities that they had, number one

happened to be horse racing, number two were the casinos, and number three -- this surprises me but maybe it's the way we designed the studies -- it simply said card games. Those are the top three, which includes the casinos.

ASSEMBLYMAN SCHUBER: Horse racing, casinos, and card games?

DR. NORA: Yes. I have other categories, but those are the top three.

ASSEMBLYMAN SCHUBER: Any questions for Dr. Nora? Mr. Muziani?

DR. NORA: Yes please?

ASSEMBLYMAN MUZIANI: Doctor, an alcoholic is always an alcoholic is always an alcoholic, even if he is on treatment and he's a member of Alcoholics Anonymous, but he's always considered an alcoholic. Once you're an alcoholic, you're always an alcoholic. Once you're a compulsive gambler, are you always a compulsive gambler?

DR. NORA: Until we know better -- because we don't even know the case -- that is our stand; that we really do not claim any cure. So once they are identified and diagnosed as a compulsive gambler, that diagnosis might be there for the rest of his life. It could be modified. It could be sort of arrested. But we cannot say cured. So, in essence I would have to say, yes.

ASSEMBLYMAN SCHUBER: In fact, you've used the same terminology that I've heard used for alcoholics, recovering alcoholics, recovering-- (inaudible)

DR. NORA: Yes. They are all birds of the same feather. In other words, they are all impulse controlled disorders, and they are all addiction disorders. I might point out that in that survey I had, 26% of the compulsive gamblers have a dual addiction for alcohol as well. So, either they go hand in hand, or at one point in his life he may focus on alcohol, another point, but the tendencies for both of these are the same.

ASSEMBLYMAN MUZIANI: You made in your statement some comments about restitution. Would you mind repeating that?

DR. NORA: Restitution?

ASSEMBLYMAN MUZIANI: Yes,

DR. NORA: Part of the early treatment approach is to identify exactly how much money he owed, and when we are able to identify that amount we help the individual make a plan to be able to repay those debt. He may have five or six or seven categories of debts -- from the bank, from his father-in-law, from wherever -- but we have to insist that those are paid. It's part of the prescription. It's part of his treatment. It's almost a behavior modification.

ASSEMBLYMAN MUZIANI: What kind of success have you had with that?

DR. NORA: Well, again, we're starting the last five years. Some people have still a long way to go, but those who have accounts like $600, $400, they are able to allocate $20 a month. It's not just a simple means of repaying a debt. It also involves the individual acknowledging the problem, having to face the people he owes the money to, and really making an honest effort -- in conversation with this man -- "that I have done something wrong. I want to repay, and I want to make things right." So from a therapeutic point of view, it really is under what we call "behavior modification." For every day of his life that he has to face those accounts, it is a constant positive reinforcement. He has to think about it. He has to act on it. And in turn, we hope that will deter him from getting into another gambling activity.

ASSEMBLYMAN MUZIANI: Thank you very much.

ASSEMBLYMAN SCHUBER: Assemblyman DiGaetano?

ASSEMBLYMAN DiGAETANO: Doctor, just along these same lines, do I understand correctly, then that although you've addressed small accounts -- you must have treated patients with very very large debts -- is your treatment program designed

absent any discussions of personal bankruptcy proceedings and things of that nature, or is it just part of your program that they must repay all debts?

DR. NORA: All right. The blanket thing is that we repay all debts. Since most of the therapists are not accounting experts, we defer them either to their own accountants or their own lawyers to help them with these. Incidentally, I have those who have $680,000 accounts, and these are usually the professionals. I don't know what to tell you. I have an over representation of lawyers -- veteran lawyers -- and postal workers. So I have two groups, with very high income and not so high income, as patients.

ASSEMBLYMAN DiGAETANO: As the largest percentages of your treated patients?

DR. NORA: Right. Again, maybe because the postal workers (sic) give preference to veterans anyway.

ASSEMBLYMAN DiGAETANO: On another line, you spoke of having ongoing treatment with 35 patients over the past seven years, so it's 35 cases. Is that just yourself, or are there other staff members that get involved in this? I'm trying to determine what type of workload these cases present to you.

DR. NORA: This is just myself. I don't believe that a therapist who has not gone through the training or the intensive research, or intensive work, should take on a patient who he does not know how to help. So I have really not delegated this to any of the staff, except as of last month when we have now fully trained the alcohol unit. It's the same people who treat the alcoholics. I have been seeing them on a one-to-one basis.

ASSEMBLYMAN DiGAETANO: Just one final question. Your success rate you discussed earlier at 50%, five year gambling free?

DR. NORA: Yes.

ASSEMBLYMAN DiGAETANO: Would you say that's typical or atypical of other treatment facilities? I think you said there was one other within 300 miles, but there are some others further away. Is that typical or atypical?

DR. NORA: I would say it seems atypical.

ASSEMBLYMAN DiGAETANO: Are the others higher or lower?

DR. NORA: Well, much lower. Really it's not a very-- I would say 50% really has to be atypical. But the thing I observed of this 50, they are mostly in the professional group, and they are mostly on continuous Gamblers Anonymous. If they fall out there, the recidivism really increases.

ASSEMBLYMAN DiGAETANO: Thank you.

ASSEMBLYMAN SCHUBER: Mrs. Crecco?

ASSEMBLYWOMAN CRECCO: Yes. Doctor, since it's very similar to alcoholics and there's never a complete treatment, would it be ongoing even though it's sort of arrested? They would have to continue some sort of treatment, even though not as lengthy.

DR. NORA: Yes indeed. This is why either the outpatient approach, and the Gamblers Anonymous which is almost like a forever thing -- is very very helpful. We cannot predict exactly when the so-called remission -- meaning to say, the period when they are arrested, or they are gambling free -- would last; one, two, or three years. But as a clinician, and as someone who really believes in the quality of life, even if that compulsive gambler only becomes gambling free for six months, or one year, and is able to go back to his family, able to pay back his debts to the community, that's an effort worthwhile. And if he does decompensate and fall again, we simply quickly get in there.

ASSEMBLYWOMAN CRECCO: Oh, they wouldn't have an ongoing thing such as AA, where they constantly can stop in and reaffirm themselves and have support?

DR. NORA: Oh, this is it. The Gamblers Anonymous is the counterpart of AA.

ASSEMBLYWOMAN CRECCO: I didn't realize that.

DR. NORA: Oh yes. And we've got so many groups-- Almost all parts of the State of New Jersey have in either a temple, or a church basement, Gamblers Anonymous meetings going on every day of the week, usually on weekends and evenings.

ASSEMBLYWOMAN CRECCO: So it's open, even though they have-- They're never really cured, but they have it arrested, and it's open for them to go whenever they feel the need.

DR. NORA: Yes. It's available to them. The thing that might be of interest to you is, in fact, most of the referrals, to the inpatient, or to me as a therapist, come from there; because at one point in their life they may again get into terrible trouble. It might not just be gambling. It may be a family conflict, or having been fired from work for whatever reason, and they go under this stress. Some of this can be quickly helped with individuals, one-to-one.

ASSEMBLYWOMAN CRECCO: Thank you.

ASSEMBLYMAN SCHUBER: Doctor, I appreciate your testimony today. I can only say this, that as a result of the hearings that we're going to hold today -- we've held already and are going to hold today -- that it is our sincere intention here to be able to report out a bill on the 20th of October which will provide for the establishment of an office on the problem of compulsive gambling, and to set up some type of stable funding source for it. It's a beginning, but I think it's a necessary commitment on the part of the State towards this end. I would hope that we would be able to do that. If in fact all goes well from what we do, and it goes through both houses and is signed by the Governor -- which we sincerely hope -- that at some future date we would ask after its implementation that everybody come back and help us to evaluate what's been done. I'm sure you would be willing to participate in that.

DR. NORA: Oh, I would really strongly recommend that indeed we get off the ground on something. If I may also express-- I'm with the New Jersey Psychiatric Association, and we're watching very closely these proceedings and the end of this. So, please, anything you can do to help.

ASSEMBLYMAN SCHUBER: Thank you, Doctor. I appreciate it very much.

DR. NORA: Thank you.

ASSEMBLYMAN SCHUBER: Thank you very much. I see Mr. Mulcahy is with us. I'm going to ask if Mr. Robert Mulcahy, the Executive Director of the New Jersey Sports and Exposition Authority, will come on up. Thank you Bob. Welcome. Did you have a statement that you wanted to make?

R O B E R T E. M U L C A H Y: Well, I have some points that I think I might want to make. First of all, thank you for the invitation to come here. Thank you for asking me for the opportunity to at least offer my comments on the problem, and your efforts to deal with it.

Over the past year or two, in talking with people like Arnie Wexler -- who is here this morning -- who are involved in the fight against compulsive gambling, I became personally convinced that the Authority had a responsibility to make some effort to help people who are afflicted with this disease. We looked around the horse racing industry, and then at the gambling industry in general, but we couldn't find anyone who had done anything, or developed any kind of a patron assistance program -- because essentially what we're trying to look at here are patrons who have a problem, who are not identified to us, and give them a methodology to at least provide the beginning of help.

So, over the past few months what we've done is taken proposals from more than half a dozen North Jersey health care facilities, most of which who have experience in related areas with other compulsive disorders, treatment, and employee

assistance programs. In part, I believe, because this will be a pioneering effort, several of these institutions have expressed real interest in becoming involved. Out of our discussions we have developed the outline of a program, and we are now in the process of re-interviewing finalists. It is our hope that the Authority will be in a position to act on a proposal soon, hopefully at our October board meeting in two weeks. Should this come to pass, I would expect our program to start up around the first of the year.

