

***WHAT'S AT STAKE? COMMUNITY CONVERSATIONS  
ON THE BENEFITS AND RISKS OF EXPANDED GAMBLING  
IN NEW HAMPSHIRE***

**FINAL REPORT**

To the Governor's Study Commission on Expanded Gaming  
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## **Background**

The two primary goals for the *What's At Stake* project were to:

- Gather broad citizen input to inform the policy question of whether or not to expand legalized gambling in NH (on behalf of the Governor's Commission).
- Demonstrate a different way of soliciting such input, beyond the traditional forms of public hearings and opinion polls (recognizing that both play an important role in the policy-making process).

The latter goal is concerned with demonstrating innovative face-to-face and on-line methodologies for statewide public engagement through deliberative practices, an objective that could have national importance for other states considering contested policy matters. Very few people have committed six or seven consecutive hours to intensive, facilitated deliberation in a way that would enhance civil, constructive, and informed citizen input. In short, this project has been an experiment in “doing democracy” differently.

This project was carried out by faculty and staff affiliated with the Carsey Institute and Cooperative Extension at the University of New Hampshire. Assistance was provided by a cohort of facilitators and site coordinators, and contributions of space and meals were provided at several of the 11 sites where the project took place.

The project was funded by grants from the Rockefeller Brothers Fund and the W.K. Kellogg Foundation, with substantial in-kind contributions from the University of New Hampshire, including Cooperative Extension. We are deeply grateful for the support of our funders and the University.

## **Participant Recruitment**

The initial aim was to cast as wide a net as possible in order to recruit a diverse group of NH residents. Registration for the community conversations and the on-line dialogue was open to anyone who wished to join us. Given the open nature of the process, there can be no claim that those who participated constitute a demographic representation of NH citizens. However, every effort possible was made to recruit participants from diverse geographic locations and across age, gender, and occupational groups.

The primary means of contact with potential participants was through the use of list serves, newsletters, and web sites of partner organizations throughout the state. These included but were not limited to the NH Humanities Council, the Business and Industry Association, the United Way, the NH Superintendents Association, the NH School Principals Association, regional planning commissions, the NH Center for Nonprofits, the NH Council of Churches, the Live Free or Die Alliance, and a host of other similar statewide organizations. In addition, press releases were sent to all media outlets. Around 15,000 NH citizens received an e-mail from some source about the project, along with information on how to register. In the week before February 13, increased media interest led to multiple stories about the community conversations,

as well as on-air radio interviews. A day before the conversations, 260 individuals had registered to participate at 11 sites, ranging from 71 registrants in Salem to 5 in Lebanon.

### **What Happened?**

On February 13, eighteen small group conversations were held in ten different locations across the state (ranging in size from 5 to 15 participants). The conversations began at 8:30 AM and concluding around 3:30 PM. Two days prior to the event, the small number of Berlin registrants was asked if they would like to join the Littleton group in order to have sufficient numbers to create a meaningful dialogue. All those who had registered agreed and did drive to Littleton to be a part of that region's event.

A significant number of those who had pre-registered did not attend on the 13<sup>th</sup>. This included as many as 30 of the 71 registrants in Salem and about half of those who had pre-registered in Manchester and Littleton. On the other hand, about 35 individuals who had not pre-registered walked in on Saturday morning, signed up, and participated throughout the day. Perhaps surprisingly, given the long day that was involved, very few individuals left their small group conversations before the end of the day (approximately 14 in total).

The most common 'demographic' represented at the dialogue consisted of male individuals who were in their late fifties and beyond. Although the median age in NH is 39,-over 66% of the participants were over the age of 56, and a full 32% of the participants were retired. Only 4% of participants were under the age of 36 and only 25% were under the age of 46. In addition, there was a significant gender imbalance of 62% male and 38 % female.

At the end of the project, there were 11 sites with 19 small groups, totaling 221 participants. This includes a group of 24 people that reinstated three weeks later in Berlin due to demand from the region.

### **What Did Participants Discuss?**

A review of the reports from the nineteen groups that met on February 13 and March 6 shows that the topics and themes listed below were discussed at some length. A technique called open-coding was used to sort the data – detailed notes taken on flip-chart paper at each of the eleven dialogues – into common themes. The following themes emerged with relative frequency.

