Good morning. Today, I would like to explain the nature of an incipient health crisis in this country, spurred by the 2018 Supreme Court case *Murphy v. NCAA*. This landmark case six years ago overturned PASPA, the federal prohibition on sports betting which dictated to states that they could not lawfully operate or license sports betting outfits. The Murphy case ruled that the explicit preclusion of state action and the affirmative command of state action by the federal government are legally equivalent, making this preclusion unconstitutional under the anti-commandeering doctrine of the 10th Amendment. While 8 of the 9 justices in Murphy agreed that, under the Commerce Clause, Congress retains the right to regulate sports betting directly, the federal government has done little to manage the meteoric rise of this industry now worth hundreds of billions of dollars. 30 states now offer live, legal mobile sports betting. Today, I want to demonstrate that the anti-federalist legal sports betting regime is worsening health and economic outcomes for young Americans.

Before Murphy, illegal, offshore sportsbooks dominated the American market. These illicit markets provided zero tax revenue and zero safeguards for consumers. The lack of such protections may have been justifiable before Murphy, but now that states are profiting from legal sports betting, they have inherited the responsibility to oversee responsible and fair gambling activity. Many efforts to do so over the last six years have been unsuccessful.

One oft-cited example is the gambling helpline. Illinois residents' usage of the National Problem Gambling Helpline has seen a significant increase over the last three years, with a pronounced spike in the last year.[1] There was a 350% increase in the number of helpline calls from July 2022 to November 2023. More worrisome is the concentration of new problem gamblers using online sportsbooks. In New Jersey, five times as many problem gamblers called the helpline about online sportsbooks than did in 2018, the highest rate of expansion across all betting categories. Nonetheless, these increases in helpline usage remain insignificant compared to the total cohort of problem gamblers; the thousand or so callers a month in Illinois represent a tiny fraction of the estimated 383,000 Illinoisan problem gamblers.[2]

Similar harm reduction programs promoted by states and the federal government include voluntary self-exclusion lists; signing up for one entails being prohibited "from entering a retail

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[1] *National Problem Gambling Helpline Dashboard - Incoming Traffic* (2024) https://public.tableau.com/app/profile/national.council.on.problem.gambling.ncpg/viz/NationalProblemGamblingHelplineDashboard-IncomingTraffic/IncomingTraffic

[2] "Illinois Department of Human Services Releases First-Ever Statewide Assessment of Gambling". *Illinois.gov Press Releases* (June 2022).

sports wagering operator," and placing online sports bets. This program suffers in its effectiveness because it requires that problem gamblers recognize their own addiction and proactively ban themselves from sports betting. As you can imagine, usage remains extremely limited — in Massachusetts, a state of nearly 7 million people, only 1,400 Commonwealth residents have enrolled in their self-exclusion program with a mere 100 people having specifically opted out of sports betting.

Moreover, services to help and prevent problem gambling are serially underprovisioned in this country. In 2022, Illinois' problem gambling services allocations were less than $7M with 0 federal supplement — unlike tobacco or alcohol, there is no federal agency specifically dedicated to address gambling-related harm. For the sake of comparison, the Biden Administration has budgeted $10.8B in 2024 for the Substance Abuse and Mental Health Services Administration.[3]

Of particular note within the breakdown of these allocations is the percentage earmarked for research. In 2021, "research" as a category of state gambling services allocations accounted for less than $2M total across the entire country.[4] This low sum is supported by $0 in specific federal funding for gambling addiction research.[5] With the exception of programs like the NCPG Agility Grants, funded by the NFL Foundation and FanDuel, funds simply are not available for researchers.[6] Moreover, the nature of sports league or industry group-funded research has potentially serious implications for the quality and directionality of the discourse around gambling. This is especially true because the bulk of profits, upwards of 60%, for sports gambling enterprises comes from problem gamblers, meaning that the industry is literally built upon its sickest customers. An accurate understanding of complex phenomena like gambling legislation can only be achieved through rigorous, publicly funded analysis. Today, we simply do not have a good grasp of the potential consequences of the rapid introduction of sports betting to American daily life.