As we have talked with professionals that deal with compulsive disorders such as alcoholism and compulsive gambling, it became clear that no one truly had a real grip on the dimensions of the problem, or on the best method of designing a program that is essentially meant to be available to the general public. It also became clear -- and this is probably the most important point of all -- that like alcoholism, compulsive gambling takes its toll not just on the gambler, but on the gambler's family -- whether it be husband and wife, children, parents, and so on. It is these two ideas that will form the basis of the program that we've put together.

First, it will be flexible. We are feeling our way into new territory, and I fully expect that as we proceed, the experience that we develop will point the way for changes in our approach.

Secondly, we will structure our program to reach out to the families of compulsive gamblers, every bit as much to the gamblers themselves. There are two reasons for this. First, oftentimes the best way to get through to the compulsive gambler is through his or her family. Second, even if we can not reach the gambler, we will reach his family to help them get the counseling and advice that can make their lives better.

As we now envision it, our program would look something like this: The facility that runs our program will establish an 800 hot line number for initial contacts, making

appointments, and emergency counseling. Professionals on the staff of the facility will then provide up to two face-to-face counseling sessions with a gambler or family member. These sessions will include an initial assessment of the problem and a review of the various treatments available. The gambler will then be referred for further treatment. This may include a review of what the individual's own health insurance will cover for therapy or treatment. In the case of family members it will almost certainly include referral to Gamanon or Gamateen -- the support groups established by Gamblers Anonymous to aid the families of compulsive gamblers.

The program will also provide crisis intervention services where called for, and some assessment and referral services may also be provided by phone or through mailed literature. As with other addictive disorders, denial of the problem is a considerable factor with compulsive gamblers. In many cases, the most difficult step in the recovery program is the very first step; the realization that something is wrong, and that help is needed. Often it takes a real catastrophe or traumatic confrontation to shock the gambler into taking the first step.

One of the chief reasons we decided to offer two face-to-face counseling sessions is to give family members -- who are often the crucial factor in getting an addict to seek treatment -- a chance to meet with a professional. In this way a spouse, child, or parent, can come in, meet with a professional, and receive an initial assessment of the situation. The professional can not only provide advice on how the family member can find help for him or herself, but can also advise on how to persuade the addicted gambler to seek treatment. The gambler, the spouse, or both of them together, can then come back for a second fuller assessment and referral sessions. Even if there is no success in getting the gambler in for treatment, at least the spouse or child will have

received some help. I think this is a very important point, because with gambling as with other addictions, the family is the victim every bit as much as the gambler.

Obviously, this approach will rely heavily on Gamblers Anonymous, Gamanon, and Gamateen. It was clear from every proposal we received that these organizations will play a key role in any meaningful approach to the compulsive gambling problem. What we intend to do is advertise the hot line and the program at both the Meadowlands and Monmouth Park race tracks. Within our resources we will mount an advertising campaign to get the word out that the program is here. We envision using pubic service advertising and producing a brochure which will be available at the race tracks, and which we will make available to social service agencies and other institutions which are likely to have contact with compulsive gamblers or their families.

Finally, we will maintain detailed reports on every aspect of the program. While protecting the anonymity of the participants, we will be collecting valuable data on both the disorder, and those it afflicts. This data will not only help us shape our program to its most effective profile, but will undoubtedly be valuable to researchers in this badly overlooked field of social disorder.

As I said at the outset, we are deliberately remaining very flexible as we approach this program. What I've given you is an outline, which will likely change as we gain experience. This much I can tell you with complete certainty. We are determined to succeed to the fullest extent that success is possible in this largely unexplored field. That is to say that we have made a commitment, and we intend to stick with it, within the limits of our ability. No one can guarantee success with a program like this because we are breaking new ground, but if we fall short it certainly will not be for lack of trying on our part. Thank you, Pat.

ASSEMBLYMAN SCHUBER: Bob, thank you very much. On behalf of myself, I certainly applaud the Sports Authority for their initiative in this area, and I'm certain that you will take that back to the Commissioners at their meeting. Let me ask you a few questions on that.

MR. MULCAHY: Sure.

ASSEMBLYMAN SCHUBER: How much money are you intending to spend on that type of a program?

MR. MULCAHY: Well we would expect for the proposals that we have that the initial program will cost in the area of $35,000.

ASSEMBLYMAN SCHUBER: Is it going to require any personnel on your own part?

MR. MULCAHY: No, because we're going to contract out to a facility. Now, we may have some incidental things there, but our normal staff would deal with that.

ASSEMBLYMAN SCHUBER: Bob, do you have any statistics with regard to the number of people that you may be servicing on something like this? I realize you haven't put it into place yet, but, with regard to identifying the problem.

MR. MULCAHY: No. The difficulty, Pat, and I'm sure Arnie can-- I mean Arnie has been the bulk of information on this because there are no statistics, no one has ever tried a program like this that we can find. We have no idea what the response is going to be. We may have no response. We may be overwhelmed. It's sort of like shooting in the dark, but we made this determination: First is, we felt we had some responsibility, and secondly if we didn't start, you couldn't tell where to go. That's why I emphasized the fact that we be flexible. Once we start it, we're obviously going to have to make adjustments and nobody knows where they're going to be.

ASSEMBLYMAN SCHUBER: Does the Sports Authority make a contribution now to Gamblers Anonymous -- to any of the gambling--

MR. MULCAHY: No. Frankly we had considered that approach, but we felt that we could probably discharge our responsibility better by beginning this way, and finding out whether or not we could provide assistance.

ASSEMBLYMAN SCHUBER: Mr. DiGaetano?

ASSEMBLYMAN DiGAETANO: Bob, as I understood, you intend to -- at least with this outline-- You intend to contract out to another agency the actual operation of it. Is that to mean that the services will be placed off site at their facility, or do you expect them to come to one of your facilities?

MR. MULCAHY: Well we had had discussions about that, and the conclusion was that it was better to have an off site location for the initial interview. It seems to work better. That will be worked out with the facility that's accorded the proposal.

ASSEMBLYMAN DiGAETANO: Is it safe to assume that this service would be addressing all forms of compulsive gambling, not just horse racing?

MR. MULCAHY: Well, as far as our facility goes, I assume that it will address horse racing. You can never tell when people are there, they may be addicted to other forms of gambling and obviously ask for help. Certainly if they've come through the race track we're not going to deny it.

ASSEMBLYMAN DiGAETANO: Just one final question. The budget figure of $35,000, is that something you've developed through discussions with outside contractors?

MR. MULCAHY: Yes. That's where we've gotten it. The problem with it, Paul -- as I've said before -- is nobody knows what the response is going to be, how far it's going to go. We had to make a determination that you had to begin somewhere, and once we begin, we'll make adjustments and determine what to do.

ASSEMBLYMAN DiGAETANO: Great.

ASSEMBLYMAN SCHUBER: Mr. Muziani?

ASSEMBLYMAN MUZIANI: Mr. Mulcahy, the problem of compulsive gambling of course is a very serious one, and you have alluded to some of the things that you're planning on doing with your program. One of the things you mentioned was calling in members of the family. Has Arnie in any way explained to you how he felt that could be done? What would you do to the family. I could understand the individual who has the problem, treating him. What do you do to treat the children or the wife? What are your plans for that?

MR. MULCAHY: First of all you have two groups that are similar to Gamblers Anonymous to deal with both the spouse and the family members of compulsive gamblers -- similar kinds of support groups, so that you would be able to at least provide the information to the family members, where to contact these groups and how to become involved so that they can better understand how to deal with it. Secondly, you can also provide through the counseling sessions the opportunity to tell the family member how to deal with the other family member who's the addict, or compulsive gambler. Third, you can provide information as to where they may be able to direct the family member who is addicted, to go. In all of my discussions with people like Arnie it's become evident that the families is just as much a problem, because they're victimized by their behavior. They really need the opportunity to find out how to help too, and that's what we're trying to do.

ASSEMBLYMAN MUZIANI: And you would assume this would work, irrespective of the fact that the individual might be uncooperative?

MR. MULCAHY: Oh it may not work, but we may be able to provide some assistance to the family members. There's no guarantee that it will work, but at least it's a step. Guy, we don't have the answers to all of these problems, but we're trying to start somewhere. If I had the answers I'd be happy

to give them to you. After we've been doing it for awhile, I'll be happy to come back and try to tell you what kind of information we've got, but right now there are no guidelines anywhere. There's nobody to go by, and nobody has got any experience.

ASSEMBLYMAN SCHUBER: We would appreciate that too, Bob. We thank you for your offer on that; that at a future date, after your program has been implemented, if we could be apprised of your experiences so far with regard to that. Mr. Zangari?

MR. MULCAHY: Jimmy?

ASSEMBLYMAN ZANGARI: Thank you, Assemblyman. The voters in this State openly said that they wanted horse racing to become effective, and we undertook that task. As I stated before that, I pick up the newspaper -- and you know that I call your office on numerous occasions for passes. You know, I have people that knock on my door to get passes.

