



COMMONWEALTH of VIRGINIA

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To: The Honorable L. Louise Lucas, Chair, Senate Finance Committee
The Honorable Luke E. Torian, Chair, House Appropriations Committee
Michael Maul, Director, Department of Planning and Budget

From: Nelson Smith, Commissioner, Department of Behavioral Health and Developmental Services

RE: Item 295 GG., 2024 Special Session I Appropriations Act

Item 295 GG. of the 2024 Special Session I Appropriations Act directs the Department of Behavioral Health and Developmental Services (DBHDS) to report on the Problem Gambling Treatment and Support fund budget allocation, expenditures, and revenues. The language reads:

GG. The Department of Behavioral Health and Developmental Services shall report annually, by September 1 of each year, on the revenue collections, expenditures and allocations of the Problem Gambling Treatment and Support Fund for the prior fiscal year to the Department of Planning and Budget and the Chairs of House Appropriations and Senate Finance and Appropriations Committees.

cc: The Honorable Janet V. Kelly, Secretary of Health and Human Resources

Introduction

The Problem Gambling Treatment and Support (PGTS) Fund was created in 2020 to help mitigate any potential problems that may occur as a result of expanding gambling in Virginia. Collection of revenues into the fund began in January 2021. Initially, there were two sources of revenue for the PGTS Fund: sports betting and a temporary fee on illegal skill games, also known as “gray machines.” The first problem gambling position at DBHDS was filled at the end of May 2021, so distribution of funds to begin building problem gambling services in Virginia did not begin until FY 2022. Since electronic gambling machines ceased to be regulated as of July 2021, no revenues from this source have been collected since FY 2022.

Table 1 provides a comparison of Problem Gambling Treatment & Support fund budget versus expenditures for FY 2024. Table 2 describes revenues collected for the fund during FY 2024.

Table 1: PGTS Fund Budget Allocation and Expenditures

Item	Budget	Expenditure	Explanation
Administrative	\$213,503	\$211,588	Salary and benefits for 2 FTE’s, supplies, printing, technology, and operations.
Workforce Development	\$10,380	\$8,731	Training for staff, providers, and community organizations on problem gambling. Organizational memberships, conference fees.
CSB Grants	\$1,331,146	\$1,331,146	Grants to 39 CSB's to build capacity, workforce development, implementation on problem gambling prevention services and promotion of problem gambling services.
VCU MOA	\$917,725	\$742,531	One MOA with VCU College of Health Professions to expand a network of treatment and recovery providers and provide training on PG services and reimburse for services. This crosses State Fiscal Year. A separate agreement with VCU SERL to collect data in Arlington.
Other Contracts	\$29,000	\$28,654	Add gambling to CounterTools assessment database for Merchant Education on Problem Gambling services. Add 2 questions to the VDH adult behavioral health survey.
Travel	\$4,000	\$3,458	Travel for conference, meetings, and site visits.
Problem Gambling Treatment Support Advisory Committee	\$0	\$1,923	Contract with OMNI to facilitate one meeting of committee. Purchase snacks for one meeting of the committee.
Total	\$2,505,754	\$2,328,030	Budget Allocation - Expenditure

Table 2: PGTS Fund Revenues

Code	Description	Amount
1135	Hx Horse Betting	\$490,656.01
1208	Sports Betting Tax	\$2,014,276.90
1209	Casino Gaming Tax	\$1,028,438.66
7108	Interest	\$106,637.77
8120	Game Ref – Casino Fines	\$60,088.96
9035	Gaming Prize – Unclaimed Casino Prizes	\$980,843.14
Total		\$4,810,351.28

In FY 2024, \$2 million was originally appropriated to the PGTS Fund, but temporary approval was given to spend up to \$2.5 million in April to expand treatment and recovery services. This allowed for a partial expansion of services, but all funding was not able to be allocated in such a short period of time. Total revenues to the PGTS fund for FY2024 were \$4.8 million. These revenues came from various sources, including sports betting, casinos, historical horse racing, gaming, and interest. As the demand for problem gambling prevention, treatment and recovery services continues to grow across the Commonwealth, expenditures are on the rise. In FY 2023, \$1.2 million was spent on these services. Expenditures from the PGTS fund for FY 2024 totaled \$2.3 million, reflecting the nearly complete development of problem gambling services. The projected funding need for FY 2025 is approximately \$4 million. This would support problem gambling services expansion almost fully across the State, provide funding to the Virginia Problem Gambling Council, and allow DBHDS to begin to evaluate services already in place.