The lack of funding allocation to gambling harm reduction and treatment is sharply contrasted by the nearly $826M collectively spent on advertising in 2022 by just four companies:

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[3] "SAMHSA Seeks $10.8 Billion in Fiscal Year 2024 to Bolster Mental Health and Substance Use Services Across the Nation," *SAMHSA Press Announcements* (March 2023).
[4] Marotta, Jeff, "2021 Survey of Publicly Funded Problem Gambling Services in the United States," *National Association of Administrators for Disordered Gambling Services* (2022).
[5] Ibid.
[6] "Agility Grants". National Council on Problem Gambling (2022). https://www.ncpgambling.org/problem-gambling/agility-grants

FanDuel, DraftKings, BetMGM, and Caesars.[7] Incessant sports betting ads, often multiple in a singular commercial break, have become ubiquitous to the experience of watching a professional sports game. With the only federal requirement being that "all sports betting marketing materials feature a toll-free gambling helpline," most states have adopted a similarly *laissez-faire* approach, normalizing gambling for young people and putting problem gamblers at a greater risk of relapsing. The concern with unregulated advertising is best exemplified by Caesars Sportsbook signing deals with colleges.[8] Some undergraduates at LSU who were under 21 received university-approved solicitations — to *QUOTE* 'place your first bet' (and earn your first bonus)". While efforts in Congress have been made to combat this rampant, unregulated advertising, including bills that purport to treat gambling advertising like cigarette advertising, these proposals have stalled and little progress has been made.

Over time, this advertising has increasingly focused on parlay bets. Parlay bets, which require the successful prediction of a string of multiple outcomes, offer higher payoffs and higher risk than traditional 'straight bets'. The Illinois Gaming Board separates its' dataset by two types of bets: Tier 1 bets, which are pre-match straight bets, and Tier 2 bets, which include parlays, propositional bets, and live bets. Over time, Tier 2 Bets have come to dominate the sports betting market; while they only accounted for 38% of total wagers in early 2021, they represented 61% of the total market by the end of 2023. This rapid increase is especially worrisome as parlays are four times as profitable for sportsbooks than straight bets. Bettors are losing money at incredible rates on these bets because they are taking crude estimates at not only the probabilities of events but the correlations between them, while sportsbooks are able to leverage sophisticated statistical models to accurately *predict* correlations. Conspicuous advertising of these parlay bets, including using ESPN talking heads to co-sign pre-set parlays, as well as rhetorically presenting parlay boosts as increasing the reward "without increasing the risk," need to be investigated and eventually regulated.

Without federal intervention to ensure a set of minimum safeguards, states will continue to think through gambling policy with a short-sighted lens. States too often see self-imposing

[7] Betts, Anna, "How Colleges and Sports-Betting Companies 'Caesarized' Campus Life," *New York Times* (November 2022).
[8] Betts, Anna, "How Colleges and Sports-Betting Companies 'Caesarized' Campus Life," *New York Times* (November 2022).

regulations and earmarking funds for gambling harm prevention as a move that will deplete already stretched state coffers and send coveted gambling tax dollars to their neighboring states.

Without federal intervention, this will continue to serve as the dominant logic, with little regard for downstream consequences. The limited research we have on gambling presents a harrowing picture for these consequences; a study from India found that problem gamblers had the highest suicide rate of any addictive disorder, and sports betting has been documented as a gateway to indebtedness, loss of employment, and the eventual breakdown of families.[9] When measured using quality-adjusted life-years, the burden of harm from gambling in some countries is similar to that of depression and alcohol. All of this is in the context of a rapidly growing industry domiciled on the Internet, promoted excessively on social media, successfully targeting the most vulnerable demographic: teenagers, college students, and young adults.

Even as the number of online sports bettors with a gambling problem has skyrocketed, lawmakers have relied on the long fuse of gambling addiction to presently avoid common-sense regulation. This "personal responsibility" approach, with the full onus on the individual, is failing. To ensure the health and well-being of a generation of Americans looking to transition from young earners to young savers, robust federal advertising legislation and a dedicated federal gambling agency with significantly expanded funding for safeguards, harm reduction services and research will be absolutely crucial.

Thank you for listening and I look forward to your questions.

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[9] Daragh, McGee. "On the Normalisation of Online Sports Gambling…," *Public Health London* 184 (2020): 89–94.