MR. MULCAHY: Yes, I know well, Jimmy. (laughter)

ASSEMBLYMAN ZANGARI: But our job, your job, is to make sure that the racing industry is successful. So we promote it; advertisements in the Star-Ledger, billboards, television, daily double, exactas, trifectas, the daily doubles and all. This is an enticement to further allow people to wager on things that they want to wager. Nobody is going to pull these people by the arm. They're going there by their own admission. Nobody has a handle on the types of people that gamble, on whether they're unemployed people, business people, low income, high income-- A gambler is a guy that, I guess when he goes to the track it starts out as a night of entertainment; to have supper, or to meet with a crew of people that just want to go out and gamble. But we entice them here. We make it lucrative. You have these promotional gimmicks that bring them here. The fact is that we do it so well, Garden State is going out of business. Monmouth Park doesn't get the

type of people. Freehold doesn't get the type of people down there. So the only two entities that get it are the casinos in Atlantic City, and the Meadowlands up here. The central part of the State doesn't have the gambling type of people, I would assume.

In my mind, I just can't comprehend how we're promoting people to come into the track down one side, and on the other side we're saying, you know, that if you come you're going to be addicted, or we're going to advertise, "Don't come to the track," or "Don't gamble," with the brochure and the advertisement on the other side. If you reduce the handle at the track, maybe you're not going to get the type of owners and breeders to bring their horses in. The purses may not be that big. But yet we know that we're destroying people's lives. That to me is cumbersome, and troublesome too; that we're telling the people to come in, and have a night of enjoyment, knowing they're going to lose their money at the track.

How are we going to be able to statistically-- I heard the doctor before say she has treated patients for five years. Is there going to be a cure? When you stop these people from gambling, we're going to have a guarantee they're not going to gamble? And the more people that become aware that you're going to an establishment to lose your money, is it going to be profitable for the racing industry to survive?

MR. MULCAHY: I think there are two points -- if I can address them -- that you raised. First -- and it's probably a subject for another forum at another time -- we do have demographics on our patrons, and I'm not going to agree that Central Jersey doesn't gamble as heavily as North Jersey. But that's an issue for another forum. I think wherever you have a business, and the government is involved and there's evidence of a problem -- and certainly you can look at states that have state controlled liquor agencies, where they sell liquor. Does that mean they don't have a responsibility to provide some

assistance for alcoholics? No, I don't think that. I think essentially it's like any other thing that the public is involved in. If there's a problem that's associated with it, then there's a responsibility to deal with that problem. We've advertised Gamblers Anonymous' phone numbers in our programs for the last couple of years. So I don't think that that in itself is any way detrimental to what we're doing. I think the fact is, that we've recognized there may be a problem. If we're going to reap the revenue from it, then we have a responsibility to provide some assistance. It's that simple.

ASSEMBLYMAN SCHUBER: Bob, thank you very very much for joining us today. We appreciate your input into our ongoing review and analysis of the issue of compulsive gambling in this State. We applaud the efforts of the Sports Authority and their involvement. Of course we look anxiously to receive the results of that. We appreciate it very much. Thank you.

MR. MULCAHY: It's always a pleasure to be here. Thank you.

ASSEMBLYMAN SCHUBER: Thank you. By the way of an aside, Bob, I would tell you I think the Giants are still available on the West Coast. I saw where they're having problems. (laughter) I just wanted to put that in your mind, if you're still looking for a team there.

MR. MULCAHY: Absolutely.

ASSEMBLYMAN SCHUBER: Thank you, Bob. Our next witness will be Dr. Michael Leffand, Director of the Mental Health Institute at JFK Medical Center in Edison, New Jersey. Dr. Leffand, why don't you come up here? As they say in game shows, come on down here and take a seat.

DR. LEFFAND: Thank you. I'd like to thank you for the opportunity to speak to you this morning.

ASSEMBLYMAN SCHUBER: Would you give us a little of your background, Doctor, please?

DR. LEFFAND: Yes. I'm a psychologist. I'm Director of the Mental Health Outpatient Department at John F. Kennedy Medical Center in Edison, New Jersey.

ASSEMBLYMAN SCHUBER: How long have you had that post?

DR. LEFFAND: I've been in that post for about 13 months. Before that, I was Director of the Mental Health Center in South Amboy for eight years. I have about 20 years of experience in mental health treatment, primarily in New Jersey.

Kennedy Hospital opened its gambling treatment program two and a half years ago. The hospital receives funds from the Department of Health to provide gambling treatment programing. Except for the VA -- which Dr. Nora discussed earlier -- we're the only treatment program for compulsive gamblers in the State of New Jersey at this time. I'd like to talk about our program. There are really two aspects of it that I'd like to discuss with you. First is an educational aspect, and then the treatment part of it, and they really go hand in hand.

The educational part of it we find to be really essential, because people don't know what compulsive gambling is. They don't identify it as a problem that can be treated. Perhaps they see it as alcoholism was seen 20 or 30 years ago; as something that you suffered with, and there was nothing you could do about it.

We find that gamblers are really in the closet. They hide it. They hide it very well. Unlike some of the other addictive illnesses, you can't really tell when someone is a gambler. He's not drunk. He's not stumbling. He's not high on some drug. He may be high on gambling, but that's only when he's actually gambling. Gamblers seem to be very good at hiding their gambling from their families. A couple of weeks ago, I saw a man who owed $400,000, and his wife didn't know about it. That's incredible. It would be hard to be that involved in alcoholism and not have your family aware of it.

The families aren't aware that it's a problem that can be treated. When they learn of the gambling they may see it as a problem, something they're stuck with -- particularly wives. Most of the gamblers we see are men, so most of the spouses are women. They don't identify gambling as a problem. They don't go looking for help.

So we try to get out and tell people about it. We do it through articles in our local newspapers. We've appeared on television, telling people about compulsive gambling. We've been at health fairs, handing out literature on it. We work very closely with the Council in New Jersey -- the Council on Compulsive Gambling -- to let people know what gambling is, what compulsive gambling is, how to identify it, and to let them know they can get help for it. We usually find that after we've been in the newspapers, we get telephone calls. The next week or two people are calling us. They read the article, and they want help.

When the gambler comes to us, they are usually in a desperate situation. First of all, they usually don't come of their own accord. They come because somebody else tells them to get help. Very often it's the spouse. The wife say, "Either you get help and go to this place, or I'm leaving." That's a desperate situation. Sometimes they come because their probation officer, or their parole officer, has said, "You have to get treatment. This is a condition." That's after they have committed a crime. Sometimes they come in through the hospital emergency room because they're suicidal. We find that many of the gamblers are thinking of suicide, may have attempted it, or are planning to attempt it.

By the time they get to us, they usually have exhausted their borrowing power. Almost every compulsive gambler I've seen has owed a considerable amount of money -- considerable for their income. Sometimes they owe it to illegal sources, and they've been told they have to pay up by

Monday or else, and it's Friday and they're calling us; or their house is being put on the block. They can't borrow any more money. They've exhausted everything they can from friends, and family. They've lied to their parents and to their spouse to get money. They take their children's college accounts, and they're afraid now they're going to find out. Johnny is now 17 and applying to college, and the college fund has been gone for the last three or four years, and the family is going to find out about it.

ASSEMBLYMAN SCHUBER: The only thing you've discussed so far is very covert, surreptitious.

DR. LEFFAND: Yes.

ASSEMBLYMAN SCHUBER: So I assume the profile of the compulsive gambler is obviously, from what you're saying, is he keeps all this information away from any other person by nature? That's probably one of the reasons we have problems with statistics on this.

DR. LEFFAND: Yes. They're very secretive. They're also -- even once they identify themselves as a compulsive gambler, maybe in GA and in treatment -- they're very reluctant to let anybody else know that they're a compulsive gambler. We had an experience a number of years ago -- a year and a half ago -- we sent out a questionnaire to people we had treated, as a follow-up. The envelope had "Gamblers' Treatment Program" on it. We had a number of furious people call us up because they were afraid of getting mail addressed from the Gamblers' Treatment Program would identify them as gamblers to their neighbors. I've been in the field for many years, and I've sent out many letters from mental health programs. I've never had that kind of response. There's a tremendous stigma to gambling. That's one of the major problems we have to deal with right now, at this time.

When we get a person into the program -- and they come in through the emergency room, or through a spouse, or the justice system -- first thing we usually do is get a phone call. I'm going to present our intake process, and then our treatment programs. We get a phone call. We take down the information, the name, the phone number, etc., what the problem is, and set them up for an initial intake interview -- which is usually within a week. We find it's very important with gamblers to get them in quickly. As Dr. Nora mentioned, these are people who have impulse disorders. They act on impulse. They call; they have to be seen quickly. The initial contact is with the gambler, with his family -- if he'll bring the family, and with the children -- if they'll come in. At that point we take down all the necessary information, history and background, statement of current problem, amount of money they owe, patterns of gambling; enough information so that we can make a decision as to how we want to treat that person.

We then have a staffing -- myself, medical director, psychiatrist, other gambling treatment personnel -- and we decide what kind of treatment we're going to provide for that person. Is he really a compulsive gambler? There's perhaps some other kind of disease being masked by gambling. What's the involvement of the family? How motivated is the person for treatment? We then get him into treatment as soon as we can, which is within a week usually.

One of our first contacts, then, is with a peer counselor. A peer counselor is a recovering gambler, a member of GA. We find it very helpful to get somebody to sit down with a recovering gambler and show them what the path is; show them there is some hope, that people can recover from gambling, and that regardless of how desperate their situation seems at that moment, there is a way to work it out.

