

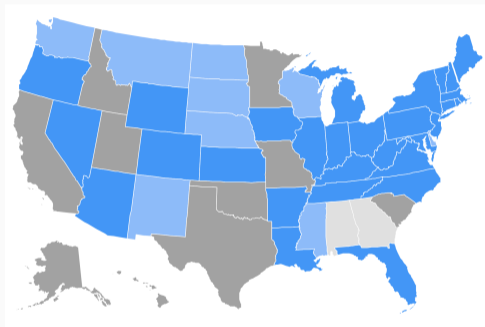
Research Summary: “The Financial Consequences of Legal Sports Gambling”

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Presentation to the Minnesota Senate, January 8 2025

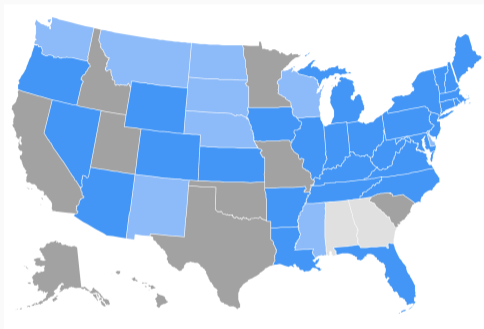
In 2018, SCOTUS overturned the Professional and Amateur Sports Protection Act (PASPA), which prohibited states from authorizing legal sports gambling

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- ▶ Roughly \$300 billion has been wagered since 2018
- ▶ Sienna College survey: 19% of Americans use sports gambling apps (39% of men ages 18-49)
- ▶ Roughly 60% place bets weekly

A substantial fraction of gamblers (1-8%) are “problem gamblers,” for whom gambling is associated with a range of serious harms (Meyer et al., 2009).

- ▶ Financial stress, disruption of family life and relationships, health problems, worsening of job performance, criminal activity, and even suicide (Gabellini et al., 2023; Shaffer & Korn, 2002)
- ▶ These outcomes more prevalent among young men, racial minorities, and low-income (Williams et al 2012)
- ▶ Unclear whether correlation between negative outcomes and gambling are causal

Policy Debate Around Sports Betting

States implementing sports betting regimes have a range of policy decisions to make:

- ▶ In-person (retail) betting, online/mobile access?
- ▶ Regulation of advertising practices
- ▶ Firm licensing (market structure) and competition
- ▶ Taxation

1. We study how the widespread legalization and promotion of sports betting has impacted **consumer financial health**, both overall and for specific subgroups.
2. We study how variation across states in policy choices results in different outcomes for consumers

Unique ability to measure financial health outcomes using access to the UC Consumer Credit Panel, which contains:

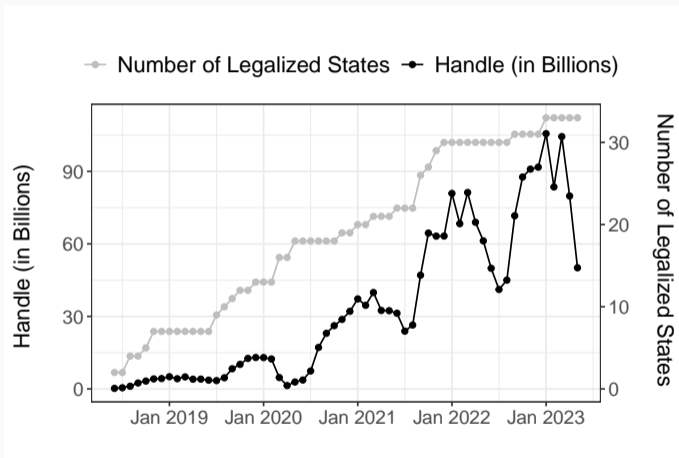
- ▶ For a 2% representative sample of U.S. households totaling 7 million consumers
- ▶ All data observed by a major credit bureau:
 - ▶ Credit score
 - ▶ Credit card accounts active, with delinquencies, limits, and noisy information on payments/balances
 - ▶ Loans held (mortgage, car, student, etc.), balance and delinquency
 - ▶ Debt collections and debt consolidation activity
 - ▶ Demographics (age, gender, race)
 - ▶ Augmented with weekly wage data (from St Louis Fed)

From the initial sample of roughly 7 million consumers:

- ▶ Individuals who maintain at least one active account and are not deceased
- ▶ Remove any individual who moved across states
- ▶ Remove any individual whose location or gender information is not present in the data

