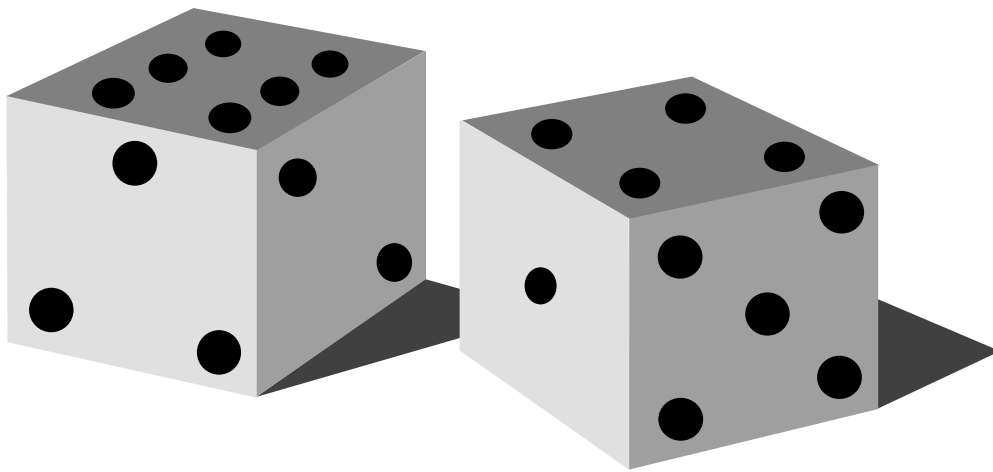


Socioeconomic Indicators of Legalized Gambling in Lincoln/Lancaster County, Nebraska



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by the Human Services Administration
of Lincoln, Lancaster County, Nebraska

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Joint Budget Committee: The JBC is the governmental funding arm for City and County human services. It determines allocations for, and monitors the activity of, 48 non-profit operated programs in the City and County. It is also part of a community partnership which financially supports our community human services planning process.

Project Intent: This is the third study conducted regarding legalized gambling in Lincoln and Lancaster County. Studies in April 1977 and again November of 1999 illustrate a fairly comprehensive list of socioeconomic indicators in the community. These indicators can be used as baseline data to indicate significant changes, should legalized gambling be expanded in the state.

Role of Government: "Some would argue that gambling is a business like any other business and consequently should be treated as such. In reality, however, unlike other businesses in which the market is the principal determinant, the shape and operation of legalized gambling has been largely a product of government decisions." (National Gambling Impact Study Commission Report 1999). Local and state elected officials are to be commended for their concern and scrutiny of considerations being made regarding expanding legalized gambling. To that end, this report is intended to add to that larger body of information.

Access to information: This report can be found on the Human Services website at [www.ci.lincoln.ne.us/human services/gambling](http://www.ci.lincoln.ne.us/human_services/gambling) study after April 15, 2004. It is also available on disc or hard copy for the cost of reproduction. To request a copy or if you need assistance accessing the website, call 402-441-4944.

Executive Summary

In recent years, an annual debate takes place over whether or not the state needs to expand its legalized gambling activities to include casinos and video slots. While the state and its communities have expanded gambling over the years, since 1993, the kinds of gambling activities legal in this state have stayed essentially the same. As strong and well-funded proponents of gambling continue their efforts to place expanded gambling on the ballot and as the legislature continues to debate the expansion of gambling, it is entirely possible that Nebraska's gambling environment could change dramatically in the near future.

This study provides a compilation of the annual change (generally from 1990 to 2002) in 29 selected indicators for Lancaster County. These indicators include: persons, age, households and families, employment/unemployment (labor force), employment by sector (work force), retail sales, earnings, transfer payments and personal income, household income, poverty, bankruptcies, payday lenders, bad checks, insurance fraud, forgery, embezzlement and fraud, burglary, robbery and larceny, traffic accidents and drunk driving, child abuse and neglect, domestic assault, divorce, suicide, and gambling treatment. These indicators, for the most part, were contained in the previous two studies, and reflect a time when casinos, video slots or other forms of expanded gambling are not legal in the State.

It is important to note that direct correlations between these indicators and currently legal gambling opportunities are difficult to make. For example, one cannot say that Lancaster County's bankruptcy rate doubled since 1990 because of gambling. Should circumstances in the gambling industry of this state change, however, it would be imperative to see how and if these 29 indicators change.

Gambling in Nebraska

- ❑ There are currently substantial opportunities for Nebraskans to gamble legally within the State. In 2003, over \$457 million was wagered on legal gambling activities in Nebraska.
- ❑ Nebraskans wagered almost \$264 million on charitable gaming activities conducted by non-profits and cities in 2003. These dollars provided more than \$26 million to non-profit organizations and communities and more than \$5.7 million in state tax revenue. In 2003, Nebraskans also purchased \$80.9 million in lottery tickets and wagered over \$112 million at horse racing facilities in the state.
- ❑ Iowa, our neighbor to the east, was one of the earliest states to authorize casino gambling, and in 1996, two casinos opened in Council Bluffs. These facilities have 4,200 slot machines and 69 game tables. In FY2003, the gambling facilities in Council Bluffs had revenues totaling over \$381 million, with an estimated \$62.7 million from Iowans and \$318.5 million from visitors.
- ❑ There are an estimated 1,800 websites that offer gambling, with opportunities that range from lotteries to sports betting to casino games. It is estimated that in 2002, over \$1 billion was lost offshore by U.S. bettors on sports betting alone.
- ❑ While it is impossible to determine how much is gambled with illegal bookmakers in the County or in Nebraska, local and national experts say it is relatively easy to access on and off-campus bookmaking operations.

Gambling in Lancaster County

- ❑ It is estimated that at least \$73 million was wagered on legal gambling activities in Lancaster County in 2003, including an estimated \$12.3 million in the purchase of tickets from the Nebraska State Lottery. Most of this money was spent on charitable gaming. This \$73 million total equates to about \$370 for each adult (18 years and over) living in the county.

- In 2003 there were 7 governmental entities with licenses to conduct city/county lotteries (Keno) in the County. These include Lancaster County (joint lottery with the city of Lincoln), the cities of Lincoln and Waverly, and the villages of Denton, Raymond, Roca, and Sprague. Since 1993, dollars wagered on keno operations in the county have totaled almost \$312.5 million. While Lincoln/Lancaster County has the largest operation, with gross proceeds totaling almost \$192 million since 1993, Waverly and Denton have also seen a considerable amount of dollars wagered on Keno since 1993—Waverly, \$57 million and Denton, \$56.6 million in gross proceeds.
- Total wagering on Keno in Lancaster County was more than \$32.3 million in 2003—a figure that equates to about \$164 for every adult in the county.
- Since 1993, Lincoln/Lancaster County proceeds (funds that can be used for community betterment) from Keno have totaled more than \$14.2 million. Of this, \$747,628 (5%) has been distributed to human service agencies from the Keno Prevention Fund. It is estimated that Keno proceeds for the Lancaster County towns surrounding Lincoln have totaled over \$9.6 million since 1993.
- Wagering at State Fair Park in Lincoln totaled nearly \$20.6 million in 2003—more than 18% of the total dollars wagered on horse racing in the state for this year.
- Communities, organizations, and projects in Lancaster County have also been the recipients of funding available from beneficiary funds of the Nebraska State Lottery. Through 2003, almost \$15 million in funding from the Education Innovation Fund, the Nebraska Environmental Trust Fund, and the Solid Waste Landfill Closure Assistance Fund has gone to projects and programs benefiting the residents of the county.

The Problems with Gambling

While there can be economic benefits to expanded gambling (i.e., increased employment, increased property tax revenues, and increased state tax revenues in the case of casinos), whether or not there is a net economic gain depends on the community's gambling market. If most of an area's gambling revenues come from tourists, gambling can stimulate the local economy. If, however, the bulk of gambling revenues for newly permitted gambling is generated by local residents, then gambling can cannibalize the local economy by creating a shift in spending from local businesses to gambling activities.

The social impacts of gambling have both an economic and an emotional cost and are attributable to problem and pathological gambling. As with other addictive disorders, those who suffer from problem or pathological gambling engage in behavior that is destructive to themselves, their families, their work, and even their communities. This includes criminal behavior, financial ruin and bankruptcy, depression, abuse, divorce, homelessness, and suicide, in addition to other problems. The estimated total dollar cost that each addicted gambler inflicts on the government and the private economy varies from study to study, with some estimates as high as \$52,000 a year.

Research has shown repeatedly that access to expanded gambling increases the percentage of problem and pathological gamblers in an area. In other words, more gambling creates more problem gamblers. The availability of a casino within 50 miles (versus 50 to 250 miles) leads to about double the prevalence of problem and pathological gamblers.

It is estimated that Lancaster County has 2,300 "lifetime" pathological gamblers, 2,900 "lifetime" problem gamblers, and 14,750 "lifetime" at-risk gamblers among the population aged 18 years and older. Of these, about 1,150 pathological gamblers, 1,340 problem gamblers, and 5,550 at-risk gamblers have a recent or current problem. Lincoln's proximity to the casinos in Council Bluffs, however, may point to higher prevalence rates. The County is slightly over the 50-mile limit, but well under the 250-mile limit.

Observations/Conclusions/Recommendations

1. Despite the considerable amount of known dollars spent (and the incalculable amount of dollars otherwise gambled at casinos in Iowa, on the Internet, and through local bookies), most of the indicators collected for this study show that we have a relatively safe community with a fairly strong economy. Importantly, casinos and video slots in non-casino locations are not present in Nebraska.
2. Research conducted in states that have expanded their legal forms of gambling to include casinos and/or widespread placement of video gaming devices in non-casino locations (i.e., racetracks, bars and arcades) shows that these actions can come with great costs. It is estimated that for every \$1 a state receives in gambling revenues, it costs the state at least \$3 in increased criminal justice, social welfare, and other expenses. We should also remember that expanded legalized gambling (to what are considered "harder" forms of gambling) may adversely affect charitable gambling as well.
3. Despite the economic and social costs associated with gambling, expanding legal gambling to include casinos and the widespread placement of video lottery terminals (video slots and poker) appears to be an epidemic of sorts, especially in the Midwest. At the present time, Nebraska is surrounded by states that have casino gambling. South Dakota, Colorado and Iowa have both commercial and tribal casinos, with Iowa also permitting video slots at racetracks, and Missouri has commercial casinos. While Kansas has only tribal casinos, the state legislature there is seriously debating expanding gambling to include state-owned casinos and widespread placement of video lottery terminals (VLTs) at racetracks, veterans' clubs and fraternal lodges. At the same time, the state of Kansas is now in court fighting over its actions to close down a Wyandotte Nation casino that was operating in downtown Kansas City, next to City Hall. The bottom line is that there is tremendous pressure to expand gambling in Nebraska in order to capture some of the dollars currently gambled at out-of-state casinos by Nebraskans.
4. If expanded gambling is an inevitability in Nebraska, the following considerations should be made:
 - ❑ Casino gambling should be carefully controlled by the State Legislature and by the localities where such expansion is proposed (i.e., the voters in Dane County, Wisconsin--a county very similar to Lancaster County--recently voted down a referendum to build a casino there).
 - ❑ The placement of VLTs at non-casino locations in the state holds no financial benefit for the communities where they are located and instead can lead to devastating economic and social consequences for these communities and neighboring towns. Because non-casino placement of VLTs is often proposed at racetrack locations, this is especially important for Lancaster County.
 - ❑ Lancaster County and City of Lincoln officials should pay careful attention to how expanding legal forms of gambling in the State may de facto authorize the operation of these types of gambling activities by local Tribal governments.
 - ❑ Lancaster County and City of Lincoln officials should continue efforts to assess the impact of gambling on the area. The Human Services Office recommends that a similar study be done again in 2006.