Then we provide individual therapy, group therapy, family, or marital counseling; and we very strongly emphasize GA. We have a GA meeting that takes place in our facility, as well as a Gamanon meeting. It's been my experience that the gamblers who don't get into GA, most likely are not going to stop gambling. We see that as an integral part of our treatment program, and we try to work closely with them.

The initial part of treatment with the gamblers tells them to stop gambling. It's very hard to treat somebody who is still gambling. We'll not throw someone out of the program if they continue to gamble, but that becomes the focus of the treatment. Once they stop gambling, and if they stay in treatment -- most of them will stop gambling -- we then work on the personality of the individual. What kinds of problems led him into gambling? We try to work with the self-esteem, the ego of the person.

We also have a lot of work to do with the family. Most of the gamblers we see are married. They seem to have devoted wives who stick with them through thick and thin. When the gambling stops, then a lot of problems emerge that were hidden before -- problems within the family. We find the wives are often very angry, even though they were staying with their husbands, and working with them, once the gambling stops the anger starts to come out. Sometimes the children have been neglected. The typical gambler isn't interested in anything but gambling. He's not interested in sex. I've heard it said by gamblers that "Gambling is better than sex." They're not interested in their children. They ignore their children. They ignore their families. They'll ignore their jobs. We had one guy that lost his job because he just couldn't stay away from the casinos. He finally lost his job for absenteeism. So we will then work with these kinds of problems.

The treatment process can be fairly lengthy. As in any mental health treatment, it's not unusual for us to have patients for six months, a year, or even longer than that.

ASSEMBLYMAN SCHUBER: How many people are you treating at the present time?

DR. LEFFAND: We have in treatment about 30 gamblers, plus wives and families. It seems to be fairly steady. We estimate that we've treated -- including the gambler, the families, the children -- about 700 people since we've been in existence.

ASSEMBLYMAN ZANGARI: How many years?

DR. LEFFAND: Two and a half years. Gamblers are very slippery. They'll come one time, and you don't see them for three or four months. Then they'll call and say, "I need help. I'm out of money." They'll be in treatment for a couple of months sometimes, and then slip back. They'll go into an inpatient unit. We don't have an inpatient unit. We only do outpatient. Then they come back after that.

ASSEMBLYMAN SCHUBER: How many referrals do you get from the courts?

DR. LEFFAND: I can't give you an exact number, but it seems we do get a good number of court referrals.

ASSEMBLYMAN SCHUBER: Is there an ongoing rapport between your agency -- with your group -- and the court system of the State that you're aware of? I've talked to attorneys and judges who have indicated to me that there are a number of cases in the Atlantic County area that have a nexus with gambling. I'm wondering, have the courts been attuned to the fact that number one, there is a problem, number two, there is a place where individuals can be referred -- as they do now to the Alcoholism Council?

DR. LEFFAND: We're located in Middlesex County. Most of our court referrals have come from Middlesex, and I believe Union County. I'm not aware of any referrals from Atlantic County. I have gotten a call from a mental health facility in Atlantic County, wanting information about gambling treatment. Gambling treatment is something that the mental health

facilities in this State are totally unaware of. And I'm speaking from personal experience. Until I came to Kennedy Hospital, I didn't know there was such a thing as a compulsive gambling disorder. I began to hear about it because I was working in Middlesex County and Kennedy Hospital had a grant, and I know Harry Russell who's the Director of Mental Health at the Hospital. But there's a tremendous level of ignorance in the mental health treatment field, even in the addiction field, about compulsive gambling.

ASSEMBLYMAN SCHUBER: Is there a typical profile of a compulsive gambler? What I'm trying to get at is, does it affect a certain age group, a certain type of person, or is it across the line?

DR. LEFFAND: I'll give you the typical, average, gambler. But of course, there is no such thing as an average gambler.

ASSEMBLYMAN SCHUBER: I appreciate it.

DR. LEFFAND: The average gambler has started gambling by the age of 14. He's usually had a large win somewhere early in his gambling history, at least several months worth of salary for that person, or more. Generally he's fairly high level. We have lawyers, businessmen, salesmen, people who know how to make money, successful entrepreneurs. They're people who like action, who like the activity. They like to be big time. They tend to wear a lot of gold jewelry. I've heard jokes about that. They like the action, and the gambler gets into action, and that's what gets them caught. They're addicted not by the money-- Gamblers really don't gamble for money, that's the hard thing for some people to understand. They gamble for the excitement. Once they're into gambling, they're totally untrustworthy. They'll lie. They'll steal. They'll embezzle funds. They don't get involved in violent crimes, but they do get involved check kiting, bouncing checks, and embezzling funds from their employers.

The more they get into gambling, the more it takes over their lives. They begin to think and live only for gambling. When they win -- and they do win sometimes -- they become very high, very excited. However, they continue to gamble, they can't walk away with their winnings. They don't put it in their pocket usually. If they leave the track with a big sum of money, they're very likely to go home and give a big part of it to their wife -- put in a new kitchen, put in a new bathroom, or buy a car for their wife. One of the things wives sometimes find appealing in gamblers, is that they will do that. What they won't do is, they won't pay back their gambling debts. They win $10,000, they may give their wife a portion of it. They may pay some of their creditors to get them off their back, and then they'll keep the rest to gamble. Like the drug addict needs drugs, the gambler needs money. Eventually they reach a point where they have no money. They've lost. They've used up all their sources of credit, and they become desperate. When we see the gambler, it's because he has lost everything, and he has no resources left to borrow money.

Now, there are all kinds of variations on that. I've seen a number of firemen -- I don't know why firemen; Dr. Nora sees some postal workers, we see some firemen -- People who are single, who spent all their money on gambling, and had some debts. That may be atypical.

ASSEMBLYMAN SCHUBER: Is there any form of gambling that they are addicted to, or does that cross the line also?

DR. LEFFAND: From what I've seen it crosses the line. I've seen them in sports betting -- illegal sports betting with bookies -- is a problem with a number of gamblers that I've seen; of course, casinos. With some of the lower income people lotteries become a real problem. Get somebody who is really at the poverty level, and they spend $30 a week on lottery tickets, that's a real problem for them. I had one

woman in treatment who also was suffering from emotional illness, which is not common. Most of the gamblers are not emotionally ill. This woman was. She had run up debts of about $30,000, mostly on lotteries. So it cuts across-the-board. There are some gamblers who will only gamble on one thing. I had a guy tell me he'll go to the track, and he'll blow everything he has; and he'll go to the track as often as he can. But he went to the casinos once or twice, and it just didn't turn him on. He went back to the track. But there are other people who gamble on anything they can get near.

ASSEMBLYMAN SCHUBER: Let me ask you this, Doctor, because I asked Dr. Nora before. What do you see as the State's role in this whole issue? What do you think the State should be doing?

DR. LEFFAND: I think the State should be helping to provide publicity and education, and to support treatment -- putting up money. I understand that there's discussion now about setting up an office on compulsive gambling. I think that can be helpful, as it's been helpful in the other fields -- alcoholism and drug addiction, and supporting some treatment facilities, both outpatient and probably inpatient. Now at this point we send people out-of-state for inpatient treatment.

ASSEMBLYMAN SCHUBER: Where is the nearest one? Where do you send people?

DR. LEFFAND: We send them to either Pennsylvania or Maryland.

ASSEMBLYMAN SCHUBER: Pennsylvania or Maryland?

DR. LEFFAND: Yes.

ASSEMBLYMAN SCHUBER: Are those private clinics?

DR. LEFFAND: The one in Maryland is private, and is quite expensive. The one in Pennsylvania, I'm not sure now.

ASSEMBLYMAN SCHUBER: Do you believe, in your own opinion, is there a problem in this State with compulsive gambling?

DR. LEFFAND: I believe there is an enormous problem. It's just beginning to surface. I think as people learn to identify compulsive gambling, we're really going to see how big a problem it is.

ASSEMBLYMAN SCHUBER: Any questions for this witness? Mrs. Crecco?

ASSEMBLYWOMAN CRECCO: I just want to ask you-- You're treating the gamblers insofar as helping them to stop gambling, but wouldn't you agree that a lot of it is a result of psychological problems, rooting from childhood?

DR. LEFFAND: We used to think that addictive illnesses -- including all the addictive illnesses -- were based on personality defect problems. Alcoholism was treated that way. Drug addiction was treated that way. The current view is that anybody apparently can become addicted. We don't know what causes someone to become a gambler, or to become an alcoholic, or a drug addict. We know that many of the problems that we see in gamblers -- as in alcoholics -- seem to disappear once they stop their addiction. So we tend to say the problem is the addiction. There may be underlying problems, but everybody has underlying problems. Not everybody becomes an addict.

ASSEMBLYWOMAN CRECCO: But as you treat them, you do not go back into their childhood to see if there's something that can be resolved, and get out?

DR. LEFFAND: We may with some people. But generally we're dealing with problems in the here and now. Some patients, as they've gotten away from gambling and have gotten their life back in order, they may want to go back and understand what happened and why, and we will do it with them. But that's probably more of an exception than the rule.

ASSEMBLYWOMAN CRECCO: Thank you.

DR. LEFFAND: You're welcome.

ASSEMBLYMAN SCHUBER: Mr. Zangari?