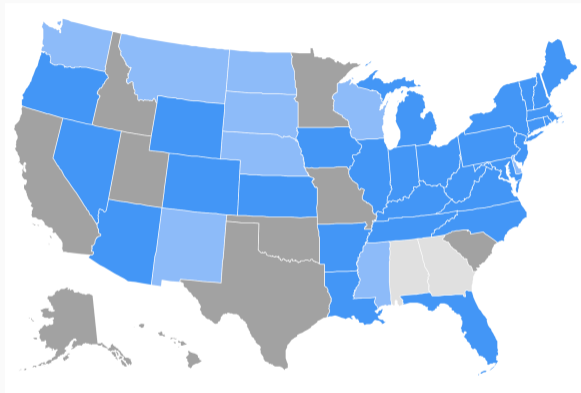
Final dataset contains observations for 4,382,529 unique individuals and 90 million quarterly observations over seven years, from March 2016 to June 2023

Background: Growth of Legal Gambling



Treatment Dates

Map: Retail vs Mobile



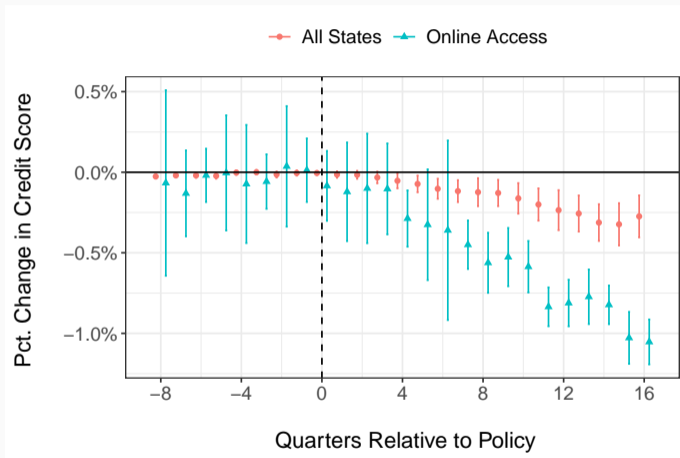
- ▶ Dark blue: Mobile betting allowed
- ▶ Light blue: Only retail (in-person) betting
- ▶ Light gray: Legalization pending
- ▶ Dark gray: No legalization

- ▶ Callaway Sant'anna (2021) (CS) estimator, ATE
- ▶ Focus on 2 treatment definitions:
 1. All treated states (treatment date 0 is first sports gambling of any kind)
 2. States with some online gambling (treatment date 0 is the first implementation of online gambling, even if preceded by offline gambling legalization)
- ▶ First, full population. Later, heterogeneity.

Outcomes:

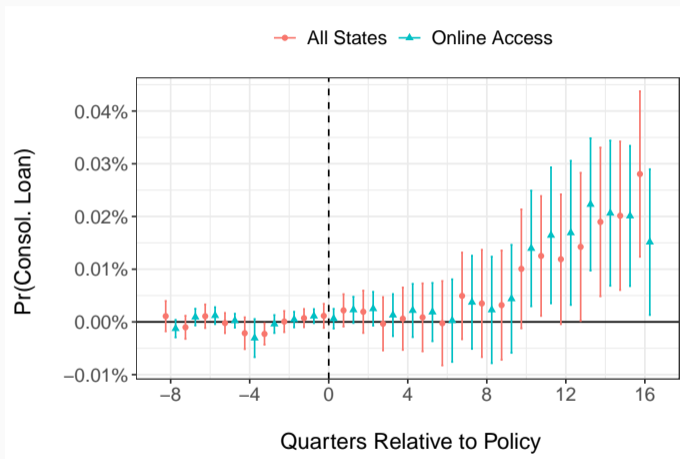
1. Overall financial health
2. Excess debt indicators
3. Credit access

Impact on Credit Scores



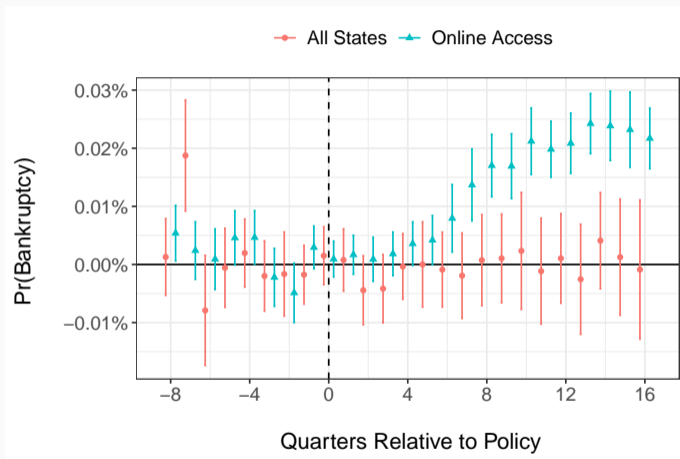
► Effect size: 1% = 7 point on credit score