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Introduction

Annually, in recent years, a debate rages over whether or not the state needs to expand its legalized gambling activities to include casinos and video slots. While the state and its communities have expanded gambling over the years, since 1993, the kinds of gambling activities legal in this state have stayed the essentially the same. This year, as strong and well-funded proponents of expanded gambling continue their efforts to place expanded gambling on the November ballot, and as the legislature continues to debate legalized expanded gambling issues, even in the last days of the 2003/04 session, it is important to lay this baseline data in the event of potential changes.

This study continues the work started by Lancaster County officials in the mid-1990s to establish baseline data that could aid in assessing the impact of expanded gambling on the county and its residents. In 1996, the Lincoln Lancaster County Common directed its Human Services Office to begin the process of identifying and collecting baseline indicators. The first study, completed in April of 1997, identified and categorized an array of indicators and collected baseline data for 1994 in preparation for a comprehensive study to be carried out in 1998/99. The second study, titled "The Socioeconomic Impact of Legalized Gambling in Lincoln/Lancaster County, Nebraska" was completed in November 1999. This study provided a compilation of annual change (generally from 1990 to 1998) in selected indicators in the following areas: demographics, economics, crime, families and relationships, and health and welfare. This study looks at essentially the same indicators but differs from the first two in that it also looks at the dollars wagered on legalized gambling activities in Lancaster County and in the State of Nebraska.

This study provides a compilation of the annual change (generally from 1990 to 2002) in 29 selected indicators for Lancaster County. These indicators include: persons, age, households and families, employment/unemployment (labor force), employment by sector (work force), retail sales, earnings, transfer payments and personal income, household income, poverty, bankruptcies, payday lenders, bad checks, insurance fraud, forgery, embezzlement and fraud, burglary, robbery and larceny, traffic accidents and drunk driving, child abuse and neglect, domestic assault, divorce, suicide, and gambling treatment. These indicators reflect a time when casinos, video slots or other forms of expanded gambling are not legal in the State.

It is important to note that direct correlations between these indicators and currently legal gambling opportunities are difficult to make. For example, one cannot say that Lancaster County's bankruptcy rate doubled since 1990 because of gambling. Should circumstances in the gambling industry of this state change, however, it would be imperative to see how and if these 29 indicators change.

Gambling in Nebraska

At the time of this study, it appears that, in November, Nebraska voters will be asked to decide if they want to expand gambling in the state to include casinos and video gaming in non-casino locations. Depending on the success of the organizations circulating petitions, or on ability of the Nebraska legislature to reach agreement on the issue, there could be up to seven initiatives on November's ballot. One particularly well-funded organization, the Keep the Money in Nebraska Committee, is planning on spending up to \$2 million for paid petition circulators and promotion of their four initiative petitions to not only expand gambling in the state, but restrict the state legislature's ability to control gambling. Another group, La Vista Keno, hopes to spend \$400,000 promoting their initiative. Importantly, if Nebraska voters authorize casino gambling, federal law provides that Nebraska's four Native tribes would also be allowed to operate casinos on tribal land.¹

Undoubtedly, there are already substantial opportunities for Nebraskans to gamble legally within the State. Nebraska has a long history of legal gambling, starting with horse racing in the 1930s, to bingo in the late 1950s, to pickle cards in the 1980s and the tremendous growth of city/county lotteries (Keno) in the 1990s. In 2003 over \$457 million was wagered on legal gambling activities in Nebraska. This total includes:

- ❑ Bingo Gross Receipts: \$16,558,843
- ❑ Pickle Cards Gross Proceeds: \$62,559,488
- ❑ Lotteries and Raffles Gross Proceeds: \$5,168,480
- ❑ County/City Lotteries (Keno) Gross Proceeds: \$179,518,444
- ❑ Nebraska Lottery Sales (FY02/03 fiscal year): \$80,918,807
- ❑ Dollars Wagered on Horse Racing: \$112,278,552

¹ The Indian Gaming Regulatory Act of 1988 provides that Class III gambling (electronic gaming, casinos, card games, pari-mutuel racing, and jai alai) may be conducted or licensed by a tribe in a state that permits such gambling for any purpose or any person, subject to a state-tribal compact. In 1999, the Santee Sioux tribe applied to the U.S. Department of the Interior for approval to operate video poker, blackjack, roulette and other Class III games at their Ohiya Casino in northeast Nebraska. A ruling from Interior is expected shortly, and will likely be appealed by the state.

Charitable Gaming

Charitable gaming is any form of legal gambling licensed or approved by the government for the purpose of raising funds for charitable purposes. In Nebraska, charitable gaming is authorized under the State Constitution, regulated by legislation passed by the Nebraska State legislature, and signed into law by the governor.² These activities—bingo, lotteries, and raffles—have been licensed and regulated by the Charitable Gaming Commission of the Nebraska Department of Revenue since 1986. Charitable gaming operations in Nebraska can be conducted by two groups:

- (1) Nebraska non-profit organizations that are tax exempt under section 501(c) of the Internal Revenue Code, volunteer fire companies or volunteer first aid, rescue, ambulance, or emergency squads; and,
- (2) Counties, Cities and Villages.

Non-profit organizations and volunteer fire and rescue squads can be licensed to conduct bingo, lotteries and raffles³, and lotteries by the sale of pickle cards. Counties, cities, and villages are authorized by state law to conduct lottery (Keno) operations provided the activity is approved by a majority of registered voters in the jurisdiction. Each game has different rules and regulations:

- **Bingo** was the first charitable gaming activity to be legalized in the state of Nebraska.⁴ Organizations with annual gross proceeds of less than \$100,000 must obtain a Class I license, those with gross proceeds of \$100,000 or more, a Class II license. The Nebraska Bingo Act, as amended, allows maximum prizes of \$1,000 per game and \$4,000 in a single day and restricts bingo occasions to twice per week in a single location. At least 50% of gross receipts must be awarded in prizes on a quarterly basis. Participants must be 18 years old. According to the *Charitable Gaming Division Annual Report 2003*, as of June 30, 2003, there were 168 organizations (131 Class I and 37 Class II) in the state licensed to conduct bingo.
- **Lotteries and Raffles** are divided into two categories. Small lotteries and raffles have ticket sales of less than \$1,000 and \$5,000, respectively, and are not subject to state licensure and reporting requirements. Lotteries and raffles exceeding these thresholds must obtain licenses from the Charitable Gaming Commission, file reports and pay a lottery/raffle tax to the state. As of June 30, 2003, there were 296 organizations licensed to conduct lotteries and raffles in the state of Nebraska.
- **Pickle Cards** are sold under two types of licenses. Class I licensees are organizations that market pickle cards at their own premises (i.e., VFWs, BPOE, etc.). Class II licensees market pickle card through licensed sales agents to licensed pickle card operators (primarily businesses such as liquor establishments) for sale on their premises. Pickle cards can cost no more than \$1 and have a maximum prize payout of \$1,000. Prizes must be at least 65%, but not more than 80% of gross proceeds. Participants must be 19 years of age. As of June 30, 2003, there were 563 organizations

² In 1968, a constitutional amendment authorized "lotteries, raffles, and gift enterprises which are intended solely as business promotions or the proceeds of which are to be used solely as business promotions or the proceeds of which are to be used solely for charitable or community betterment purposes".

³ The sale of lottery tickets for these organizations pertain mainly to cash prize drawings, while the sale of raffle tickets applies primarily to merchandise prize drawings.

⁴ The Nebraska Bingo Act was passed in 1959.

(194 Class I and 369 Class II) licensed to conduct a lottery by the sale of pickle cards in the State of Nebraska.

- *City/County Lotteries* have been legal since the late 1960s, however, did not become really popular until amendments in 1989 specifically allowed cities and counties to operate Keno. State law guiding these games provide that the gross proceeds of any lottery conducted by a city or county, except for prizes, taxes, and expenses, shall be used solely for community betterment purposes.⁵ State law also stipulates that at least 65% of gross proceeds must be paid out in prizes and that expenses, not including licensure, audit and legal fees, cannot exceed 14% of gross proceeds. Two percent is due in state taxes. Participants must be 19 years of age and the maximum wager per ticket cannot exceed \$100 (i.e., theoretically, there is no limit on wagering because there is no limit on the number of tickets that can be played per game). As of June 30, 2003, there were 138 counties, cities, or villages licensed to conduct a lottery in the state of Nebraska.

The *Charitable Gaming Division Annual Report 2003* indicates that, last year alone, Nebraskans wagered almost \$264 million on games of chance that fall under the charitable gaming category. The following table presents the total proceeds, prizes, expenses, and profit (net proceeds) for charitable gaming activity within the state in 2003 as reported to the Charitable Gaming Commission.⁶

	Gross Receipts/ Proceeds	Prizes	Operator Commissions	Expenses	Taxes	Profit
Bingo	\$16,558,843	\$12,010,129		\$3,260,436	\$496,765	\$791,513
Lottery by Pickle Card	\$62,559,488	\$47,285,796	\$3,337,218	\$3,320,405	\$1,527,029	\$7,089,040
Lotteries/Raffles	\$5,168,480	\$1,673,615		\$612,544	\$103,379	\$2,778,942
County/City Lotteries	\$179,518,444	\$135,904,277	\$22,936,012	\$1,476,186	\$3,590,369	\$15,611,600
Total Charitable Gaming	\$263,805,255	\$196,873,817	\$26,273,230	\$8,669,571	\$5,717,542	\$26,271,095
% of Total Wagered	100.0%	74.6%	10.0%	3.3%	2.2%	10.0%
% of Total Keno	100.0%	75.7%	12.8%	0.8%	2.0%	8.7%
% of Total Pickle Cards	100.0%	75.6%	5.3%	5.3%	2.4%	11.3%

Source: Nebraska Gaming Division 2003 Annual Report.