ASSEMBLYMAN ZANGARI: Mr. Chairman, I just keep going back in my head -- maybe because I know a little about the subject -- but we're talking about an average 14-year-old, that makes a big win. We know it's illegal for somebody 14 years old to gamble. But I think the State itself has to play a big big role in this. We have schools where we teach young men and women to be dealers, that have never seen a form of gambling in their life. Okay? For a small fee they can go down to South Jersey and get into a school, and learn how to deal. These people now have an opportunity to beat the system, because they feel they know more than the average person going into the casino. That's one big pitfall.

We have a line of credit that we legislate here, that tells them how much they can borrow, and the more they gamble, the bigger the line of credit, as long as they have the ability to pay. I learned yesterday that down in Atlantic City, you could borrow $50 through a MAC machine, and pay a $10 fee. Okay? So, in essence you're borrowing $50, to pay back $60 for one month. We put people in jail for shylocking -- okay? - because they borrow $50 and they pay back $60, $10 a week for six weeks. Through an illegitimate person that is doing illegitimate business, you have an opportunity to pay back that $50, with the same $60 over a six-week period; where a legitimate person that is licensed in Atlantic City, could borrow the money and pay a $10 fee for the one month. After that, it goes on an annual basis of 18%. Okay? So that we are making it very very attractive for people to gamble.

We're going to now, as a remedy to correct this sad situation-- It is sad. I believe the gamblers that do impose a hardship on their families, they have to have help. You talk about a person threatening to get a divorce. That's not something that is new. There are more divorces now than ever before. There are more single family households than ever before. You talk about going on television to counteract the

people that are in the gambling industry, the gambling business. They're also on television inviting you to gamble. You're on one hand telling these people, "Don't gamble." You're treating 700 over two-and-a-half years. These people are busing seniors at the rate of 2000 to 3000, 4000 a day; giving them $15 to gamble. A person at the Gaming Commission told me that the average senior that goes down to Atlantic City, in addition to the $15 they give them, lose an additional $35. We, on the other hand, as legislators have a very very soft spot in our heart -- that we have a Lifeline Program. We give them all types of subsidies to make their lives a little better. On the other hand, the gaming industry, to lure people to Atlantic City, is making it very very convenient to come down there. They have buses -- that became a big big business today -- to bus these people down to Atlantic City. Nobody is not (sic) going to tell me that this is not going to be addictive to these people. These people do become addicted.

You talk about lottery. When I grew up the best thing you could play is a number where you play two or three numbers. Today you have a Pick 4, a Pick 6, two of them a week. They want to make you an instant millionaire. You could play anywhere. Housewives that never knew-- Well, you're talking about betting 50¢. Fifty cents initially, until you come close to a number. Or maybe that you hit for $230, and now you're going back -- you know, the same people you're talking about -- $30, $40, $50 a week. You're taking from the food money. They're stretching the meal at home. It is a sickness, but I think we have the responsibility as legislators here, and it's ironic that we're voting on these bills today, when Speaker Hardwick--

ASSEMBLYMAN SCHUBER: We're not.

ASSEMBLYMAN ZANGARI: Well, we're considering a bill where Speaker Hardwick today-- A few weeks ago everybody on this Committee here voted to release A-1453, which establishes

a 19-member commission. It was going to be signed today by the introducer, because Hardwick is the acting Governor today. He is going to sign that legislation today. We're going to have a 19-member study commission for one year, that they're going to go in depth to come back with reports of how we could best take the data that they get to treat the type of people that we want to treat. And yet, here we are, we're reviewing three bills today, to have input -- and it's great, but I think that we that voted to have the study commission should afford the Governor the opportunity to have the people that are going to serve to come back with that data, that are going to give time -- their time, at no salary -- to come back so that we could know firsthand.

I'm not overly impressed when you're talking about 700 people, or the doctor with 35 people. I'm not overly impressed with those types of numbers, because there are a lot more. Anybody that starts gambling is addicted. You're not going to get away from it. Nobody is going to convince me that you go to the track, and you hit a daily double, or you hit an exacta, that you're not going to go back, or that you're not going to bet heavier from there on in; or somebody that hits a number is not going to go back and pay double the amount tomorrow; or somebody goes to Atlantic City and hits the slots -- and I'm the biggest culprit. I walk into Atlantic City-- As soon as I walk in and I hear those bells, I mean I immediately run -- and you'll see it next week when we go down there Wednesday. I'm going to go down, and I'm going to play that, but I'm not going to leave from here to go down there to play, but once I'm there, I'm going to play. I may lose $100 next week. I know I'm going to lose $100 next week. I'm not a compulsive gambler, but I know I'm going to go there to lose.

ASSEMBLYMAN SCHUBER: Are we missing out on something next week?

ASSEMBLYMAN DiGAETANO: I'm not going to lose anything.

ASSEMBLYMAN ZANGARI: Yes, we're missing out, because I think we are the people that are making it attractive for the people to come in and gamble. We created something. The people wanted it, and we're continuing it. It's going to take a lot of dollars, Mr. Chairman. We don't know who they are. Like the doctor says, they're isolated people. They just don't come forward and say, "I'm a gambler." Or, you know, that it's known-- They do it very very secretly. How are we going to do it and all, is the method that, you know, I want to hear come back from the study commission.

ASSEMBLYMAN SCHUBER: No, I appreciate it, but I think the study commission's purpose was to set up to judge the effect of the State's policy to take money in from the point of view of gambling, and how that affects the State as a whole, and whether we should rely on that any more. We're dealing with the social health aspect of that problem separately, which there is no question in my mind -- from what I've heard before -- is a significant problem here, and should be addressed at the present time. I really think the two are diverse issues. But that's the reason for these hearings, and the reporting out of the bill is a result of that. Do you have anything else you want to--

ASSEMBLYMAN ZANGARI: No. But, Mr. Chairman, you know-- I think that what we're doing is that we're arguing the case. You're making one case, and I tell you that we allow, we induce people to gamble. We're not helping the situation.

ASSEMBLYMAN SCHUBER: I agree with you.

ASSEMBLYMAN ZANGARI: Okay. So if we know that we're doing wrong, how are we going to correct, you know, an inequity, by pulling back money and allowing people to advertise? When you say that gambling is bad, then shut the darn things down, and don't let them gamble. We didn't have this problem in the early '40s or the early '50s, before we allowed the lottery to come in.

ASSEMBLYMAN SCHUBER: Well no, I appreciate that, Jimmy. I think we're coming out of the same area. There is a problem. There is no question. The State has made it its policy to rely on the casino gambling revenue for the purpose of funding its programs. It's a matter of public policy. We said as we began these hearings, there's a dark side to the public policy, and this is one of the areas. We're trying to address it, and bring some semblance of responsibility on the State's part to recognize that if it's going to rely on it for revenue, it has a positive responsibility to address the problems it creates as a result thereof. That's what this is all about.

ASSEMBLYMAN ZANGARI: Could I make one suggestion, Mr. Chairman?

ASSEMBLYMAN SCHUBER: So, Jimmy, we're coming at this from the same area, I think.

ASSEMBLYMAN ZANGARI: Yeah. Could I make one suggestion, Mr. Chairman?

ASSEMBLYMAN SCHUBER: Go ahead.

ASSEMBLYMAN ZANGARI: We had some figures before that the Racing Commission-- And what I would suggest is that we take in a million and a half dollars in unclaimed monies from the racing, $8 million from the lottery, and I don't know what happens down in Atlantic City-- Maybe we should take a proportionate number -- a percentage of the three gaming industries that we have: lottery, racing, and the casinos. Okay? And assess the people that are going-- If we're going to the track like you said before, it takes a nickel, not from the programs that we have established already for the seniors or for education, but the person that is going there to gamble has got to subsidize the habits of potential gamblers -- addicted gamblers afterward. So that now what we would do, is when you go in to bet on the lottery, put another nickel so instead of -- or the same 50¢, but you take a nickel out of

that and you pay them out on 45¢. Okay? You put a $2.00 bet at the track, instead of paying them at the rate of $2.00, you pay them at the rate of $1.90. You take that dime out from the racing, you take that nickel out from the lottery, when you go down to the casino every dollar that they bet there, like they take a 5% dig on their money, you take a 10% dig. Now you're subsidizing gambling with the tool that makes the people go there to gamble. And you're not taking anything away from the programs that we've established for the people in the State -- higher education and the seniors. I think there is where you have it.

Now that you have the resources and great numbers-- We're not talking $35,000 the way Mr. Mulcahy said. You know, for an industry that takes in $2 million and $3 million a day, and to give back $35,000 at the end of the year, I don't find that a substantive answer to remedy the situation. But if you take a nickel from every dollar that goes in there, and lessen the amount of payback-- Instead of the horse paying $3.80, let the horse pay $3.60. Okay? But you're getting that dime that's going to go into a pool, and then we're going to have several establishments throughout the State to cure this here. That would be my suggestion, Mr. Chairman.

ASSEMBLYMAN SCHUBER: Thank you, Jimmy. As I indicated at the first hearing, we will not be taking any funds whatsoever from any existing program. We are looking at other methods of stable funding for this type of a program, which I think is a necessity. Some of the areas we're looking at are assessments along the lines from the various and sundry activities that contribute, and I think that's a fair way of doing it. And that would probably be our recommendation at the end of this process.

Dr. Leffand, I thank you for being here with us today, and we appreciate your input. We would appreciate having you back at a future date as this program becomes ongoing. Thank you very much.

At the present time, our last witness will be Mr. Robert Culleton, Research Associate, the Forum for Policy Research and Public Service of Rutgers, the State University in Camden. Mr. Culleton, thank you and welcome.