- The state's need to raise new and additional revenues
- The impact on the state's quality of life if gambling were to be expanded
- The effect of new or expanded facilities on local and regional employment and income
- The impact on local and state taxes if gambling is expanded
- The nature of the jobs that might be created by expanded gambling
- The ways in which expanded gambling could benefit communities and the state
- The types of gambling that would be most acceptable, and those that are not

- The allocation of gambling revenues back to host communities to offset costs incurred by those communities
- The nature and extent of state regulation of gambling operations
- The need for more extensive and precise data about the impact of gambling in other states (especially changes in the incidence and type of crime)
- The criteria and considerations that the Governor’s Commission should apply when it develops its final report to the Governor
- The influence of organized lobbyists and special interest groups on the policy making process
- The effect on charitable gaming if more gambling facilities are established
- The social costs of gambling, including compulsive behaviors, the effect on younger people, and the effect on local traffic patterns and congestion
- Questions about the timeline for decision-making, and the value of more extended deliberations to be sure that all available information and input are considered
- How NH’s reputation as a tourist destination might be affected by expanded gambling
- The impact of gambling activity in other New England states, especially Massachusetts
- The role of “home rule” principles and local decision-making

### **The On-line Forum**

To extend the deliberative process beyond the one-day event, and to give more citizens a chance to participate, e-Democracy, an independent organization based in Minneapolis, was contracted to develop an on-line forum designed to foster civil, productive deliberation. About 275 people registered to participate in the NH Community Conversations on-line forum and 175 posts were entered between February 25 and March 22. The majority of these posts came from around 15% of the registrants who were active on-line, while about 25% of those who registered posted at least once. Of note, two-thirds of the on-line participants were over 56 and male.

### **Findings**

Analysis of the 19 small group reports demonstrates a relatively wide range of views held by those who participated. In two communities—Salem and Berlin—there was general and widespread (but not unanimous) support for the concept of expanded gambling among those who were present. In the other communities, a broader range of views, with less consensus about the relative benefits and risks of expanded gambling. There were a lot of “it depends” statements, about the types of gambling activities that would be allowed, the number of facilities that might be developed, how the state would monitor and regulate facilities, and how revenues generated by gambling would be allocated.

The primary themes that emerged from the community conversations can be summarized as follows:

1. Concerns related to state and local budgets. Most participants expressed an understanding that the state of New Hampshire is trying to manage a significant budget deficit, as are local municipalities. Participants believe that the current tax structure in NH is not likely to change in the foreseeable future, therefore alternative revenue sources must be found or severe budget cuts will be necessary. A few participants suggested that the state should consider new forms of statewide taxes rather than expand gambling, but those views represented a small minority.
2. Concerns related to current unemployment rates and the need for economic development. The What's At Stake project took place in the context of relatively high unemployment rates, especially in certain pockets of the state (most notably in the North Country). Participants weighed the relative risks and unknowns of expanded gambling against concerns for themselves and their neighbors who need stable sources of employment that provide decent wages and benefits. When issues about the potential negative impacts of gambling activities in specific communities were considered in the context of declining employment and local tax bases, participants were more inclined to favor expanded gambling than oppose it.
3. Concerns related to the impact of expanded gambling on the infrastructure of local communities (fire and safety, roads and traffic, water and sewer, etc.). Most participants believe that if a gambling facility is built or expanded in their local community (and region), there will be additional burdens placed on fire and safety personnel; increased traffic congestion to be managed (with associated enforcement costs); and increased demands on utilities including water, sewer, electricity, and communications. To the extent that these impacts are experienced, there will be a need to structure local or state taxes and create revenue sharing mechanisms to offset these new local and regional costs.
4. Concerns related to the potential for increases in compulsive gambling disorders and costs associated with treatment. All of the groups discussed concerns about the possible personal and public costs associated with compulsive gambling disorders (what many participants described as "addiction") and related mental illness, including substance abuse. Participants varied in their degree of concern about this issue, ranging from those who work in the social services sector and have experience with such individuals and therefore worry about increased incidence of disorders (and how to pay for increased services), to those who believe that this is not a major concern and that it is a problem for those affected to deal with, not a responsibility of the community. A minority of the participants expressed opposition to expanded gambling based on this concern alone.