Excess Debt - Debt Consolidation



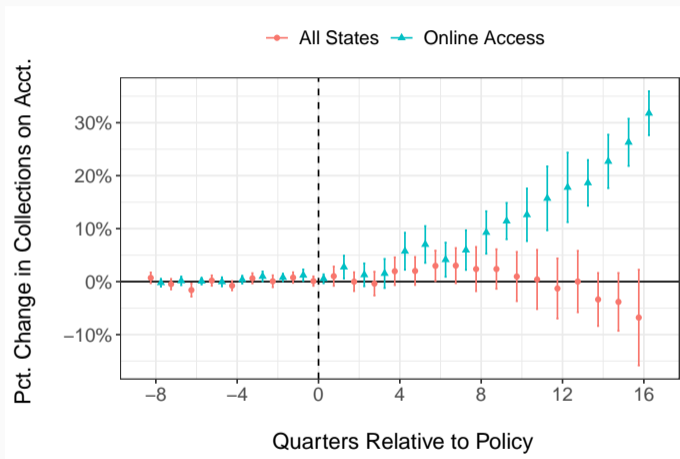
Debt Consolidation change $0.00006/0.00066 = 9\%$

Excess Debt - Bankruptcies



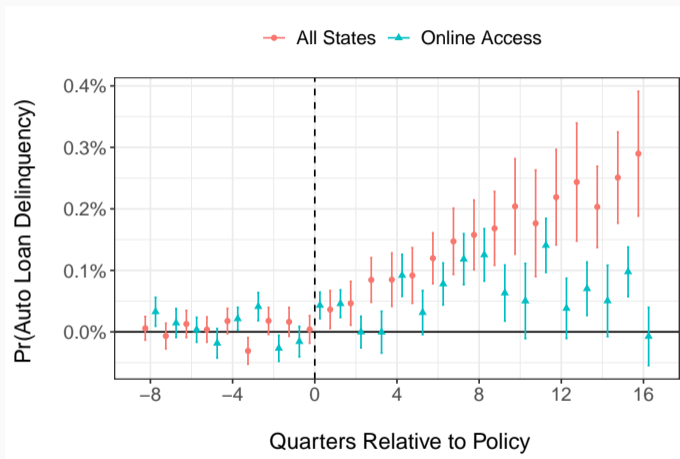
Bankruptcy change: $0.0002 / 0.00072 = 27\%$ increase.

Excess Debt - Debt Collections Amount



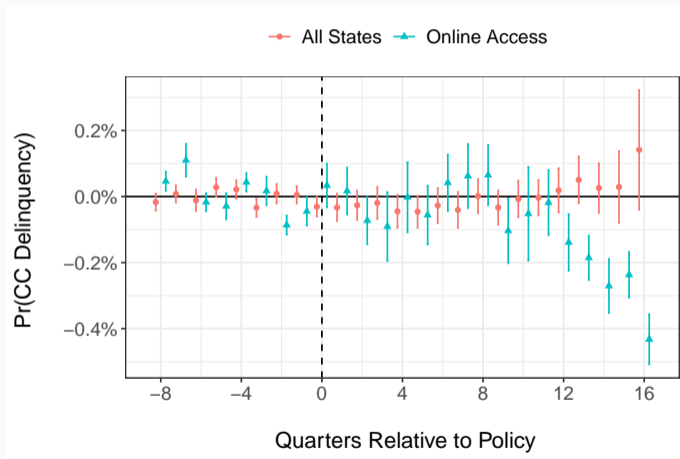
8% increase is roughly \$30 on mean debt of \$360