R O B E R T P. C U L L E T O N: Thank you, Mr. Chairman.

ASSEMBLYMAN SCHUBER: Can you give us your background please?

MR. CULLETON: Surely. Good morning. As mentioned already, my name is Robert Culleton. I'm a Research Associate at the Forum for Policy Research and Public Service, which is part of Rutgers, the State University of New Jersey. We are located in Camden.

Since 1982, I have been involved in the study of the prevalence rate of pathological gambling. Very quickly, prior to that I have served with the New Jersey Department of Community Affairs in the Division of Housing; and prior to that I have taken my Master's Degree in Urban and Regional Planning, at the London School of Economics, and a Bachelor's Degree from Temple University in Philadelphia. Currently, I am, in addition to my professional activities, working in the Department of Urban and Regional Planning at Rutgers University in New Brunswick, towards my Doctorate in that field.

To begin my testimony this morning, I want to make sure that all the members of the Committee have certain materials in front of them. I want to make sure that you are aware that in 1984 I conducted this study of the prevalence rate of pathological gambling in the Delaware Valley. I'm holding this in front of you. You should have received a complete copy of this, possibly under the cover of an organization called, "People Acting to Help" in Philadelphia, which is a mental health agency which hired me to do this research. Subsequent to that study, through the reference of Dr. Robert Custer -- who perhaps has testified before you on earlier occasions -- I then had the opportunity to perform the

same, that is to replicate the same study for the Ohio State Lottery Commission, and that is this document here, which you can obtain copies of directly from the Ohio State Lottery Commission. I'd be happy to facilitate that in any way I can.

The other document I want to be sure that you are aware of is a supplementary report to the Delaware Valley study. The reason this is a supplementary report is that this contains information about the social and demographic characteristics of the compulsive gambling group, which we identified in the general population's survey. I can also help you get copies of this. And you should also have in front of you a paper which I have recently submitted to the "Journal of Gambling Behavior," called "The Prevalence Rate of Pathological Gambling in the Delaware Valley and the State of Ohio: A Needs Assessment for Outpatient Treatment Programs." This is an attempt -- a successful one -- to compare the results of the Ohio and the Delaware Valley surveys.

For this morning I have prepared a handout for all of you, that summarizes the key facts from all of this work; and should be able to give you in a nutshell everything you ever needed to know about the prevalence rate of pathological gambling in the Delaware Valley and Ohio. And also, if you will go through it with me, you will find answers from the point of view of the social sciences, to many of the questions about pathological gamblers, which you have been raising with the earlier witnesses here this morning. So, I'd like to begin with this handout, and just run through some of these numbers. Don't hesitate to interrupt me, and ask questions wherever you feel you need some clarification, since these are statistics and that is not always the clearest form of presentation to make.

In the fall of 1984, there were 122,000 probable pathological gamblers in the Delaware Valley. If you take that as a ratio of the adult population, that comes to 3.37% -- call

it 3.4%. Those are people that are probably pathological gamblers as we sit here today.

ASSEMBLYMAN SCHUBER: Mr. Culleton, if I may just interrupt you one minute--

MR. CULLETON: Sure.

ASSEMBLYMAN SCHUBER: I, unfortunately, am going to be leaving during the course of your testimony. I have to tape a television show at WOR. But for everybody in the audience I just wanted to inform them that this hearing will be continued on October 20, at which time we will hope to report out a bill on this particular issue. I'm sorry. Go ahead.

MR. CULLETON: These 122,000 people are the probable pathological gamblers. If we go to number two, 149,000 of our respondents were potential pathological gamblers; that is, they possessed the signs of gambling pathology, and they could either be pathological gamblers now, or become pathological gamblers in the near-term future. In combination, this is 272,000 pathological gamblers, or, 7-1/2% of all the adults in the Delaware Valley who are at-risk of either being pathological gamblers now, or becoming pathological gamblers in the short-term. That is a phenomenally larger number of pathological gamblers than anybody ever thought was in the population at large, based on previous statistical work. Previously, the national rate of pathological gambling was though to be something under 1%. The combined rate of probable and potential pathological gamblers was thought to be on the order of 3%. But my work is showing that in fact the numbers are more than twice that. They are in the order of 7-1/2%. This is a very high number, much larger than I expected to find.

The fourth statement on this sheet tells us that over the last 10 years -- that is since the time of the original prevalence rate study conducted by the University of Michigan for the National Commission on a Policy Towards Gambling -- the prevalence rate of pathological gambling has most probably increased by 93.8%.

In the State of Ohio, we can run through these numbers even more quickly. We look at the probable pathological gamblers, 2-1/2%. We look at the potential pathological gamblers, 3-1/3%. In combination, we're talking about 5.8%, and we look at an incidence rate -- that is the rate at which this prevalence rate has increased -- of nearly 30%.

Now, what do some of these numbers mean? Well if you notice the numbers in the Delaware Valley are basically higher than the numbers in Ohio, and we would expect that because the Delaware Valley is within an hour's drive of the casinos in Atlantic City, and all other things being equal. Both Pennsylvania and New Jersey have State lotteries -- very active lotteries. However, we would not have expected the numbers in Ohio to be lower than the numbers in the Delaware Valley if we just look at the size of the population that we took these samples from. You can see that the adult population of the Delaware Valley was only half of the adult population in Ohio. And yet, the numbers in the Delaware Valley are 1-1/3 times the corresponding number of probable pathological gamblers in Ohio. Now that to me is something that is not a chance occurrence. There is probably some reason for that, although I cannot at this point tell you it was this particular form of gambling, or that particular form of gambling. It may as well have to do with the fact that the Delaware Valley is a densely populated urbanized area, and that the State of Ohio included rural areas as well as suburban and urban locations.

When I originally did these studies, everybody started asking me, "What's the profile here? Who are these people? What do they look like?" So that prodded me to go further in my work and sit down and do some very simple analysis of the principal characteristics of pathological gamblers. And in statement number four -- large statement number four on this handout -- you'll see that the principal characteristics of pathological gamblers that I have found in the Delaware Valley

only -- I have not done this analysis for Ohio yet, although I'm hoping to do it in the next few weeks-- Catholics are the only religious group that is over represented statistically amongst pathological gamblers, persons who are high school graduates but have no college education; from households with incomes between $15,000 and $20,000 per year; who are single; who are males; and who are either part-time employed or seeking employment. That could also include self-employed.

The secondary characteristics -- that is, yet another set of characteristics which showed up as being statistically significant, but not as statistically significant as the first group, all right, would be persons who didn't even go to high school, were grammar school graduates; from household incomes between $5000 and $10,000 per year; who are separated or divorced; and who may be blacks or Hispanics.

Let's take a look at these characteristics. You have heard statement upon statement about how pathological gamblers are lawyers, are upwardly mobile types, high achievers, professional types, typically white males, married; and these statements that I have just made seem to contradict that. But I don't think there is necessarily a contradiction, because you've been hearing those statements from practitioners in the field of psychiatry, who treat populations that come to them for treatment. Now, it may very well be since there is a certain amount of self-selection in that process of coming for treatment, that the impression obtained from the clinical point of view would be different from the impression that we get when we do a general population survey.

The sixth part to this handout, tells us that the rate of return on early treatment of the average pathological gambler is a 154% per treatment dollar. For bottomed out cases -- that is, persons that have gone so far as to have contemplated suicide, or the choice between suicide and treatment -- the rate of return on your dollar expenditure for treatment will be 364%.

Now you may ask me -- I hope you do -- how did I arrive at the cost benefit analysis figures? Well I went to the Mount Wilson, Maryland treatment program of the Johns Hopkins Center for Compulsive Gambling. They've operated a treatment program for four years, and I took records from them -- that is to say, they offered me previously published material -- that gave me a composite picture of their pathological gambler, and how much that person was in debt, and how much that person was costing to society. And I was able to take my prevalence rate figure, and apply it to these cost figures that I obtained from this treatment center, Then I compared that with the cost figures that People Acting To Help was able to give me on what they estimated would be the cost of a community-based mental health treatment program for pathological gamblers. Then I took the 4-1/2 year average treasury bill rate, and I made that my cutoff point -- that was 10.36%, and I said, "Well, it would be rational to spend the money on treating pathological gamblers if the rate of return was larger than this cutoff point." And indeed that rate of return did exceed substantially that cutoff point. So I would have absolutely no qualms about advising you to-- You could do no better in spending your money -- or the State's money -- on the treatment of pathological gamblers, in terms of reducing the overall expense of having pathological gamblers walking around in society, to the businesses and households of this State.

Now I'd like to turn your attention to just some summary statements from this article that I referred to earlier, "Summary of the Findings." It's on page 16. I would just like to enter this summary for the record, so I'm going to read it straight to you.

"The 1984 Delaware Valley survey of gambling behavior, and the 1985 Ohio survey of gambling behavior, produced many interesting results. For instance 1/4 to nearly 1/3 of the

populations in these two locations gambled for recreation on either a frequent or occasional basis. Of those gambling, 1/4 were at risk of either being pathological gamblers at that time, or becoming pathological gamblers in the forseeable future.

"Among gamblers, state sponsored lotteries were far and away the most frequently played form of gambling, as well as the fastest growing form of gambling. But in the Delaware Valley, despite the distance to be traveled, participation in legal casino gambling in Atlantic City was the second highest, and by far the preferred choice among gamblers. Among casino gamblers, the slots and blackjack were the preferred games.