⁵ The law defines "community betterment" purposes to mean (1) benefiting persons by enhancing their opportunity for education advancement, by relieving or protecting them from disease, suffering, or distress, by contribution to their physical well-being, by assisting them in establishing themselves in life as worthy and useful citizens, by providing them with opportunities to contribute to the betterment of the community, or by increasing their comprehension of and devotion to the principals upon which this nation was founded, (b) initiating, performing, or fostering worthy public works or enabling or furthering the erection or maintenance of public structures, (c) lessening the burdens borne by government or voluntarily supporting, augmenting, or supplementing services which government would normally render to the people, or (c) providing tax relief to the community. Neb. Rev. Stat. § 9-629.01 also authorizes the City to use a portion of the gross proceeds for the acquisition, purchase, and maintenance of a professional baseball organization.

⁶ Only lotteries with ticket sales exceeding \$1,000 and raffles with gross proceeds exceeding \$5,000 are reported. Nonprofit organizations conducting lotteries or raffles with gross proceeds equal to or below these thresholds are not required to file reports with the State or pay any lottery/raffle tax. According to the Charitable Gaming Commission, a significant number of lotteries and raffles conducted in Nebraska fall within the non-reportable category.

As shown in the preceding table, of the nearly \$264 million wagered, nearly 75% was returned in prizes, more than 15%--including over \$26 million for operator commissions, \$8.6 million in expenses, and \$5.7 million in state taxes--was spent on "overhead", and 10% came back in profit to the sponsoring organizations and entities. This profit totaled over \$26 million in 2003. Nearly 60% of the total profit was made by governmental entities from Keno operations (city/county lotteries). However, as shown in the table below, profit on Keno operations (i.e., proceeds that can be used for community betterment purposes) totaled only 8.7% of the total Keno dollars wagered in 2003. For non-profit organizations, lotteries by pickle card have the highest gross proceeds, totaling more than \$62.5 million in 2003. Despite the considerable amount of dollars wagered, the Charitable Gaming Commission reports that in 2003, wagering on bingo had declined for the tenth consecutive year and had its lowest wagering total in 16 years. The Commission's report also indicates that like bingo, pickle card sales are also on the decline. Total pickle card sales in Nebraska have fallen for the last nine reporting periods, and as noted in the report, sales in the 2003 fiscal year "marked the fifth consecutive year that pickle card sales failed to reach \$100,000,000". The report indicates that overall, pickle card sales are down almost 65% from their peak in 1994 when sales were over \$177,000,000. City/County Keno operations are on the rebound, however, the Charitable Gaming Commission's report states that "despite this year's repeated positive news, overall county/city lottery wagering is still down 13.97% from its peak wagering of \$208,670,987 during the 1995 reporting period."

Department of Revenue Charitable Gaming Division staff attribute the decline of charitable gaming to the 1995 opening of Bluffs Run and the 1996 opening of two riverboat casinos in Council Bluffs, Iowa. Nonprofit organizations, however, attribute much of the decline in pickle card sales, to Keno.

The Nebraska State Lottery

In November 1992, Nebraska voters approved a constitutional amendment authorizing the creation of a state lottery. The State Lottery Act was passed by the Nebraska Legislature and signed by the governor in February 1993. When the Nebraska Lottery began sales in 1993, it was 37th lottery in the United States. The Nebraska Lottery sells \$1, \$2, \$3 and \$5 Scratch tickets, and offers Lotto games such as Powerball, 2by2 and Nebraska Pick 5. Scratch ticket sales began in September of 1993, and Lotto ticket sales began on July of 1994.⁷

The State Lottery Act stipulated that at least 40% of the proceeds from the sale of lottery tickets be awarded in prizes and that 25% of the proceeds be dedicated to beneficiary funds.⁸ The first \$500,000 of this 25% "piece of the pie" is placed in a gamblers assistance fund and the remainder is split 49.5% to Education, 49.5% to the Environmental Trust Fund, and 1% to the Compulsive Gamblers Assistance Fund. Early on (until July 1, 1997), part of the proceeds to the Environmental Trust Fund were earmarked for the Solid Waste Landfill Closure Assistance Fund.

In July of 2003, funds were distributed among the Education Innovation Fund (24.75%), Nebraska Scholarship Fund (24.75%), Nebraska Environmental Trust Fund (49.5%) and the Compulsive Gamblers Assistance Fund (1 percent, plus the first \$500,000 in fund proceeds each fiscal year). Since its inception

⁷ Information from Nebraska Lottery website.

⁸ The overall average for dollars returned as prizes is 54%, with another 5% going to retailer commissions, 10% to contractors, and the remaining 6% for advertising, promotion, and operations.

(through December, 2003), the Nebraska Lottery has distributed over \$194 million to beneficiary funds. The Lottery has had almost \$726 million in sales since 1993 (through 2003).

From 1993 through 2001, between \$15 and \$20 million was provided each year to the Nebraska Environmental Trust and the Excellence in Education Council for use in funding projects through competitive grant processes. During a special session in late 2001, the Legislature reallocated proceeds for the Education Innovation Fund in 2001/02 and 2002/03 to distance education network completion grants (\$1.5 million), operating expenses of the Excellence in Education Council, and the State General Fund (approximately \$6.5 million each year). During another special session in August 2002, Lottery revenue earmarked to the Education Innovation Fund, minus the amount needed to operate the Excellence in Education Council, was diverted to the State General Fund for FY2003/04 and 2004/04. Also in this session, some (about \$2.8 million) of the lottery proceeds to the Nebraska Environmental Trust Fund were redirected to the Interstate Water Rights Cash Fund and the Low-Level Radioactive Waste Cash Fund.

During the 2003 regular session, in order to allow for increased prize payouts and sales of lottery tickets, the 25% allocation for beneficiary funds was changed to a set amount based upon the proceeds received in fiscal year 2002/03. This set amount will remain in effect until January 1, 2008, when the minimum level of funding will revert to 25 percent. Under this change, the Environmental Trust is guaranteed at least \$9.7 million annually.

Horse Racing (Pari-mutuel Betting)

Wagering on horse racing was the first legal form of gambling in the State, with authorizing legislation passed in 1935. Live racing takes place in Nebraska from early February through the end of September each year, with the horses moving between 6 different tracks for different parts of the racing season. In 2003, \$112,278,552 was wagered at horse racing facilities across the state. According to Dennis Oelschlager, Director of the State Racing Commission, most of this wagering (about 85%) is on races that are simulcast to Nebraska tracks from out-of-state tracks. Wagering on simulcast races can be done year-round at Nebraska tracks.

Betting on horse races reached a peak in Nebraska in 1985 when total dollars wagered were \$213 million. Mr. Oelschlager indicates that the industry took "a huge hit" in 1987 when the dog track opened in Council Bluffs and another in 1995 with the closing of Aksarben in Omaha and the opening of a casino in Council Bluffs a year later. In 1995, wagering was \$116 million at Nebraska tracks, but by 1997 only \$88 million was wagered. The industry has rebounded somewhat, with about \$112 million wagered each year since 1999. Much of this recovery is attributed to the opening of Horseman's Park in Omaha, a facility that primarily offers simulcast races. The minimum age to bet on horse races at Nebraska tracks is 19 years.

Other Gambling Opportunities

The gambling activities made legal by state law are by no means the only ones available to persons living in Nebraska. The state (and county) probably has plenty of residents that vacation in Las Vegas. The gambling "opportunities" briefly discussed in the following, however, don't require a plane ticket.

Casinos in Council Bluffs

As recently as 1988, the only casinos in the country were located in Nevada and New Jersey. In the late 80s and early 90s, however, numerous states jumped on the gambling bandwagon, many prompted to do so by gambling initiatives in neighboring states. Iowa was one of the earliest states to authorize casino gambling. In 1989, Iowa enacted a law allowing for casino wagering on riverboats in counties where voters approve riverboat gaming referendums. By 1991 four riverboat casinos were in operation in the state.⁹ In 1994, the state passed legislation to allow for unlimited wagering and eliminate loss limits (also pending local referendum approval). This law also raised the legal age to gamble from 18 to 21.

In 1994, the voters in Pottawattamie County, Iowa, not much more than an hour from Lincoln, approved a gambling referendum. In March of 1995, Bluffs Run Track and Casino (slots only) opened followed by two casinos (Ameristar and Harvey's) in January of 1996. Combined these facilities have 4,200 slot machines and 69 game tables (Ameristar and Harrah's, formerly Harvey's, only).

A report to the Iowa Racing and Gaming Commission¹⁰ indicated that in FY2003, the gambling facilities in Council Bluffs had revenues totaling over \$381 million--about \$344.5 million from slot machines and about \$36.6 million from casino tables. It was estimated that \$62.7 million of the revenues came from Iowans and \$318.5 million came from visitors. Harrah's, with a casino in Council Bluffs, has identified Nebraska as a state with a casino gambling participation rate higher than the national average.

Internet Gambling

There are an estimated 1,800 websites that offer gambling, with opportunities that range from lotteries to sports betting to casino games. Websites generally have the same simple steps to begin: (1) Download the free software; (2) Register and make an initial deposit via credit card or bank account; (3) Begin Gambling!

Operation of a gambling website is illegal in the United States, but 74 other countries provide the base for these businesses. There's even a website (www.gamblinglicenses.com) to assist businesses in getting started. It is estimated that in 2002, over \$1 billion was lost offshore by U.S. bettors on sports betting alone.

Researchers conclude that internet gamblers may be more likely to have a serious gambling problem than other gamblers, because it attracts people who are trying to hide their gambling addiction. With the explosive growth of internet gambling sites, local gambling addiction counselors report hearing from more people, especially those in their late teens and early twenties, who have gotten in serious trouble by gambling on the internet.

⁹ In 1983, the State of Iowa legalized wagering on horse and dog racing in the state.

¹⁰ "Analysis of Current Markets for Casino Gaming in Iowa, with Projections for the Revenues and Impacts of Potential New Facilities." Cummings Associates. October 7, 2003.

Sports Betting

Illegal bookmaking, like internet sports betting, is also big business and is said to make the “lion’s share” of profit from betting on sports. It is estimated that in 2002, illegal bookmakers in the U.S. made \$1.8 billion taking bets on sports. In Nevada, the only state in the U.S. where this activity is legal, sports books revenues (profit) totaled only \$110 million in 2002, about \$40 million on college teams.¹¹

While it is impossible to determine how much is made by illegal bookmakers in Lincoln or Nebraska, they do operate here. Dan R., a member of Gamblers Anonymous, says that it is relatively easy to locate a bookie in Lincoln. A *Sports Illustrated* investigation of collegiate sports gambling in the mid 1990s found it was “nearly impossible to visit a campus in search of organized gambling and not find either sophisticated on- or off-campus bookmaking operations with a large student clientele”. The investigation profiled a student bookkeeper at the University of Florida at Gainesville who had made \$42,000 in four years at the university.