Excess Debt - Auto Delinquencies

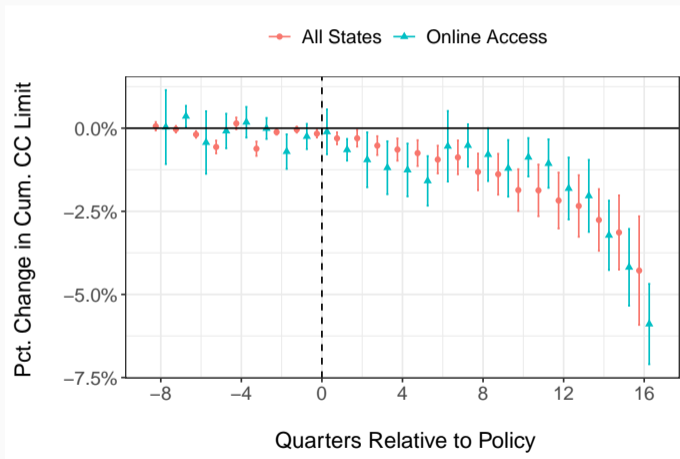


Roughly 9% increase

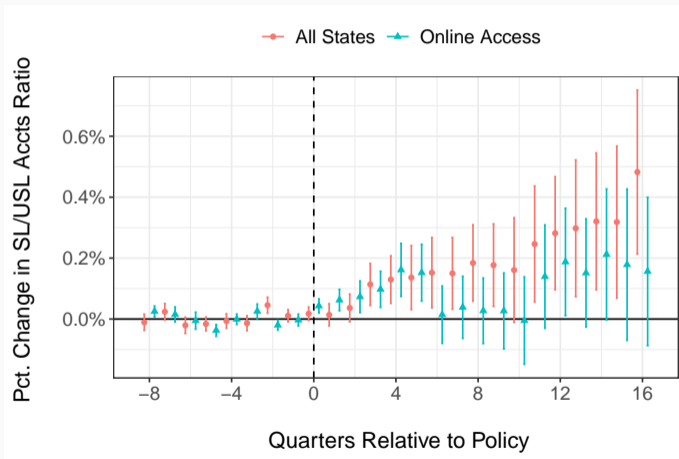
Excess Debt - CC Delinquencies



Access to Credit - Impact on CC Limits



Access to Credit - Ratio of Secured/Unsecured Loans



Full Results

	All States	Online Access
Overall Financial Health:		
Credit Score	-0.0012*** (0.0003)	-0.0039*** (0.0006)
Excessive Debt Indicators:		
Pr(Bankruptcy)	-0.000004 (0.00003)	0.0001*** (0.00002)
Collections	0.0055 (0.0140)	0.0789*** (0.0122)
Pr(Credit Card Delinquency)	-0.0001 (0.0002)	-0.0005** (0.0002)
Pr(Auto Loan Delinquency)	0.0013*** (0.0002)	0.0006*** (0.0001)
Pr(Cons. Loan)	0.00006 (0.00004)	0.00005 (0.00003)
Access to Credit:		
Cumulative CC Limit	-0.0158*** (0.0023)	-0.0269*** (0.0039)
Ratio of Sec. to Unsec. Loans	0.0017** (0.0006)	0.0009* (0.0004)

- ▶ SE's corrected for multiple hypotheses (13 DVs X 2 Treatments X 7 dim. heterogeneity = 168 tests)

Summary and Discussion

- ▶ Legal sports betting is seen to drive worse financial health across a range of indicators
- ▶ Substantially larger impacts from online betting vs offline
- ▶ Average effects are mostly small, as expected
- ▶ Back-of-the-envelope calculations: average effect estimates translate to roughly 30,000 additional annual bankruptcies and an additional \$8 billion in annual debt collections
- ▶ Initial heterogeneity analysis is suggestive but inconclusive

Legalization Dates

	State	First Start	Online	Offline
1	Delaware	Jun 2018		Jun 2018
2	New Jersey	Jun 2018	Aug 2018	Jun 2018
3	Mississippi	Aug 2018		Aug 2018
4	West Virginia	Aug 2018	Aug 2018	Aug 2018
5	New Mexico	Oct 2018		Oct 2018
6	Pennsylvania	Nov 2018	May 2019	Nov 2018
7	Rhode Island	Nov 2018	Sep 2019	Nov 2018
8	Arkansas	Jul 2019	Mar 2022	Jul 2019
9	New York	Jul 2019	Jan 2022	Jul 2019
10	Iowa	Aug 2019	Aug 2019	Aug 2019
11	Indiana	Sep 2019	Oct 2019	Sep 2019
12	Oregon	Oct 2019	Oct 2019	
13	New Hampshire	Dec 2019	Dec 2019	Aug 2020
14	Illinois	Mar 2020	Jun 2020	Mar 2020
15	Michigan	Mar 2020	Jan 2021	Mar 2020
16	Montana	Mar 2020		Mar 2020
17	Colorado	May 2020	May 2020	May 2020
18	District of Columbia	May 2020	May 2020	Jul 2020
19	Tennessee	Nov 2020	Nov 2020	
20	Virginia	Jan 2021	Jan 2021	
21	North Carolina	Mar 2021		Mar 2021
22	North Dakota	Jun 2021		Jun 2021
23	Arizona	Sep 2021	Sep 2021	Sep 2021
24	South Dakota	Sep 2021		Sep 2021
25	Washington	Sep 2021		Sep 2021
26	Wyoming	Sep 2021	Sep 2021	
27	Connecticut	Oct 2021	Oct 2021	Oct 2021
28	Louisiana	Nov 2021	Jan 2022	Nov 2021
29	Wisconsin	Nov 2021		Nov 2021
30	Maryland	Dec 2021	Nov 2022	Dec 2021
31	Kansas	Sep 2022	Sep 2022	Sep 2022
32	Massachusetts	Jan 2023	Mar 2023	Jan 2023
33	Ohio	Jan 2023	Jan 2023	Jan 2023