"When asked, those who gamble typically would say that they would not spend more in the future on gambling than they were most recently spending. In fact, however, very few gamblers were able to gamble at a steady level from one year to the next. Rather, gamblers were far more likely to change their betting behavior over time; and when they changed it they were far more likely to increase the amount they wagered than to decrease it.

"In sharp contrast to the expectations created by previous research in this field, about 3/4s of the gamblers in each study admitted to one or more of the clinical signs of gambling pathology. In narrowing down the pool of gamblers who are likely to need outpatient treatment services, the proportions of gamblers in each study who are potential and probable pathological gamblers are highly comparable. The corresponding prevalence rates in the populations are many times higher than would be expected from the previous research in the field and they vary significantly by place. This variation by place, together with the observable trends towards higher participation rates in legalized institutionalized forms of gambling, suggest that the prevalence rate of pathological gambling may vary by the rate of participation in gambling,

which at present has become primarily a function of public policy."

Let me just give you two qualitative statements about this research. The original research of the University of Michigan for the U.S. Commission on a National Policy Towards Gambling, had an 18-variable -- discriminate variable device that was based upon personality traits. The flaw in that method is that personality traits may bunch themselves up amongst pathological gamblers, and therefore tend to be found among pathological gamblers. But those personality traits can't be owned exclusively by pathological gamblers. So that the likelihood was in that study, that there would be a great many people who would get counted who weren't pathological gamblers, or who would not get counted, but who were.

In doing my work, I changed the instrument, and I said, no personality traits. That's not what we're after. What we're after are behaviors. And I discussed this with Dr. Custer at great length, and I discussed this with the original author Ted Dielman -- out at the University of Michigan -- at great length, and I discussed this with PATH. We all agreed that behavioral characteristics are the telltale signs. Furthermore, I set this research up to be as comparable to a clinical diagnosis as I could possibly make it. Dr. Custer told me what the contents of a clinical diagnosis were. I then found pre-tested variables to match those characteristics. Dr. Custer and I discussed what are the soft signs of gambling pathology, and he offered me a pre-tested set of variables from the inventory of gambling behavior, from which I was able to pull out the most significant discriminatory variables between pathological gamblers and non pathological gamblers. On the basis of those variables I was able to do this work.

Now I'd like to open myself to questions. Thank you for listening.

ASSEMBLYMAN MUZIANI: Mr. Culleton, may I ask you a question concerning the definition of probable and potential? How do you define the difference?

MR. CULLETON: Those two categories originated with the University of Michigan's survey. The University of Michigan took all of their at-risk gamblers, and then the researcher himself sat down, took the questionnaires in his hands, and read what interviewers had said about the pathological gambler, and made a judgment. He said, "Well, this guy looks like a pathological man, he's probably a pathological gambler. And this one, he could be but maybe not, he's a potential pathological gambler." So that's how the categories were arrived at.

Now I did something differently. What I did was, I set up what I have called the "Cumulative Clinical Signs Test." It's a multiple probability test in which there are five tests, and a score on any one of those tests puts the candidate at risk. However, it's the multiple scoring on those tests that increases the risk of gambling pathology. And so, mathematically I was able to define a cutoff point at which the probability of being a pathological gambler was very very high. I could define another cutoff point at which the probability of being a pathological gambler was much lower, but still quite significant -- and I could show it to you mathematically. In fact, you have it in your report. I called that the "Cutoff Point for Potential." And as it turns out, the scoring on two of those clinical signs test, placed a person in the potential group. Scoring on three, four, or five, of the clinical signs test placed a person in the much higher risk category, which I have called the "Probable Group."

So what is probable about them? I can show you mathematically. Forty-five thousand to one are the odds in favor that the person I've selected would be a pathological gambler. What that means is, I can show you what the error

rate is on these numbers. You take 122,000 divide it by 45,000, and you might come up with an error rate of two or three, or whatever the division is -- whatever the quotient is on that. Mathematically I can tell you that that's the probability that I have called somebody a pathological gambler who is not. And likewise for the potential group the probability is much lower, but it's still better than 100 to 1.

ASSEMBLYMAN MUZIANI: But these are strictly your findings?

MR. CULLETON: What do you mean by that? Strictly in what sense?

ASSEMBLYMAN MUZIANI: You're the one that made the determination, the interpretation, of all these facts that you've highlighted here today?

MR. CULLETON: I was the principal investigator on both of these studies, and as such it was my responsibility to design the method -- which is a terrific advance over anything that's been available before -- and therefore I also had the responsibility to interpret the data. So I did.

ASSEMBLYMAN MUZIANI: Paul, you have a question?

ASSEMBLYMAN DiGAETANO: Yes. Actually I have two questions. The first is with respect to the comparison you made with Philadelphia/Delaware Valley and the State of Ohio. The Delaware Valley increased significantly more than the Ohio for the same period. Correct me if I'm wrong, but I assume what you're addressing there is the proximity to legalized gambling or the availability of gambling. That's very interesting because the comments that we've heard to date, I believe have not been to that effect, and have been basically that there will be a certain number of compulsive gamblers regardless of whether you increase the potential sources of gambling. You'll find one supply or another.

MR. CULLETON: Yes. I would disagree with that.

ASSEMBLYMAN DiGAETANO: Excuse me?

MR. CULLETON: I would disagree with that.

ASSEMBLYMAN DiGAETANO: Obviously, from your findings here. The other question I have is, with respect to the principal and secondary characteristics. You only have listed here those of the Delaware Valley.

MR. CULLETON: That's right, sir.

ASSEMBLYMAN DiGAETANO: How do they compare to the Ohio study?

MR. CULLETON: I would be very happy to send you that information in a letter later this fall, because at this time I have not run these particular statistics on the Ohio data. However, I am planning to, and when I do, I will make you aware of the results.

ASSEMBLYMAN DiGAETANO: Okay. The other thing is-- Along the same line, with respect to the Delaware Valley, are there any of these characteristics which would also apply to the Delaware Valley in general, rather than just to the compulsive gamblers in the Delaware Valley? Or have you compared that?

MR. CULLETON: Well, I could answer that in the following way: In order to do this analysis of the demographic characteristics, I took the sample and its characteristics, then I took the breakdown of probable and potential pathological gamblers, and I compared the two. Where the differences were so large that mathematically it couldn't have happened just by chance -- couldn't have been just a function of drawing the sample -- I said, "Ah ha, here we have a significant demographic characteristic." The question that you have raised, however, is really how good is the fit between the sample and the population at large? All I can tell you about that is, I think the fit is good. The reason I think the fit is good is because I took a lot of precautions to make sure that we got a completely randomized sample. It was random not just because I used random digit dialing in the process of

obtaining my sample, but also because once I contacted a household I used a randomized respondent selection technique.

Now, what is a random sample? A random sample is a sample in which there can be no bias in the way in which an individual household becomes selected to participate in this survey. So that every household in the Delaware Valley has a known probability of being selected. And as long as that rule is met, even if there are variances between the characteristics of the sample, and the characteristics of the population at large, those variances do not detract from the validity of the results, because you must figure that in statistics you always think of every sample as being representative of 100 samples. And the idea here is that there is going to be a certain amount of variance from the population at large, but in 99 out of 100 draws you might get this result, and therefore it's okay. It's within the bounds of acceptability.

ASSEMBLYMAN DiGAETANO: I think you missed the point of my question though.

MR. CULLETON: Okay, sure.

ASSEMBLYMAN DiGAETANO: For example, in the Delaware Valley -- on page 3 -- in the Delaware Valley the principal characteristics of p.g.s are-- and then you go on to say, "Catholics, high school graduates, from households of incomes between $15,000 and $20,000, single males, either part-time employed or seeking employment." The point I'm addressing is, are -- and I would assume that certain of those characteristics would be typical of the entire population -- if you went to a particular university and took a sample of the student body, you would certainly come up with that one of the principal characteristics are that they're between 18 and 22, and that they're all college students. What I'm asking is, what of these principal characteristics also apply to the entire Delaware Valley Region?

MR. CULLETON: Well, all of these demographic characteristics are to be found in the population at large. That's the first step. The second step is that if you look at tables one through nine in your copy of this report, you will find a description of the sample. For instance, we can see from, let's take--

ASSEMBLYMAN DiGAETANO: But it's not the description of the sample, but a description of the control.

MR. CULLETON: Control of what, sir?

ASSEMBLYMAN DiGAETANO: When you do an experiment, you have a control, and you have your experiment.

MR. CULLETON: In pulling out these characteristics, what I controlled for was that all of these people were probably pathological gamblers. I controlled for their status as probable pathological gamblers. I also ran an analysis of the potential group, but none of these characteristics, or any other characteristics, were significantly different from the sample amongst the potential group. I'm missing you.

ASSEMBLYMAN DiGAETANO: Yes, I think so.

MR. CULLETON: Okay.

ASSEMBLYMAN DiGAETANO: Let me just get a little bit more specific.

MR. CULLETON: But I wouldn't say -- and I don't want you to infer, however you may be thinking about this-- These stand out from the population at large, amongst pathological gamblers. There's too many Catholics amongst the probable pathological gamblers. There shouldn't be that many. There are too many high school graduates. It has to be-- There must be something about being a high school graduate that tends to make a high school graduate, who is also a gambler, turn up in the probable pathological gamblers group. Even though in the population at large, there's not an overabundance of high school graduates.