Revenues

- **Sports Betting** – The PGTS Fund receives 2.5 percent of sports betting taxes paid to the Commonwealth. Revenues from sports betting were 16 percent higher in FY 2024 than in FY 2023, bringing revenues received by the PGTS fund to \$2.01 million. FY 2023 was the first full year of funding with all operators licensed, but in FY 2024 most of the operators were no longer able to deduct promotions and bonuses from what they owe in taxes because they were past their first year in operation, therefore largely impacting what the state was able to collect in revenue.
- **Casinos** – The PGTS Fund receives 0.8 percent of taxes paid to the Commonwealth from casinos. The PGTS Fund received \$1.03 million in revenue from the three casinos in operation in Virginia in FY 2024. Both Bristol Hard Rock and Danville Caesar’s Casinos are in their temporary locations, but are projected to relocate to their enlarged permanent locations in FY 2025. This will increase the number of machines and tables available at these locations and therefore increase the revenue into the PGTS Fund.
- **Horse Racing Licensing Retainment** – The PGTS Fund receives 0.01 percent of the horse racing licensee retainment from electronic historical horse racing machines, written in Code under § 59.1-392. \$490,656 was deposited in the PGTS Fund from this source FY 2024.
- **Casino Fines and Unclaimed Prizes** – A fourth revenue source to the fund is casino fines and unclaimed prizes. The amount deposited to the fund in FY 2024 was \$1.04 million, total.
- **Interest** – The final revenue source is from interest incurring on the PGTS Fund account. In FY 2024, the total interest incurred was \$106,638.

Expenditures & PGTS Activities

The two full-time coordinators whose salaries are supported by the PGTS fund oversaw the following activities and expenditures of the fund.

- **Treatment and Recovery Services for Problem Gambling** – Through a contractual partnership with Virginia Commonwealth University and the Virginia Council on Problem Gambling, \$737,576 was spent to build problem gambling treatment and recovery services in Virginia. Over 105 treatment providers have been trained and certified in problem gambling treatment and 15 peers plus five recovery organizations have been certified to provide peer recovery services for gambling disorder. Eleven of these peers were further trained to be trainers of Peer Recovery services. FY 2024 was the first full year of providing treatment and recovery services for problem gambling. Services included 672 screened referrals in FY 2024, with 414 of those referred to treatment and 299 referred to Peer Recovery services.
- **Prevention Services for Problem Gambling** – An additional \$1.3 million was allocated for contractual agreements with 39 community services boards (CSB) to support problem gambling prevention services. These services encompassed a comprehensive needs assessment to identify areas of concern, encompassing behaviors, knowledge, awareness, and beliefs related to gambling and problem gambling. It also included building capacity internally, in communities, and across Virginia to build knowledge and skills to mitigate problem gambling. This initiative also involved strategic planning to develop suitable programs for problem gambling mitigation. Some CSBs successfully executed awareness campaigns, promoting the problem gambling helpline, offering educational resources, and disseminating information on responsible gambling practices. These efforts also extended to emphasizing the importance of preventing minors' access to gambling and outreach to merchants selling Lottery products and/or offering skill games to provide merchant education on safer practices. CSBs conducted over 1,590 visits to merchants selling lottery or having electronic games, providing education on preventing problem gambling and recognizing signs and helpline resources. Reaching potentially over 4.7 million people through multiple venues (billboards, bus ads, gas pump ads, PSAs, social media, tv, radio, podcasts, etc.) they promoted resources to educate on the signs of problem gambling and safer gambling practices.
- **Problem Gambling Treatment and Support Advisory Committee (PGTSAC)** – The Problem Gambling Treatment and Support Advisory Committee (PGTSAC) per §37.2-304 was formed and meetings occurred July and October 2023 and January and April 2024. Only \$1,923 of the PGTS funds were expended on PGTSAC for a facilitator, mapping of services, and meeting refreshments. The Problem Gambling Prevention Coordinator's time was used to coordinate, travel to, and plan the meetings.