5. Views shaped by “the New Hampshire way”. Many participants indicated that any decision to expand legalized gambling in New Hampshire should be consistent with how the state has typically operated with respect to matters of personal choice and freedom. One man in Salem said that he should be “allowed to build anything I want to in my own backyard, including a gambling casino.” Others in Salem, as well as other sites, echoed that sentiment. Some participants remarked on the current situation, in which the lottery has a long history and is an important part of state revenues, charitable gambling is an accepted and widespread practice, and liquor is sold by the state on major highways. Several participants said it would be “hypocritical” to put restraints on gambling given current practices and the reality that many residents engage in card games and other forms of gambling with friends and neighbors as a form of entertainment.
  
6. A need for more objective and reliable empirical information about the effects of gambling on state revenues, economic development, social services, incidence of crime, and other impacts on communities and regions where gambling facilities may be located. Participants overall expressed a desire for additional information about the potential consequences of expanded gambling in New Hampshire. The summary information provided by the NH Center for Public Policy Studies was useful, but also stimulated additional questions. Even though participants were told that the state of objective, empirical research on the consequences of gambling is limited, many felt frustrated at being asked to make informed judgments when comprehensive information is lacking.

The specific findings of the community conversations are presented below, categorized according to statements in support of expanded gambling, statements opposed to expanded gambling, criteria and issues that participants want the Commission to consider in its report, and concerns about the effect expanded gambling on the quality of life in local communities and the state. Statements were included if they occurred in over half of the small groups, representing shared views across geographic locations, except when otherwise noted. In the section following these statements, comments and opinions gleaned from the e-Democracy on-line forum are presented.

### **From the Community Conversations—**

#### Those who support expanded gambling said:

1. The state has a significant budget shortfall. Controlled expansion of gambling would be acceptable to a majority of participants as long as there is a clear benefit to the state in the form of increased state revenues, greater fiscal accountability, new job creation, and a share of the revenues are returned to local communities sufficient to offset costs associated with new or expanded facilities.
2. The current high levels of unemployment can be expected to be mitigated through short-term construction jobs and long-term service jobs, and it could be expected that the

state's horse industry would benefit. Service jobs in the gambling industry should pay a "living wage."

3. The North Country (Berlin and surrounding communities) has been especially hard hit by the economic changes and downturn over the past decade. A destination resort in that region would increase employment as well as the local tax base. Residents of the North Country feel "left out" of the state's economic development plans and ignored in terms of policy making in Concord.
4. New or expanded facilities should be limited to "destination resorts" in a small, select number of locations, including Salem, the Lakes Region, and the North Country. The state should not allow gambling at convenience stores, gas stations, and other small outlets.
5. Video gaming terminals and casino-type facilities would be acceptable at existing racetracks.
6. New or expanded facilities should be privately owned and state controlled, through what one group described as "strong and transparent regulation."
7. Local communities should have a strong voice in determining whether or not a gambling facility is located in the community or near-by.
8. Communities with gambling facilities and those near-by will expect to see an increase in regional development and a decrease, or leveling off of property tax rates. Associated tax revenues from increased local business, gasoline taxes, lottery, liquor, etc., would also be expected. If this cannot be assured, support for expanded gambling weakens.
9. A sufficient proportion of funds generated by state taxes on gambling facilities should be dedicated to support social services, especially mental health services necessary for the treatment of compulsive gambling and associated disorders.
10. New Hampshire is known for its tourism and recreation industry. Expanded gambling is consistent with that economy and reputation and would strengthen NH's image as a "destination spot."
11. The experience of Salem over the past 100 years has been positive with respect to its local racetrack, both as a source of entertainment and charitable gaming for local organizations. Salem views itself as a "case study" of how gambling can have a positive effect on the community and its economic status. Salem residents have voted twice in referenda to support expanded gambling, in 1994 and 2003. If Salem were to lose Rockingham Park, there would be significant negative consequences for the city with respect to job loss and revenues for local charities (estimated at \$2 million). The alternative proposal to replace the Park with residential development would create significant burdens on local schools, fire and safety, and infrastructure.
12. Restricting modes or locations of gambling could be viewed as hypocritical, since the state already sponsors the lottery and regulates charitable gaming.