As described by the Oregon Daily Emerald (campus newspaper for the University of Oregon)¹²: “Bookkeeping can be a nearly foolproof way to make money, and most bookies have two factors in their favor which virtually guarantee that they will make money. First, if a bookie subscribes to an oddsmaking service (as most do), they receive updated information from professional handicappers with years of experience and the resources to analyze even the most minute details of a game. The second factor which makes bookkeeping a profitable endeavor is the ‘vigorish,’ or ten- percent commission a bookie charges on losing bets. Even if a bettor manages to win 50 percent of his or her bets with a bookie, the bookie will still come out ahead because of the 10 percent extra from losing bets.”

Sports Illustrated found that the majority of college bettors are relatively inexperienced and often bet on teams they root for without much regard for the point spread. The magazine, in trying to pin down a profile for a college sports bettor, found no typical bettor but observed that they do have the following three things in common: a strong interest in sports, which often comes from an athletic past cut short in college by a lack of talent; a community in which to share betting stories, such as fraternity houses, and resourcefulness.

The Christian Science Monitor reports that some experts say students across the nation are spending their college years developing an addiction to gambling. In extreme cases, grades suffer, friendships become strained, rent and tuition checks are secretly gambled away, and even suicide results.

¹¹ “Betting on College Sports: Nevada vs. The Others”. Jason Pawlina, Editor, Insight, Christiansen Capital Advisors, LLC. May 29, 2003.

¹² “Sports Gambling Rings rampant on College Campuses”. Oregon Daily Emerald. Marty Toohey. March 2001.

Gambling in Lancaster County

It is estimated that at least \$73 million was wagered on legal gambling activities in Lancaster County in 2003. Most of this money was spent on “charitable gaming”, including an estimated \$12.3 million in the purchase of tickets from the Nebraska State Lottery.

Charitable Gaming

According to the Nebraska Charitable Gaming Commission, in 2003 Lancaster County had:

- Twelve (12) organizations that operate bingo (about 7% of the statewide total);
- Twenty-nine (29) lottery and raffle licensees (about 10% of the state total); and,
- Fifty (50) organizations with licenses to operate lotteries by the sale of pickle cards (about 9% of the state total).

It is estimated that Lancaster County’s share of the revenues generated by these gambling activities statewide in 2003, was \$7.9 million. The County also had:

- Seven (7) governmental entities with licenses to conduct city/county lotteries (Keno). These entities include: Lancaster County (joint lottery with the city of Lincoln), the cities of Lincoln and Waverly, and the villages of Denton, Raymond, Roca, and Sprague. The table below shows gross Keno proceeds for all operations in Lancaster County from 1993 through 2003.

Table 2. Lancaster County KENO Activity (Gross Proceeds). 1993 through 2003.

	Lincoln and Lancaster County ¹	Denton	Raymond	Roca ²	Sprague	Waverly	TOTAL in County
1993	\$5,644,948	\$6,594,297	\$700,282	\$91,614		\$6,502,905	\$19,534,046
1994	\$13,029,708	\$5,658,749	\$924,463	\$34,967		\$5,972,011	\$25,619,898
1995	\$14,473,876	\$5,909,860	\$984,433	\$36,827		\$6,450,634	\$27,855,630
1996	\$16,755,171	\$5,568,783	\$782,986	\$23,129	\$198,917	\$5,328,229	\$28,657,215
1997	\$17,387,239	\$4,847,296	\$477,206	\$26,264	\$256,886	\$4,246,086	\$27,240,977
1998	\$18,101,621	\$4,564,086	\$382,970	\$24,493		\$5,038,959	\$28,112,129
1999	\$20,052,944	\$4,281,097	\$298,533	\$26,407	\$221,126	\$4,559,195	\$29,439,302
2000	\$20,087,180	\$4,736,122	\$230,390	\$16,933	\$176,818	\$4,476,109	\$29,723,552
2001	\$21,503,799	\$4,732,170	\$146,182	\$13,024	\$147,227	\$4,583,079	\$31,125,481
2002	\$22,285,285	\$4,732,140	\$162,773	\$6,026	\$175,481	\$5,457,452	\$32,819,157
2003	\$22,594,799	\$4,995,981	\$163,644	\$167	\$203,896	\$4,386,941	\$32,345,428
TOTAL	\$191,916,570	\$56,620,581	\$5,253,862	\$299,851	\$1,380,351	\$57,001,600	\$312,472,815

¹ Lincoln/Lancaster County began Keno operations in the second quarter of 1993.

² In 2003, Roca’s Keno operation was licensed but inactive.

Source: Steve Schatz, Charitable Gaming Division. Nebraska Department of Revenue.

As indicated by Table 2, total wagering on Keno in Lancaster County was more than \$32.3 million in 2003—a figure that equates to more than \$125 for every person in the county. Overall, gross proceeds from Keno operations in Lancaster County have, except for a decrease in 1997, increased steadily from 1993 through 2002, and then fell slightly (1.4%) in 2003. The decrease in 1997 was due to declines in

the keno operations at Denton, Raymond and Waverly, while the decline in 2003, was because of a considerable decrease (-\$1,070,511 or 19.6% less than the previous year) in the gross proceeds of Waverly Keno alone.

Generally, Keno operations in the smaller towns in the County have been up and down with a trend toward gradual decline, while Lincoln/Lancaster County Keno has grown each year. The Lincoln/Lancaster County Keno operation has 31 remote locations and one Keno parlor and is run by Big Red Keno. It is important to keep in mind, however, that the Waverly and Denton Keno operations have considerable sales considering they each operate at only one location and have significantly lower populations than Lincoln. (The 2000 Census indicates that population of Denton is 167 and Waverly has 2,452 people.) The Waverly Keno manager reports that most (about 90%) of their players are from Lincoln and play at Waverly because the payout is higher—80 to 83% compared to about 73% overall for Lincoln.

Pari-mutuel Betting (State Fair Park)

According to the State Racing Commission, wagering at State Fair Park in Lincoln totaled \$20,573,829 in 2003—more than 18% of the total dollars wagered on horse racing in the state for this year. Live horse races are run at State Fair Park from mid-May through mid-July of each year, however, as noted earlier, more dollars are wagered on races simulcast from out-of-state tracks than on live racing. Betting on simulcast races can be done year round at State Fair Park. Because there are only six tracks in the state where live racing or simulcast racing takes place, it can be assumed that persons outside of Lancaster County also patronize State Fair Park.

Gambling Revenues and Distributions

Through an interlocal agreement, the city of Lincoln and Lancaster County share the net proceeds of the Keno operations in the city of Lincoln, with 70% going to the city and 30% going to county. Under Resolution No. A-75378 approved by the Lincoln City Council in May of 1993, the city of Lincoln appropriates 30% of its net proceeds to libraries, 65% to parks and recreational facilities, and 5% to a fund to human services (Keno Prevention Fund), provided Lancaster County contributes 5% of their proceeds to the same fund. Lancaster County utilizes its Keno proceeds for special projects, with no set area of emphasis. For instance, the County has used its Keno proceeds for projects as diverse as the renovation of the Lancaster Manor (St. Francis) Chapel and to fund their portion of the East Beltway Study. Since January, 1995, \$747,628 has been distributed to human service agencies from the Keno Prevention Fund.

The following table presents the city's and county's net proceeds for the fiscal years 1992/93 through 2002/03. As shown, the City of Lincoln and Lancaster County have received over \$20 million in proceeds from Keno in just over ten years. This totals about 11.3% of the gross proceeds during this time. It should be noted that because "Per Capita Proceeds" is calculated on the basis of Lincoln Keno alone, it is lower than if all the County's Keno operations were included.

Table 3. Keno Proceeds. Lincoln/Lancaster County, NE. FY92/93 through FY02/03.

	Proceeds for Lincoln	Proceeds for Lancaster County	Total Proceeds	Per Capita Proceeds
1993*	\$109,103	\$46,758	\$155,861	\$0.69
1994	\$709,402	\$304,030	\$1,013,432	\$4.41
1995	\$1,027,194	\$440,230	\$1,467,424	\$6.26
1996	\$1,291,967	\$553,776	\$1,845,743	\$7.77
1997	\$1,387,968	\$594,844	\$1,982,812	\$8.22
1998	\$1,412,796	\$607,346	\$2,020,142	\$8.26
1999	\$1,558,316	\$668,902	\$2,227,218	\$9.00
2000	\$1,556,320	\$667,427	\$2,223,747	\$8.88
2001	\$1,674,721	\$717,776	\$2,392,497	\$9.43
2002	\$1,773,291	\$759,982	\$2,533,273	\$9.84
2003	\$1,752,490	\$751,346	\$2,503,836	\$9.72
TOTAL	\$14,253,568	\$6,112,417	\$20,365,985	

* In 1993, Keno was started in the last quarter (4/1/93 – 6/30/93) of the fiscal year, with \$1.475 million in gross proceeds.

Source: Mark Leikam, Keno Auditor, City of Lincoln Budget Office.

Information on the Keno proceeds of towns and villages outside of Lincoln was not collected for this study, however, it can be assumed that they are considerable. Just eight percent in net proceeds would total over \$9.6 million since 1993 for community betterment in these towns.

State Lottery Sales and Distributions in Lancaster County

The Nebraska Lottery does not keep information on State Lottery sales by county, so the amount of lottery tickets purchased by Lancaster County residents is unknown. The adult population of Lancaster County is about 15% of the State's adult population, and this would calculate to about \$12.3 million of the nearly \$81 million in lottery sales for FY02/03.

Communities, organizations, and projects in Lancaster County have also been the recipients of funding available from beneficiary funds of the Nebraska State Lottery. Through 2003, almost \$15 million in funding from the Education Innovation Fund, the Nebraska Environmental Trust Fund, and the Solid Waste Landfill Closure Assistance Fund has gone to projects and programs benefiting the residents of the county. As shown in the table below, schools have reaped the greatest amount of funding, despite having no funds available in 2002 and 2003. It is anticipated that environmental projects will become the overall lead beneficiary in Lancaster County after this year (2004).

	Education Innovation Fund	Nebraska Environmental Trust Fund	Solid Waste Landfill Closure Assistance Fund¹	TOTAL
1994	\$569,708	\$457,269	\$509,541	\$1,536,518
1995	\$361,262	\$676,530		\$1,037,792
1996	\$2,263,001	\$577,900	\$404,104	\$3,245,005
1997	\$536,075	\$82,450	\$157,546	\$776,071
1998	\$1,129,517	\$191,700		\$1,321,217
1999	\$613,836	\$929,675		\$1,543,511
2000	\$976,493 ²	\$627,400		\$1,603,893
2001	\$597,511 ³	\$684,185		\$1,281,696
2002		\$1,294,250		\$1,294,250
2003		\$1,250,000		\$1,250,000
TOTAL	\$7,047,403	\$6,771,359	\$1,071,191	\$14,889,953

¹ The Solid Waste Landfill Closure Fund was discontinued on July 1, 1997.

² Includes \$295,401 to the Rural Lancaster and Saunders Counties Consortium project to establish two School-to-Career Centers serving 9 high schools.

