

## THE CHALLENGE

Your city council is considering approving a new casino development. Supporters argue it will create 500 jobs and generate \$8 million in annual tax revenue. Opponents worry about increased problem gambling and social costs. As a citizen preparing to speak at the public hearing, you need to analyze both sides and determine what conditions, if any, would make this development beneficial for your community.

How can communities balance the economic benefits of gambling with its potential social costs?

### Learning Objectives

- Understand gambling as entertainment with an expected cost, not as a way to make money.
- Analyze the individual costs and benefits of gambling.
- Evaluate community-level economic and social impacts of gambling.
- Recognize warning signs of problem gambling.
- Develop strategies for responsible gambling practices.

## CORE CONCEPTS

Term	Definition
Gambling as Entertainment	Viewing gambling as leisure with a cost (like movies or concerts), not as a way to make money.
Problem Gambling	Gambling behavior that disrupts personal, family, or work life; characterized by difficulty controlling gambling.
Regressive Taxation	A tax that takes a larger percentage from low-income earners; often applied to gambling revenue patterns.
Social Costs	Negative community effects such as increased crime, bankruptcy, and family problems related to gambling.
Responsible Gambling	Practices to prevent gambling-related harm: setting limits, never chasing losses, using discretionary funds only.

**Background:** Gambling has both costs and benefits at individual and community levels. When approached as entertainment with clear limits, gambling can provide enjoyment without major negative consequences. However, problem gambling affects approximately 1-3% of adults and creates significant financial, emotional,

and social costs. Communities must weigh economic benefits (jobs, tax revenue, tourism) against social costs (increased demand for services, regressive taxation effects) when making gambling policy decisions.

## APPLY IT

### PART A: ENTERTAINMENT VALUE COMPARISON

Compare gambling to other entertainment activities to understand its true cost as recreation.

Activity	Average Cost	Duration	Cost per Hour	Financial Expectation
Movie Theater	\$15	2 hours		100% loss
Concert	\$100	3 hours		100% loss
Casino (\$100 budget)	\$100	4 hours		Expected loss with variance
Lottery (\$10/week)	\$520/year	Minimal	N/A	~50% expected loss

1. How does viewing gambling as "entertainment with a cost" rather than "a way to make money" change how someone should budget for it?

### PART B: RECREATIONAL VS. PROBLEM GAMBLING

Analyze the differences between healthy recreational gambling and problematic gambling behavior.

#### Scenario: David vs. Mark

**David:** Visits a casino every 2 months, sets aside \$100 from entertainment budget, leaves when budget or 3-hour limit is reached, views losses as entertainment cost.

**Mark:** Started with \$200/month budget but now uses savings to "win back" losses, thinks about gambling at work, uses credit cards to fund gambling, lies about time spent.

2. List THREE warning signs that Mark's gambling has become problematic.

### PART C: COMMUNITY IMPACT ANALYSIS

Evaluate the costs and benefits of gambling at the community level.

Economic Benefits

Social/Economic Costs

Tax revenue for public services	Increased problem gambling treatment needs
Job creation (direct and indirect)	Higher bankruptcy rates
Tourism and hotel revenue	Regressive tax burden on lower-income residents
Infrastructure investment	Criminal justice system costs

3. Why is gambling revenue sometimes called a "regressive tax"?

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**Hint:** Consider who spends the largest percentage of their income on gambling. Studies show households earning under \$30,000 spend proportionally more on lottery than those earning over \$100,000.

## CHECK YOUR UNDERSTANDING

1. Which statement best describes the "entertainment approach" to gambling?

- A. Gambling is a reliable way to supplement income
- B. Gambling is a leisure activity with an expected cost, like movies
- C. Gambling should only be done when you can afford big losses
- D. Gambling is always harmful and should be avoided

2. Which of the following is NOT a warning sign of problem gambling?

- A. Setting a budget and sticking to it
- B. Chasing losses to "win back" money
- C. Lying about time spent gambling
- D. Borrowing money to fund gambling

3. **Calculation:** A city's casino generates \$10 million in annual tax revenue. However, the city spends \$2 million on problem gambling treatment, \$1.5 million on increased social services, and \$500,000 on law enforcement. What is the net financial benefit?

Show your work:

Net benefit: \$\_\_\_\_\_

4. List THREE responsible gambling practices that help keep gambling as safe entertainment.

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**5. Reflection:** Should your community approve a new casino development? What conditions or safeguards would you require to support it?

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