Those who oppose expanded gambling said:

1. There is concern that state-sponsored gambling would become widespread and not limited to a small number of locations.
2. New Hampshire needs a rational and equitable tax system that is progressive rather than regressive (which legalized gambling is). There are broad-based tax options that are preferable to the choice of expanded gambling.
3. Expanding gambling in New Hampshire sends the wrong message to the young people of the state, and increases the risk that they will become involved in compulsive gambling and associated problems. Any investment of state funds should go to education, greater broadband access, and entrepreneurship opportunities for young people, rather than to subsidizing the development of casinos.
4. If expanded gambling is allowed, it should be anywhere else but my own community.
5. New Hampshire is viewed as a “business-friendly and family-friendly” state. Expanded gambling here would damage that reputation.
6. The owners of gambling facilities could become a powerful political force in the state, affecting how decisions are made in Concord and who those decisions benefit.
7. The current economic crisis is temporary. As one group put it, “a short-term crisis is not grounds for long-term policy.”
8. Legalized gambling fosters a reliance on luck rather than hard work as a means to success. This in turn can lead to increased illegal activities, poverty, and a sense that citizens do not have to pay for government. Those with the least means are likely to feel the greatest negative effects of gambling.
9. It can’t be assumed that jobs associated with new or expanded gambling will go to NH residents. It is likely that such jobs will not pay competitive, living wages or carry full benefits.
10. Increased gambling will make other types of industry, especially high tech, entrepreneurial, and start-up businesses less likely to locate in New Hampshire.
11. There will be increased demands for social services as a result of expanded gambling, with no guaranteed source to pay for those services.

Participants want the Governor’s Commission to consider the following as it drafts its report:

1. Concerns remain about the quality and quantity of available research about the effects of gambling (see theme #6 above). The Commission should seek additional information before coming to any conclusions about the wisdom of expanded gambling in NH.
2. Any steps to expand gambling in New Hampshire should be based on evidence of clear benefits to the state and local communities. As one of the groups in Concord put it, “This [criterion] is of overriding importance.”
3. The anticipated loss in revenue to charitable gaming activities if legalized gambling is expanded should be projected and taken into account by the Commission.
4. The Commission should recommend how revenues from expanded gambling would be distributed, with a focus on support for social services and public education.
5. Protections for local communities that are candidates for a casino or similar facility should be included in any policies or legislation, most importantly the ability to say no to such development – the New Hampshire tradition of home rule needs to be preserved.
6. Plans to locate a facility in a local community should include considerations regarding long-term sustainable growth in the community and region.
7. The impact on local property taxes should be considered when the Commission reviews the various options for types and location of expanded gambling.
8. Consider the types of jobs, level of wages, and amount of revenue that will actually be created. In addition, consider the degree to which skilled jobs would shift from current industries over to the gambling industry, potentially creating a shortage of skilled workers in the current economy.
9. Consider the degree to which new jobs will go to New Hampshire residents vs. those from out of state.
10. Consider the impact on low-income citizens in New Hampshire, and the degree to which gambling revenues will offset a potential increase in welfare costs.
11. Take into account the likely impacts of expansion of gambling in Massachusetts, expected in the current calendar year. The consequences for communities and facilities near the Massachusetts border are especially important to consider.
12. In consideration of a facility in the North Country (the greater Berlin region), the special needs and characteristics of that community should be assessed, including its continued economic challenges, the natural environment of the region, and the low population density of the area (and the low populations of northern Vermont and northern Maine).
13. Consider the costs (financial, human, political) associated with the increased state regulation and monitoring that will be necessary. Coordination and/or integration of the lottery commission and gaming commissions should be considered.

In addition to the views and concerns summarized above, all of the small groups addressed quality of life issues that were important to them. Many of those issues are raised in the context of opinions for and against expanded gambling and are included above. In addition,

many participants expressed concerns about a potential loss of sense of community in those regions where new or expanded facilities might be located. Any unilateral actions by state government would be viewed as a threat to the “New Hampshire Way.” Concerns for the sustainability of the natural environment, the future of New Hampshire’s reputation as a tourist destination, and decisions about the allocation of state revenues that affect the quality of life (e.g., the funding of K-12 education) were all discussed across the 11 sites.

In both Salem and Berlin, concerns about jobs and family income were often mentioned. In Salem, the racetrack has been a long-time source of jobs. Families have worked at the track over multiple generations, thus quality of life is seen as tied directly to its continuation. In Berlin, participants discussed the loss of young people from the region due to the lack of jobs; the possibility of a new source of jobs could mean greater family stability and less transience.