³ Includes \$299,891 to ESU 6 Health & Wellness Consortium for middle-school wellness programs in Fillmore, Lancaster, Saline, Seward, and York Counties.

Source: Nebraska State Lottery, Environmental Trust Fund.

The Problems with Gambling

The argument over expanding legalized gambling is generally that of whether or not the economic benefits of more gambling are greater than the economic and social costs created by more gambling. As the National Gambling Impact Study Commission found after three years of analysis, there are no easy answers. In this section, the impacts of expanded gambling are briefly discussed and the characteristics of problem and pathological gamblers are presented.

The Economic Impact of Expanded Gambling

While there can be economic benefits to expanded gambling (i.e., increased employment, increased property tax revenues, and increased state tax revenues in the case of casinos), whether or not there is a net economic gain depends on where a community stands in the gambling market. Gambling can cause harm to a local economy when there is a shift in spending from local businesses to gambling activities. As pointed out by Eadington (1998), if most of a region's gaming revenues come from tourists, then positive economic spin-offs stimulate local and regional economies and gambling acts as a regional export. If, however, the bulk of gambling revenues for newly permitted gambling are generated by local residents, then spending on gambling reflects a reallocation of spending within the local or regional economy. This is particularly true for what he calls "urban casinos" (vs. destination casinos, like those in Las Vegas). This shift, while not restricted to gambling activities, is often referred to as the cannibalization effect (Gazel, 1998).

Eadington states that many jurisdictions have introduced casinos with the hope of capturing economic benefits in a manner similar to Las Vegas or Atlantic City, and that this works when they attract a high proportion of their customers from outside the region (or state) where they operate. He adds, however, that urban casinos generally serve people within a 100-mile radius and that the gamblers who visit them are far more single-minded in the purpose of their visit than customers to resort casinos. Their primary motivation is to gamble and they spend little money on local non-casino businesses. Urban casinos also can cannibalize other gambling revenues, as gamblers divert their dollars from "charitable" forms of gambling.

It has also been noted that the greatest benefits from casinos come in economically depressed areas—communities that have suffered chronic unemployment and underemployment. A study by the National Opinion Research Center found little change in per capita income after the arrival of casinos because gains were offset by losses. Additionally, it is reported that towns close to communities with casinos gain no benefits, and usually experience negative economic consequences. National research tells us that for every dollar gambling contributes in taxes, taxpayers will spend at least three dollars (and possibly as high as \$7) on everything from fixing the streets around casinos to increasing police patrols, to adjudicating crimes perpetrated by problem gamblers, and treating pathological gamblers.

The widespread placement of gaming devices (i.e., video slots) in non-casino locations can create its own negative spin-offs. Unlike casinos, this gambling strategy creates few jobs and can actually undermine any of the economic benefits that could accrue from a casino. By making "casino-style" gambling closer to home, fewer visitors need to make the trip to the local casino. Video slots or poker devices have also been called the "crack cocaine" of gambling and widespread placement of these devices have been found to lead to greater negative social impacts caused by excessive gambling.

The Social Impact of Expanded Gambling

In addition to the negative economic consequences that can result from poorly thought out strategies to expand gambling, expanded gambling also creates significant social problems. These problems--which have both an economic and an emotional cost—are attributable to problem and pathological gambling. As noted by the National Gambling Impact Study Commission: "Today, millions of families throughout the nation suffers from the effects of problem and pathological gambling. As with other addictive disorders, those who suffer from problem or pathological gambling engage in behavior that is destructive to themselves, their families, their work, and even their communities. This includes criminal behavior, financial ruin and bankruptcy, depression, abuse, divorce, homelessness, and suicide, in addition to other problems. The impact of these problems on the future of our communities and the next generation is indeterminable."

Gambling proponents argue that gambling is just another form of entertainment, practiced responsibly the majority of those who gamble. While this may be true, it is also true that access to expanded gambling increases the percentage of problem and pathological gamblers in an area. In other words, more gambling creates more problem gamblers. When Iowa added riverboat casinos, problem gamblers tripled in number. This was good for the casinos-- problem gamblers, although not a majority of the population, gamble more dollars away at casinos than non-problem gamblers.

Problem and pathological gambling isn't just a personal problem. It's one that can have enormous social costs. These costs include those with real dollars attached, such as lost wages and productivity, unemployment benefits, creditor losses, civil court cases (including bankruptcies and divorce) and criminal court cases, lost retirement or college savings, psychotherapy and welfare. They also include more intangible costs, like those resulting from the personal devastation often experienced by the families, friends, and even acquaintances, of problem gamblers. The National Research Council, which performed a comprehensive review of existing gambling research for the National Commission, concluded that many families of pathological gamblers suffer from a variety of financial, physical, and emotional problems, including divorce, domestic violence, child abuse and neglect, and a range of problems stemming from the severe financial hardship that commonly results from problem and pathological gambling. Children of compulsive gamblers are also more likely to engage in delinquent behaviors such as smoking, drinking, and using drugs, and have an increased risk of developing problem or pathological gambling themselves.

The estimated total dollar cost that each addicted gambler inflicts on their community varies has been the subject of much research, with no clear-cut answers. The National Opinion Research Center (NORC), in its comprehensive study for the National Gambling Impact Study Commission, estimated annual costs of \$1,200 for each pathological gambler and \$715 for each problem gambler.¹³ A 1996 Wisconsin study calculated the costs to be as high as \$10,000 per year for one serious problem gambler. A 1995 study by Robert Goodman presented at a Congressional hearing on the "National Impact of Casino Gambling Proliferation" estimated that each problem gambler costs government and the private economy an estimated \$13,200 to \$52,000 a year.

¹³ This study factored in only the cost of job loss, unemployment benefits, welfare benefits, poor physical and mental health, and gambling treatment.

Pathological and Problem Gamblers

The American Psychiatric Association (APA) classifies pathological gambling as an impulse control disorder and describes 10 criteria for diagnoses (see table below). These criteria are contained in APA’s Diagnostic and Statistical Manual of Mental Disorders, Fourth Edition (DSM-IV). Under this classification system, to be diagnosed as a pathological gambler, a person must meet five or more of these criteria. Persons classified as “problem gamblers” generally have two to four of these characteristics.

DSM-IV Criteria for Pathological Gambling	
Preoccupation	Is preoccupied with gambling (e.g. preoccupied with reliving past gambling experiences, handicapping or planning the next venture, or thinking of ways to get money with which to gamble)
Tolerance	Needs to gamble with increasing amounts of money in order to achieve the desired excitement
Withdrawal	Is restless or irritable when attempting to cut down or stop gambling
Escape	Gambles as a way of escaping from problems or relieving dysphoric mood (e.g. feelings of helplessness, guilt, anxiety, or depression)
Chasing	After losing money gambling, often returns another day in order to get even (“chasing one’s losses”)
Lying	Lies to family members, therapists, or others to conceal the extent of involvement with gambling
Loss of Control	Has made repeated unsuccessful efforts to control, cut back, or stop gambling
Illegal acts	Has committed illegal acts (e.g. forgery, fraud, theft, or embezzlement) in order to finance gambling
Risked significant relationship	Has jeopardized or lost a significant relationship, job, or educational or career opportunity because of gambling
Bailout	Has relied on others to provide money to relieve a desperate financial situation caused by gambling
From: Gambling Impact and Behavior Study: Report to the National Gambling Impact Study Commission. NORC. April 1, 1999.	

The term “compulsive” gambler is also used to describe a pathological gambler, although it is not a term used by treatment professionals. Another way to categorize gamblers is as “Action” gamblers and “Escape” gamblers. The California Council on Problem Gambling describes “action” gamblers as usually being domineering, controlling, manipulative men with large egos who see themselves as friendly, sociable, gregarious, and generous. Their average IQ is over 120 and despite being energetic, assertive, persuasive and confident, they have low self-esteem. Action gamblers typically started gambling at an early age and primarily gamble at skill games such as poker or other card games, horse and dog racing, and sports betting.

Escape gamblers display stark differences from action gamblers. Generally, they start gambling later in life, frequently after 30 or as late as 80.¹⁴ Escape gamblers gamble at luck games—slot machines, video poker, bingo, lottery, and other machines. They become numb, almost in a hypnotic-like state while gambling, and often become compulsive almost immediately once predisposing factors emerge. Escape gamblers are usually in desperate need of empowerment and gamble to escape other problems.

Prevalence of Pathological and Problem Gambling

In 1996, Congress established the National Gambling Impact Study Commission to conduct a comprehensive legal and factual study of the social and economic impact of gambling in the United States. The Commission contracted with the National Opinion Research Center (NORC) at the University of Chicago to carry out a national survey of gambling behavior in the U.S., and with the National Research Council (NRC) to conduct a thorough review of literature on problem and pathological gambling. NORC’s 1998 survey for the Commission measured prevalence rates by classifying survey respondents using the DSM-IV criteria under the following measures:

Nongambler	Never gambled
Low-risk gambler	<input type="checkbox"/> Gambled, but never lost more than \$100 in a single day or year OR
	<input type="checkbox"/> Lost more than \$100 in a single day or year but reported no DSM-IV criteria
Lost more than \$100 in a single day or year AND reported:	
At-risk Gambler	One or two DSM-IV criteria
Problem gambler	Three or Four DSM-IV criteria
Pathological gambler	Five or more DSM-IV criteria

The survey had two components: a random digital dial (RDD) telephone survey and a survey of patrons of gaming facilities (“Vegas” style, riverboat, and tribal casinos, lottery outlets and pari-mutuel betting) in seven states. The survey, with questions designed to match respondents with the DSM-IV criteria, measured responses within two time frames: within the respondent’s life and if a “yes” was obtained on that question, within the past year. The following table presents the prevalence rates found by NORC’s surveys.

¹⁴ During the daytime, the casinos in Council Bluffs cater primarily to the elderly. A gambling counselor in Omaha reports that it is not uncommon for elderly people, often after the death of their spouse, to become addicted to gambling because it helps them escape the emotional pain. This often results in tragic consequences, such as the loss of all retirement savings.

Table 5. Prevalence of Gambling Types based on Lifetime and Past-Year

	RDD Survey		Patron Survey		Combined	
	Lifetime	Past Year	Lifetime	Past Year	Lifetime	Past Year
Non-gambler	14.4%	36.7%	0.6%	2.8%	14.4%	36.7%
Low-Risk	75.6%	60.4%	68.3%	72.6%	75.1%	59.1%
At Risk	7.9%	2.3%	17.9%	14.3%	7.7%	2.9%
Problem	1.3%	0.4%	5.3%	4.9%	1.5%	0.7%
Pathological	0.8%	0.1%	7.9%	5.3%	1.2%	0.6%

Source: Gambling Impact and Behavior Study. NORC. 1999.