ASSEMBLYMAN DiGAETANO: That's what my point is.

MR. CULLETON: Okay.

ASSEMBLYMAN DiGAETANO: With respect to the demographics of the entire Delaware Valley -- forget about whether or not they're probable, potential, or admitted--

MR. CULLETON: Okay.

ASSEMBLYMAN DiGAETANO: What of these characteristics would also be principal characteristics of the Delaware Valley at large? Forget about your sample.

MR. CULLETON: I can't answer that because I haven't evaluated the population characteristics along any of these dimensions, apart from this research, which is what I would have to do. I would have to go to the census, and pull out all of these categories, and see whether or not I could establish certain deviations from the mean around these categories.

ASSEMBLYMAN DiGAETANO: Right. That's what I was looking for.

MR. CULLETON: Okay.

ASSEMBLYMAN DiGAETANO: Thanks very much.

ASSEMBLYMAN MUZIANI: Any questions here?

ASSEMBLYWOMAN CRECCO: I just think in the one possibility in the Delaware Valley -- insofar as to take just one of these instances -- it may be very highly populated with Catholics. So, that would give reason for having that score on that.

MR. CULLETON: Well certainly what I can show you is that in the sample that I drew, Catholics turned up to be 41% of the sample. Protestants, on the other hand, were only 34% of the sample, members of the Jewish community were less than 5%, and so to that extent you might be reasoning that therefore you would expect Catholics to turn up in the pathological gambling group. But I can show you mathematically that it couldn't have occurred just because I got 41% in my sample. There has to be something about being a Catholic, or being a high school graduate, that distinguishes those individuals amongst pathological gamblers.

ASSEMBLYMAN DiGAETANO: I was almost afraid that you were going to say that. (laughter)

MR. CULLETON: Did I say the wrong words, sir?

ASSEMBLYMAN DiGAETANO: No, I was almost afraid you were going to say that.

ASSEMBLYMAN MUZIANI: Did you make individual interviews with these people?

MR. CULLETON: That's right.

ASSEMBLYMAN MUZIANI: How did you select them to begin with?

MR. CULLETON: How did I select them to begin with?

ASSEMBLYMAN MUZIANI: Yes.

MR. CULLETON: Well, I used a sampling procedure that is called random digit dialing. What it means is that I identified clusters of household phone numbers in the telephone system, and then I went through those clusters until I came up with a sample size that gave me a margin of error of less than 4%. Once I did that, I called each of those households, and I asked them if they'd give me an interview. About 53.4% of them -- about half in the Delaware Valley, 80% in Ohio -- said okay. So then I asked them what they like to do for recreation, and went through a number of things that they like to do for recreation. In there was a question of whether or not they like to gamble: occasionally, frequently, or never. And anybody who said occasionally or frequently then went on to another part of the questionnaire. Anybody that said they never gambled, we just got their demographic characteristics, and ended the interview.

But for those who were gamblers, we then gave them both the original ISR Test, we gave them my cumulative clinical science test, and we asked them information about how frequently they gamble. How much do they spend when they gamble on a typical occasion? And we went through 14 different games of chance: Do you like to go the horse track? Do you

like to bet on sports? Do you like to go to the casino? etc. We went through 14 of them. Then I was able to come up with what their annual wagers were. It turns out, for instance, the median annual wager in the Delaware Valley is $171, but we had people in our sample -- we had one person in our sample whose annual wager was $84,000. We had somebody in Ohio whose annual wager was over a million dollars. We also asked for this data over two time periods -- 1981 and 1984 -- so we could subtract them and get the difference, and we could see how many were increasing their bets, how many were decreasing their bets, how many were remaining stable. Then we asked them questions about what they intended to do in the coming year, and we compared what their intentions were with what their actual behavior was, so that we were able to combine a lot of questions about the clinical signs with actual observations, their reports, on what their gambling behavior was over a four-year period of time. That gave us the fuller perspective -- probably the fullest perspective on the problem you could ask for.

ASSEMBLYMAN MUZIANI: All right, Mr. Culleton, to follow up with the question that has been asked of the other witnesses-- We all recognize there is a problem. What do you think the State should be doing about it?

MR. CULLETON: I think the State should be spending dollars to treat pathological gamblers. I'll tell you why. Amongst pathological gamblers, the rate of pathological gambling is pretty well constant. That's what I think. Based on these two studies, I would say, "Show me 100 gamblers, I'll show you 25 who are pathological -- who are at risk of either being or becoming pathological gamblers." That means that they have incurred some negative impact, from gambling, on their lives, either personally, vocationally, or financially.

Secondly, what that means is that the only difference between the prevalence rate between Ohio and the Delaware Valley is that, there's a higher participation rate. And if

you look at the participation information-- What games do you like to gamble? How much do you like to spend? etc. -- what you find out is that in both states, particularly the Delaware Valley-- In the Delaware Valley only two games increased their participation rate, the lotteries and the casinos. They were the only two out of 14. Every other category went down. In Ohio, there were six games that increased their participation rate, but if you look at the top five, the ones that really captured the audience for gambling, it was the lotteries, and it was office pools. Well, they don't have casinos out there. Something else would seem to have to substitute there, but the increase in the office pools was 5%. The increase in the lotteries was over 90%. That made the lotteries stand way out. So what that means is, that if we're looking at a prevalence rate that varies by participation rate, and participation rate varies by legalized opportunities, it suggests that the State bears some responsibility for that. I'm not saying that that's an absolutely solid thing that I can say, but it sure looks that way.

And then, if you add my cost benefit analysis to the problem, what you find out is that if you spend a dollar on treatment, you can't do anything better with that dollar financially then spend it on treating pathological gamblers, because the rate of return is way beyond what you could get elsewhere in the market for investments.

ASSEMBLYMAN MUZIANI: Well, I think that's the answer then. I thank you very much for your comments today.

MR. CULLETON: My pleasure.

ASSEMBLYMAN MUZIANI: I know they're going to be very useful. They're very detailed here with statistics.

MR. CULLETON: Well, if I can be of any further help to this Committee, or to any of your evaluative committees in the coming year, I'd be most happy to be of help to you.

ASSEMBLYMAN MUZIANI: The Chairman will probably call you back again, once we get ourselves to a point where we know exactly where we're going.

MR. CULLETON: Okay.

ASSEMBLYMAN MUZIANI: Once we get established, you'll probably be asked to come back again and testify.

MR. CULLETON: Thank you very much.

ASSEMBLYMAN MUZIANI: Thank you very much. That concludes the hearing. We'll now have an adjournment.

(MEETING CONCLUDED)

APPENDIX

FOR IMMEDIATE RELEASE
OCTOBER 3, 1986
PLEASE CONTACT: ARNOLD WEXLER
(609) 599-3299

NEWS RELEASE

On Monday, October 6, 1986 the Assembly Independent and Regional Authorities Committee will be holding further hearings in connection with various bills proposing the establishment of a Division or Office on Compulsive Gambling within the New Jersey Department of Health.

Testifying before the Committee will be Dr. Rena Nora, Chief of Psychiatry, Lyons V. A. Hospital, and Dr. Michael Leffand, Director, Gambling Treatment Program, J.F.K. Medical Center.

Arnie Wexler, Executive Director of the New Jersey Council on Compulsive Gambling, Inc., today called on New Jersey's employers to include pathological gambling in their employee health insurance benefits.

"Treatment for compulsive gambling is often being treated and paid for by health insurance, but under another diagnosis," Wexler explained. "Because it is not always covered, and where a person can't get help paying for treatment, employers may pay for it in other ways, such as increased absenteeism, reduced productivity, and even embezzelment," he said.

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"It is my feeling," Wexler added, "that employers are not against paying for this coverage, but that they just don't know about compulsive gambling and therefore don't stop to think that an employee's unusual behavior may be attributed to compulsive gambling," Wexler said.

"Compulsive gambling, like alcoholism - which is covered by health insurance - is a disease that afflicts a person's well-being, as well as the whole family. Each compulsive gambler affects 8 to 12 people at a minimum," Wexler stated.

The American Psychiatric Association has recognized compulsive gambling in their DSM III manual of 1980.

Wexler said, "Research is beginning to show that some compulsive gamblers can't be helped without in-patient or out-patient treatment."

"Compulsive gambling," he added, "is increasing as the opportunities to gamble increase." He said that at present roughly 400,000 active compulsive gamblers exist in New Jersey.

Wexler said, "All employers should include in the health benefits coverage for their employees, treatment for compulsive gambling. In the long run they will save money because of increased on-the-job productivity of their recovering compulsive gambler."

Harry Russell, the Administrator of John F. Kennedy Medical

Center's Mental Health Institute in Edison, New Jersey said, "One of the things we've recently learned is that compulsive gambling is not always covered in people's insurance policies."

Russell also said, "In addition to the destruction cited by Wexler concerning the employer's organization, there is destructive activity noted within the family of compulsive gamblers that needs to be addressed through proffessional and classical treatment."

"An integral part of the treatment process," added Russell, "involves close cooperation with the Gambler's Anonymous organization. Neither therapeutic approach (gambler treatment - G. A.) is a substitute for the other. Instead, the complimentarity between the G.A., the Council, and treatment is viewed as the ideal approach to resolving the compulsive gambler's problem."

Wexler said that he would like to see the State Legislature make health insurance coverage for compulsive gambling mandatory.