Both opponents and supporters of expanded gambling raised quality of life issues, from different perspectives of course. But across sites the special qualities that make New Hampshire a desirable place to live and work were discussed. New or expanded gambling facilities should “fit” with the natural and social environments of the state, should enhance rather than detract from community life, should help to address the social needs of residents, and should be sufficiently regulated to guard against over-development as well as the perceived increase in crime associated with gambling (even as it was acknowledged that the available data are unclear on how much this would actually occur).

### **From the on-line forum—**

Themes in the on-line discussion:

1. Continual debate over “facts” and statistics on success and failure of gambling elsewhere;
2. Several personal vignettes of first-hand accounts of gambling benefits or problems;
3. Concerns about who will have a say in decision making; Most want to make sure towns and regions affected will have a say;
4. Reasons supporting gambling: High unemployment in certain areas – seen as bringing revenue; belief that it is not a moral issue, that adults should be free of government control over what are seen as entertainment choices; Seen as bringing economic development; belief that since NH citizens are traveling 2+ hours to gamble in MA, expansion would keep money in the state.
5. Reasons against gambling: Seen as poor substitute for traditional economic development including new industrial development; Concerns insensitive development will mar natural beauty of the state; concerns about a lack of dedicated resources for increase in social services, especially addiction services.
6. Those unsure but considering gambling: Concerned that expanded legal gambling should be restricted to designated locations; that there be proper control and management of the process; concerns that revenue will not be used as promised.

## **Project Evaluation**

Participants were asked to complete evaluation surveys at the end of the day, which included demographic information and questions about their opinions on gambling both at the beginning and end of the day, the degree to which their views changed during the day, and their overall assessment of the dialogue process. Public Agenda, a nonprofit organization that supports civic engagement based in New York City, was contracted to do the project evaluation and is now analyzing the surveys and conducting follow-up telephone interviews with a sample of the participants. Public Agenda's report is expected later this spring. In order to do as thorough an evaluation as possible, Public Agenda will want to see how the Commission uses this report and what impact it has on the Commission's final report to Governor Lynch.

In the meantime, it should be noted that over 88% of participants felt the small group facilitators did a good job making sure everyone's ideas were heard and respected. Over 96% of participants felt they were attentive and involved in the conversation and over 89% indicated that the discussion helped them imagine the issues from other people's perspectives.

## **Overall conclusions**

Based on the face-to-face and on-line dialogues that have taken place since mid-February, it appears that:

- Participants in Salem and the Berlin region were more likely to favor expanded gambling than those in other communities.
- In the other sites, views were more evenly divided, and more concerns were raised about the social, economic, and reputational consequences of gambling.
- Participants in Portsmouth and Littleton were more likely to oppose expanded gambling, while those in Conway, Rochester, Laconia, Keene, Manchester, Concord, and Lebanon were more likely to express a wide range of views for and against, and more likely to say that they would oppose facilities in their own communities but not oppose the creation of facilities in other locations.
- Most importantly, for the majority of participants, *the conditions* under which expanded gambling might be considered were of prime importance. As noted above, the expansion of gambling was seen as more complex than a "yes" or "no."

## **How Should the Commission Use the Report?**

Given that the Commission has solicited information and input from a variety of sources, it is our hope and expectation that the views expressed by the citizens who participated in the community conversations and on-line forum will serve as an important resource as the Commission develops its findings for Governor Lynch. In each of the 11 sites where conversations were held, it was strongly expressed that the voices of those who devoted a full day to the deliberations should be reflected in the Commission's report to the Governor. As noted above, the large majority of the participants believed this to be a worthwhile, productive process, but they also expressed skepticism that their voices would be fully considered. They are

concerned that current legislative efforts will move ahead without the benefit of their ideas and opinions. They are concerned that purely economic criteria will override local and regional concerns for quality of life and traditional values of home rule and autonomy. Some felt that their past efforts to inform the state of their views, through local referenda for example, have been ignored. Some felt that their region has often not been well represented in the policy-making process in Concord.

What's At Stake offered New Hampshire residents a different way of getting involved in democratic society. What's more, it showed that policy-makers can be responsive to the outcomes of a deliberative process. Although this report does not seek to identify a single consensus around expanded gaming, it *does* highlight a range of views. This alone should demonstrate to skeptics and those who feel their voices are not heard that people *can* make a difference through deliberation. Moreover, people are more apt to understand how and why you arrived at your findings when given the opportunity to share their voices. This, in turn, can lead to a broader base of support for legislative and executive actions that will follow.