The findings of this study indicate that 85.6% of the general population (RDD survey) has participated in some type of gambling during their life, and 63.3% has participated in the past year. About three-fourths of the population can be considered low-risk gamblers—according to NORC’s measures, people who have never lost more than \$100 in a single day or single year and report no DSM-IV criteria. More than ten percent (10.4%) of the population, however, has been at risk of becoming a problem or pathological gambler, or has been a problem or pathological gambler at some time in their life, and 4.2% of the population currently falls into these groups. The gambling patron survey respondents reported a much higher incidence of problems, with nearly one-third having been an at risk, problem, or pathological gambler at some point in their life, and almost one-fourth with a recent or current (within past year) problem.

Based on the combined results of the NORC survey, it is estimated that Lancaster County has 2,300 “lifetime” pathological gamblers, 2,900 “lifetime” problem gamblers, and 14,750 “lifetime” at-risk gamblers among the population aged 18 years and older. Of these, about 1,150 pathological gamblers, 1,340 problem gamblers, and 5,550 at-risk gamblers have a recent or current problem. Lincoln’s proximity to the casinos in Council Bluffs, however, may point to higher prevalence rates. NORC’s study found that the availability of a casino within 50 miles (versus 50 to 250 miles) led to about double the prevalence of problem and pathological gamblers. Lancaster County (i.e., Lincoln) is slightly over the 50-mile limit, but well under the 250-mile limit. The Commission’s Study was also careful to point out that prevalence figures most likely understate the severity of the problem. It was noted that concealing the extent of their gambling and misrepresenting information (e.g. exaggerating wins and underreporting losses) is a common characteristic of gamblers.

Demographics of Gamblers

Who gambles? Almost everyone. The NORC study found that the ratio of adults who have never gambled is about one in seven. The study also found that the gender of problem and pathological gamblers is the same as their distribution in the general population (50% men, 50% women). With respect to age, fewer people aged 18 to 44 years are gambling, and proportionately more people 45 and older are gambling, with the most dramatic increase among adults 65 and older. Although NORC found that men are more likely to be pathological, problem and at-risk gamblers than women, local gambling treatment programs report a significant rise in the number of women seeking help. One program has even started a “women only” therapy group. has changed significantly in twenty years.

Data from other cities across the nation adds more demographic information. A 1995 Wisconsin study found that half of casino gamblers had incomes below \$30,000. In Illinois, seven percent of the gamblers had incomes below \$10,000 and reported median gambling losses of \$1,900 annually. The poor and minorities are more prone to gambling problems. It is estimated that at least two-thirds of compulsive gamblers turn to crime to finance their addiction and the crime rate in gambling communities is nearly double the national average. Gamblers Anonymous reported 26 percent of their clients had lost jobs, 44 percent stole from work, 21 percent had filed bankruptcy, and 66 percent had seriously contemplated suicide as a result of their gambling.

Perhaps most shocking is information on adolescent gambling. A study by Harvard Medical School found that roughly six percent of American adolescents are already addicted to gambling. And teens are three times as likely as adults to become addicted to gambling once exposed. Some researchers call gambling the fastest-growing teenage addiction, with the rate of pathological gambling among high school and college-age youth about twice that of adults.

The NORC survey questionnaire gathered information on a broad range of characteristics of non-gamblers and gamblers. Table 6 shows some of the findings of the survey.

Status	Lifetime Gambling Behavior				
	Non-Gambler	Low Risk	At-Risk	Problem Gambler	Pathological Gambler
Divorced, ever	18.2%	29.8%	36.3%	39.5%	53.5%
Poor/Fair Health, past year	22.8%	14.0%	15.7%	16.3%	31.1%
Mentally troubled (currently, RDD only)	10.7%	15.9%	26.5%	42.3%	41.9%
Depressive Episode, ever (RDD only)	NA	NA	8.6%	16.9%	29.1%
Alcohol/Drug dependent, ever (RDD only)	1.1%	1.3%	5.6%	12.4%	9.9%
Arrested, ever	4.0%	10.0%	21.1%	36.3%	32.3%
Incarcerated, ever (RDD only)	0.4%	3.7%	7.8%	10.4%	21.4%
Filed Bankruptcy, ever	3.9%	5.5%	4.6%	10.3%	19.2%
Any Unemployment Benefits, 12 mo.	4.6%	4.0%	10.9%	10.9%	15.0%
Received Welfare Benefits, 12 mo.	1.9%	1.3%	2.7%	7.3%	4.6%

Source: Gambling Behavior and Impact Study. NORC. 1999.

Socioeconomic Indicators

The data collected for this study update and add to the information gathered in the 1997 and 1999 studies. As in the first two studies, these indicators cover the following categories: demographics (population and household change), economics (employment, income, employment, retail sales, bankruptcies, and payday lenders), crime (in particular "money crimes"), families and relationships, and health and welfare.

Persons and Households

During the nineties, Lancaster County was one of the fastest growing counties in Nebraska. The County added 36,550 persons to its population between 1990 and 2000. The table below provides the most recent annual population estimates for Lancaster County as generated by the US Census Bureau.¹⁵ Population estimates since 2000 indicate that the County's population grew by 1.4% and 1.5% in the first and second years following the 2000 Census, with an addition of more than 7,000 people in that time.

	Total Population	0 - 17 years		65+ years		
		# of Persons	% of Population	# of Persons	% of Population	
1990	213,641	51,048	23.9%	23,228	10.9%	<i>1990 Census</i>
1991	217,855	52,082	23.9%	23,683	10.9%	
1992	222,120	52,661	23.8%	23,983	10.8%	
1993	226,868	53,616	23.8%	24,365	10.8%	
1994	229,962	54,168	23.7%	24,625	10.7%	
1995	234,282	54,535	23.7%	24,927	10.7%	<i>Estimates</i>
1996	237,609	54,787	23.7%	25,204	10.6%	
1997	241,146	55,450	23.6%	25,471	10.6%	
1998	244,592	55,684	22.8%	25,698	10.5%	
1999	247,442	55,952	22.6%	25,881	10.5%	
2000	250,291	58,835	23.5%	26,116	10.4%	<i>2000 Census</i>
2001	253,742	59,646	23.5%	26,476	10.4%	
2002	257,513	60,533	23.5%	26,870	10.4%	<i>Estimates</i>
2003	<i>Not Available</i>					

Source: 1990 and 2000 Census. Population Estimates Program, U.S. Census Bureau, August 30, 2000 release date for years 1991-99, Spring, 2003 release date for 2001 and 2002.

The County's 17.2%¹⁶ growth during the nineties equates to a 1.6% annual rate of growth and is attributed to both natural increase (more births than deaths) and net in-migration (more people moving

¹⁵ "Estimates" are generated for past years using existing data (i.e., births, deaths, migration) from a variety of sources (this is in comparison to "projections" which are for future dates and assume future trends for fertility, mortality and other demographic processes). The Census Bureau issues population estimates as of July 1 for each year and with each year's release, the annual estimates are revised for years back to the last census. This means that previously released estimates become superseded.

¹⁶ This growth rate can be compared to 8.4% for the State of Nebraska and 12.8% in the U.S. during these ten years.

in than moving out of the County). Calculations by the Nebraska State Data Center indicate that between 1990 and 2000, the County’s population experienced a “natural change” of +16,752 persons (32,408 births and 15,656 deaths) and a net in-migration of +19,898 persons.¹⁷ In-migration is supported by Census information on residency. In 2000, 77.2% of the 233,685 Lancaster County residents aged 5 years or older had also lived in the County in 1995. This means that there were 53,323 “newcomers” to the County (aged 5+ years) between 1995 and 2000.

While population estimates for 2003 are not available from the Census Bureau at the time of this study, a 1.5% annual growth rate would place the County’s July 1, 2003 population at approximately 261,376 persons, and give it a current population approaching 265,000.

Changes in Age

Assessing changes in age groups is useful in identifying demographic trends. For instance, in the following table and figure, the County shows the typical pattern of the aging “baby boomers” (persons aged 26-to-44 years in 1990 and 36-to-54 years in 2000). As the baby boom bulge moves up another ten years in age, there is an overall “decline” in persons aged 30-to-34 years and a considerable growth in persons in the 45-to-54 year age group.

Table 8. Population Change by Age Group. Lancaster County. 1990 to 2000.

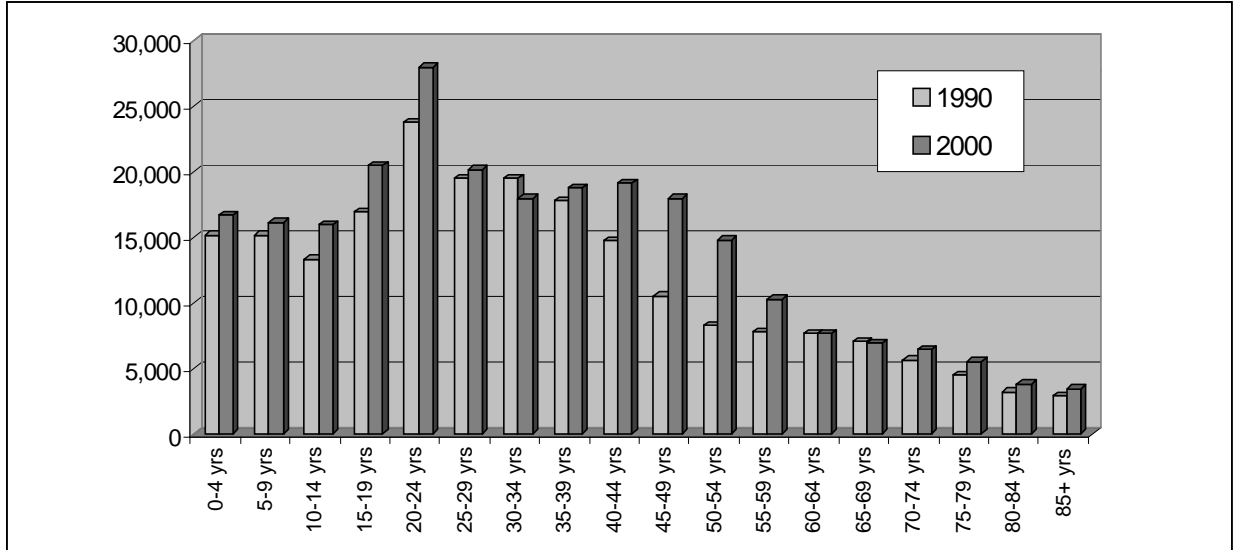
Age Group	1990		2000		Change 1990-2000	
	#	%	#	%	#	%
0-4 yrs	15,194	7.1%	16,680	6.7%	1,486	9.8%
5-9 yrs	15,165	7.1%	16,174	6.5%	1,009	6.7%
10-14 yrs	13,339	6.2%	15,944	6.4%	2,605	19.5%
15-19 yrs	16,930	7.9%	20,514	8.2%	3,584	21.2%
20-24 yrs	23,808	11.1%	28,055	11.2%	4,247	17.8%
25-29 yrs	19,521	9.1%	20,187	8.1%	666	3.4%
30-34 yrs	19,545	9.1%	18,014	7.2%	-1,531	-7.8%
35-39 yrs	17,850	8.4%	18,778	7.5%	928	5.2%
40-44 yrs	14,787	6.9%	19,141	7.6%	4,354	29.4%
45-49 yrs	10,553	4.9%	17,983	7.2%	7,430	70.4%
50-54 yrs	8,293	3.9%	14,797	5.9%	6,504	78.4%
55-59 yrs	7,803	3.7%	10,297	4.1%	2,494	32.0%
60-64 yrs	7,625	3.6%	7,647	3.1%	22	0.3%
65-69 yrs	7,040	3.3%	6,889	2.8%	-151	-2.1%
70-74 yrs	5,630	2.6%	6,441	2.6%	811	14.4%
75-79 yrs	4,479	2.1%	5,509	2.2%	1,030	23.0%
80-84 yrs	3,180	1.5%	3,801	1.5%	621	19.5%
85+ yrs	2,899	1.4%	3,440	1.4%	541	18.7%
	213,641	100.0%	250,291	100.0%	36,650	17.2%

Source: 1990 and 2000 Census.

¹⁷ Net Migration is computed as the difference between population change and natural change.

Another notable demographic trend experienced by the County includes the in-migration of college-aged persons to the area, followed by their out-migration upon graduation from college. The following figure shows growth by age groups from 1990 and 2000 and further illustrates population changes. Most obvious is the “peak” of population in the 20-to-24 year age group of college students, with what suggests increased enrollment from 1990 to 2000.

Change in Age Groups. Lancaster County. 1990 to 2000.



In 2000, 23.5% of Lancaster County’s population was 17 years of age or younger and 10.4% was 65 years or older (Table 9). While these two groups grew (by 15.3% and 12.4%, respectively) during the nineties, their growth was less than that of the population overall resulting in a decline in the percentage of these two groups within the population. It should be noted, however, that the rate of growth in elderly persons is minimized by the younger elderly. The number of persons aged 75+ years increased by 20.8% during the 1990s.

Table 9. Lancaster County, Young and Old. 1990 to 2000.

	1990		2000		Change 1990-2000	
	#	% of Total Population	#	% of Total Population	#	%
Total Persons	213,641	100.0%	250,291	100.0%	36,650	17.2%
Under 18 years	51,048	23.9%	58,835	23.5%	7,787	15.3%
65 years and over	23,228	10.9%	26,116	10.4%	2,888	12.4%

Source: 1990 and 2000 Census.

Households and Families

Another important indicator of change is household and family growth. Lancaster County had an increase of 16,495 households during the 1990s, a 19.9% growth rate that outpaces that of the population overall (17.2%). This follows National and Statewide trends and can be attributed to many factors: societal changes, such as divorce (where one household in 1990 becomes two by the year 2000) and the delaying of marriage (more people living alone), and elderly persons living independently for longer periods of time. Changes in families and households in Lancaster County are shown in the table below. As indicated, the faster rate of household growth resulted in a considerable decline in household size and an increase in the percentage of non-family households.

Table 10. Households and Families. Lancaster County. 1990 and 2000.

	1990		2000		Change 1990 to 2000	
	#	Families as a % of HH	#	Families as a % of HH	#	%
Households	82,759		99,254		16,495	19.9%
Families	52,985	64.0%	61,372	61.8%	8,387	15.8%
Average HH Size	2.44 Persons		2.40 Persons			
Average Family Size	3.03 Persons		3.00 Persons			
		% of Total Families		% of Total Families		
Families with own children < 18 years	26,767	50.5%	30,059	49.0%	3,292	12.3%
Married Couple Families	44,166	83.4%	48,393	78.9%	4,227	9.6%
with own children < 18 years	21,429	40.4%	22,351	36.4%	922	4.3%
Female Headed Families	7,071	13.3%	9,018	14.7%	1,947	27.5%
with own children < 18 years	4,418	8.3%	5,945	9.7%	1,527	34.6%
with children < 6 years	<i>Not Available</i>		1,551	2.5%		

Source: 1990 and 2000 Census.

Of the 16,495 households added to the County during the 1990s, about half were families and about 20% were families with children. Although the overall family growth rate of 15.8% was lower than that of the population growth rate, female headed families with children grew by 34.6%—more than double this rate—and increased by 1,527 families. These households, which are less than twenty percent (19.8%) of the county's total families with children, accounted for more than 46% of the increase in this group.

Employment and the Economy

Up-to-date Labor Force and Work Force information is generated monthly for each county by the Nebraska Department of Labor (DOL). This information is based on current local data from a combination of sources.¹⁸ Because the information provided by DOL describes both the Labor Force (workers residing in the county) and the Work Force (people working in the county), it offers a good overview of changes in the local economy and its population.

Lancaster County's Labor Force includes all workers and potential workers (age 16 years or older) living in the county, regardless of where they may work (in or out of the county). In other words, Labor Force figures are based on "place of residence". This number includes self-employed persons, but not persons in the Armed Forces, full-time homemakers, or retirees. The table below provides the annual average Labor Force in Lancaster County from 1990 to 2003. As shown, the number of people making up Lancaster County's Labor Force has increased by 34,274 (+27.9%) since 1990, while the number of employed residents increased by 25.9%. This difference is reflected in the increase in the unemployment rate from 2.1% in 1990 to 3.7% in 2003.

Table 11. Employment and Unemployment. Lancaster County, Nebraska. 1990 - 2003.

	Total Labor Force	Unemployment	Unemployment Rate	Employment
1990	122,631	2,628	2.1%	120,003
1991	125,893	3,418	2.7%	122,475
1992	127,435	3,632	2.9%	123,803
1993	130,193	3,011	2.3%	127,182
1994	132,768	3,189	2.4%	129,579
1995	136,374	3,073	2.3%	133,301
1996	140,868	3,596	2.6%	137,272
1997	141,152	3,158	2.2%	137,994
1998	142,910	3,203	2.2%	139,707
1999	142,514	3,411	2.4%	139,103
2000	147,197	3,806	2.6%	143,391
2001	150,846	4,209	2.8%	146,637
2002	153,021	5,007	3.3%	148,014
2003*	156,905	5,878	3.7%	151,027

* 2003 figure is an average of the eleven months from January through November.

Source: Nebraska Labor Market Information. Nebraska Department of Labor.

The preceding table also shows a 20% increase in Lancaster County's Labor Force between 1990 and 2000, a rate that is higher than the 17.2% increase in population during this time. This greater rate of growth mirrors the increase in the population aged 15-to-65 years (i.e., workers) during this time.

¹⁸ These sources include the Current Employment Statistics (CES), Local Area Unemployment Statistics (LAUS), Covered Employment and Wages (ES-202), now called Quarterly Census of Employment and Wages, and Occupational Employment Statistics (OES).

Work Force figures include all persons on establishment payrolls and all types of jobs (full-time, part-time, or temporary) generated and filled in the county. This means that the Work Force includes persons living outside the county. Importantly, self-employed persons, including farmers, are *not* included in the totals, and persons on the payroll at more than one establishment are double counted. The following two tables show Lancaster County’s Work Force by employment in different sectors of the economy from 1990 to 2003. Unfortunately, because of changes in the industry classification system from the Standard Industry Classification (SIC) to the North American Industry Classification System (NAICS), estimates prior to 2001 (Table 12.) are not comparable to current estimates (Table 13.).

	1990	2000	Change 1990-2000	
			#	%
Total Non-Farm Employment	121,698	154,298	32,600	26.8%
Manufacturing	14,841	19,197	4,356	29.4%
Durable Goods	6,833	9,843	3,010	44.1%
Nondurable Goods	8,009	8,354	345	4.3%
Non-Manufacturing	106,857	136,101	29,244	27.4%
Construction & Mining	4,593	7,509	2,916	63.5%
Trans., Comm. and Utilities	6,750	8,387	1,637	24.3%
Trade	26,296	32,263	5,967	22.7%
Retail	20,709	26,517	5,808	28.0%
Wholesale	5,588	5,746	158	2.8%
Finance Ins., & Real Estate	8,522	11,028	2,506	29.4%
Services	28,126	42,170	14,044	49.9%
Government	32,570	34,744	2,174	6.7%
Federal	2,675	2,861	186	7.0%
State	17,617	19,852	2,235	12.7%
Local	12,278	12,031	-247	-2.0%

Source: Nebraska Labor Market Information. Nebraska Department of Labor. <http://www.dol.state.ne.us/nwd/workserv>

As shown in the preceding table, the County added 32,600 jobs to its economy from 1990 to 2000, a 26.8% increase in ten years, with the major sectors of the economy (Manufacturing and Non-manufacturing) growing at equal rates. The fastest growing industries were Construction (+63.5%) and Services (+49.9%). Although the area’s Construction industry posted a greater rate of increase, the number of jobs in this area increased by 2, 914 during this time, compared to an increase of 14,044 in the Service industries. The area’s Retail Trade industry added 5,808 jobs during the 1990s, while manufacturing jobs increased by 4,356. New jobs in the Service industry accounted for 43% of the total increased in jobs, followed by Retail Trade with 17.8% of the increase, and Manufacturing with 13.4% of the increase.

The table below presents Lancaster County's Work Force by Sector and Industry for the years 2001, 2002, and 2003. As indicated previously, this table uses the new North American Industry Classification System (NAICS) to categorize jobs, and makes many comparisons with earlier data difficult. Some comparisons, however, can be made. As shown, Lancaster County experienced considerable job growth between 2000 and 2001 (+5,155 jobs), at the same time as it was losing many manufacturing jobs. In fact, the County has seen a steady decline manufacturing jobs since 2000, with 2003 levels nearly equal to those found in 1993.

	2001	2002	2003*	Change 2001-2003	
				#	%
Total Non-Farm Employment	159,453	158,922	158,966	-487	-0.3%
Total Goods-Producing	25,487	24,739	23,433	-2,054	-8.1%
Manufacturing	17,518	16,660	15,715	-1,803	-10.3%
Durable Goods	9,922	9,408	8,767	-1,155	-11.6%
Non-Durable Goods	7,596	7,252	6,948	-648	-8.5%
Nat Res, Mining & Construction	7,969	8,079	7,717	-252	-3.2%
Total Service-Providing	133,966	134,183	135,533	1,567	1.2%
Trade, Trans., Warehouse, Utilities	27,786	27,513	27,155	-631	-2.3%
Total Trade	21,066	20,881	20,537	-529	-2.5%
Wholesale Trade	4,648	4,553	4,509	-139	-3.0%
Retail Trade	16,418	16,328	16,028	-390	-2.4%
Trans, Warehousing, Utilities	6,720	6,632	6,618	-102	-1.5%
Information	3,580	3,380	3,600	20	0.6%
Financial Activities	10,301	10,642	11,127	826	8.0%
Professional & Business Services	17,256	16,624	16,699	-557	-3.2%
Education & Health Services	18,620	19,347	19,660	1,040	5.6%
Leisure & Hospitality	14,586	14,656	14,624	38	0.3%
Other Services	6,099	6,036	6,270	171	2.8%
Government (Public Admin.)	35,738	35,987	36,397	659	1.8%
Federal	2,922	2,766	2,793	-129	-4.4%
State	20,373	20,423	20,741	368	1.8%
Local	12,443	12,798	12,862	419	3.4%

* 2003 is based on the average monthly employment for the eleven months from January through November.

Source: Nebraska Labor Market Information. Nebraska Department of Labor.

The Workforce figures shown in Table 13 indicate that, since 2001, there has been a drop in the total number of jobs available in the County. The greatest decreases have occurred in the Manufacturing sector, however, some industries within the "Service-Providing" sector have also decreased employment. Most notable among these is Professional and Business Services (-557 jobs) and Retail Trade (-390 jobs).

As shown by the new classification system (Table 13), Lancaster County's economy is primarily "Service-Providing" rather than "Goods-Producing". In 2003, less than 15% of the jobs in the County's were classified as "Goods-Producing". Within the "Service-Providing" Sector, "Government" is by far the largest job provider with 22.9% of all jobs in the County (57% of these jobs are with State government). "Government" is followed by "Trade, Transportation, Warehousing, and Utilities" with 17.1% of the County's jobs (about 60% of these jobs are in the Retail Trade industry), "Education and Health Services" with 12.37%, "Professional and Business Services" with 10.5%, and "Leisure and Hospitality" with 9.2%.

Retail Sales

According to Econoday, a private investment and market research organization, retail sales are a major indicator of consumer spending trends because they account for nearly one-half of total consumer spending and approximately one-third of aggregate economic activity.¹⁹ Retail sales are measured in nominal dollars and exclude the effects of inflation (i.e., increasing prices can cause the retail sales data to be higher). The Census Bureau collects this information every five years, and only on a state level. The Nebraska Department of Revenue, however, compiles annual information on Net Taxable Sales and Motor Vehicle Net Taxable Sales for each county and many cities in the state.

It should be noted that in Nebraska, "Net Taxable Sales" are primarily retail sales, but also include the sales of certain other taxable services and products, such as cable television, tickets to movies and other entertainment events, and maintenance/service agreements and warranties when the items covered are subject to tax (i.e., car warranties, service agreements on computers, etc.). Importantly, food is not taxed in Nebraska.²⁰ Also important is that Net Taxable Sales figures can be inflated from year-to-year as the State legislature changes state tax law. For instance, on October 1, 2003, a new sales tax on labor for certain rehabilitation activities went into effect. It is assumed that this tax could substantially change the taxable sales in 2004 and beyond. The following table presents the County's net taxable sales from 1990 through 2003, with separate columns that adjust this data for inflation. Motor vehicle sales taxes are collected and reported by the county where a vehicle is licensed. This means that net motor vehicle taxable sales are not necessarily allocated to the county where the purchase was made.

As shown in Table 14, net taxable sales in Lancaster County for the fourteen years from 1990 through 2003 show steady growth, with annual per capita spending increasing from \$7,800 to \$13,220.²¹ Adjustments for inflation, however, show severely reduced buying power. Consumers in Lancaster County paid \$3.248 billion for merchandise that could have been purchased for \$2.366 billion in 1990.

¹⁹ Econoday is a private investment and market research organization. From "Expanded Definitions of Market Moving Indicators". 2002. www.econoday.com.

²⁰ Exempted from sales tax are food or food products which are eligible for purchase with food stamps. This does not include food prepared by a retailer (restaurants, etc.) or food sold through vending machines.

²¹ Because the market area for Lancaster County extends beyond its borders, per capita spending figures may be distorted (i.e., higher than if only the dollars spent by Lancaster County residents could be measured).

Table 14. Net Taxable Sales (in \$1,000 s). Lancaster County. 1990 - 2003.

	NET TAXABLE SALES					CPI Adjusted Total Net Taxable Sales in 1990 Dollars		
	Non-Motor Vehicle	Motor Vehicle	TOTAL	Increase per year	Per Capita	Total Net Taxable	Increase per year	Per Capita
1990	\$1,479,728	\$186,238	\$1,665,966		\$7.80	\$1,665,966		\$7.80
1991	\$1,521,486	\$176,235	\$1,697,721	1.91%	\$7.79	\$1,633,608	-1.9%	\$7.50
1992	\$1,567,156	\$183,458	\$1,750,614	3.12%	\$7.88	\$1,638,708	0.3%	\$7.38
1993	\$1,729,010	\$206,532	\$1,935,542	10.56%	\$8.53	\$1,761,343	7.5%	\$7.76
1994	\$1,876,208	\$215,775	\$2,091,983	8.08%	\$9.10	\$1,850,824	5.1%	\$8.05
1995	\$1,968,289	\$223,983	\$2,192,272	4.79%	\$9.36	\$1,882,045	1.7%	\$8.03
1996	\$2,166,461	\$251,125	\$2,417,586	10.28%	\$10.17	\$2,013,075	7.0%	\$8.47
1997	\$2,288,138	\$272,882	\$2,561,020	5.93%	\$10.62	\$2,082,157	3.4%	\$8.63
1998	\$2,452,913	\$314,726	\$2,767,639	8.07%	\$11.32	\$2,213,416	6.3%	\$9.05
1999	\$2,597,540	\$329,006	\$2,926,546	5.74%	\$11.83	\$2,291,592	3.5%	\$9.26
2000	\$2,722,965	\$323,224	\$3,046,189	4.09%	\$12.17	\$2,305,909	0.6%	\$9.21
2001	\$2,766,364	\$374,361	\$3,140,725	3.10%	\$12.38	\$2,315,558	0.4%	\$9.13
2002	\$2,857,785	\$390,713	\$3,248,498	3.43%	\$12.61	\$2,366,259	2.2%	\$9.19
2003	\$3,008,265	\$395,464	\$3,403,729	4.78%	\$13.22	\$2,432,053	2.8%	\$9.44

Source: Nebraska Department of Revenue Annual Reports.

Income and Earnings

Income comes from earnings from work, investments (yielding dividends, interest and rent) and transfer payments (such as Social Security, pensions, and welfare). Information on income is available from two sources, which define and measure income differently:

- *The Bureau of Economic Analysis* (part of the U.S. Department of Commerce) measures “personal income”, which is defined as the current income received by persons from all sources minus their personal contributions for social insurance.²² Personal income includes both monetary income (including non-paycheck income such as employer contributions to pensions) and non-monetary income (such as food stamps and net rental value to owner-occupants of their homes). BEA’s income data are provided in aggregate and per capita, and aim to describe a region’s overall level of income. Personal income is available by year (with a two-year time lag) on a County level. Personal income, however, is different than disposable personal income, which is income available for spending or saving, and is defined as personal income less taxes. This information is only available on a state-wide level.
- *The U.S. Census Bureau* measures “money income”, taking into account only money income received by individuals (with no subtraction of social insurance contributions) and excluding non-cash benefits. Poverty rates are determined on the basis of money income so do not reflect any non-cash benefits households may receive. Census data focuses largely on household median income and poverty rates. The Census Bureau’s use of the median, rather than the mean, and the poverty rate reflects its interest in giving a sense of the standard of living across households in an area. Census data is only available every ten years, with a two to three year lag on the availability of information.

Personal Income

Bureau of Economic Analysis (BEA) income information for Lancaster County from 1990 through 2001 is presented in the following four tables.

- Table 15 presents “Components of Earnings” which include Wages and Salaries, Other Labor Income and Farm and non-farm Proprietor’s Income.
- Table 16 presents “Government Payments to Individuals” from all sources, including retirement and disability, medical, income maintenance (i.e., SSI, ADC or TANF, food stamps, etc.), Unemployment Insurance, and veteran’s benefits.
- Table 17 shows the “Derivation of Personal Income”. This table starts with Earnings by Place of Work (Table 15), and adjusts this figure for social insurance payments (i.e., FICA), and the net rental value to owner-occupants of their to derive Net Earnings by Place of Residence. Income from dividends, interest, rent and transfer payments (Table XX) are added to Net Earnings to derive Personal Income.
- Table 18 displays “Personal Income by Place of Residence”, with aggregate Non-Farm and Farm Income, and Per Capita income.

²² BEA’s definition of “persons” includes not only individuals, but also nonprofit institutions that primarily serve individuals, private noninsured welfare funds, and private trust funds.

Wages, Salaries and Other Income

Total Earnings by Place of Work increased from \$3 billion in 1990 to almost \$5.9 billion in 2001, a 162% increase in twelve years. Increases in the different components of earnings show that non-farm proprietor's income increased by 178.4% during this time, while wages and salaries increased by 89.3%. Farm proprietor's income declined by nearly 32% from 1990 to 2001.

Component of earnings show, with the exception of farm proprietors' income, steady increases from year to year. In 2001, farm proprietors' income accounted for only 0.22% of the total earnings in Lancaster County. Salaries and Wages were nearly 80% of the \$5.9 billion in total earnings in 2001.

Table 15. Components of Earnings (in \$1,000s). Lancaster County. 1990 through 2001.

	Wages and Salaries	Other Labor Income	Proprietors' Income			Total Earnings by Place of Work
			Farm	Nonfarm	TOTAL	
1990	\$2,471,680	\$315,093	\$19,181	\$229,371	\$248,552	\$3,035,325
1991	\$2,598,568	\$343,263	\$10,289	\$221,990	\$232,279	\$3,174,110
1992	\$2,758,077	\$383,661	\$22,652	\$242,590	\$265,242	\$3,406,980
1993	\$2,879,685	\$419,445	\$7,776	\$265,915	\$273,691	\$3,572,821
1994	\$3,079,232	\$450,900	\$22,073	\$282,533	\$304,606	\$3,834,738
1995	\$3,260,241	\$448,916	-\$3,330	\$371,584	\$368,254	\$4,077,411
1996	\$3,468,120	\$452,864	\$44,842	\$372,796	\$417,638	\$4,338,622
1997	\$3,695,801	\$441,504	\$15,525	\$373,729	\$389,254	\$4,526,559
1998	\$4,011,276	\$465,418	\$20,775	\$429,444	\$450,219	\$4,926,913
1999	\$4,243,150	\$484,131	\$18,394	\$475,813	\$494,207	\$5,221,488
2000	\$4,488,980	\$518,121	\$12,899	\$508,058	\$520,957	\$5,528,058
2001	\$4,677,766	\$553,118	\$13,062	\$638,569	\$651,631	\$5,882,515

Source: Bureau of Economic Analysis. U.S. Department of Commerce.

Transfer Payments

Transfer payments (Table 16) to individuals in Lancaster County rose from \$362 million to nearly \$756 million in 2001, an increase of 108.7% in 12 years. Retirement and disability payments were 47% of total payments in 2001, while Medical payments, including Medicare, were more than 38% of the total. Income Maintenance payments, such as SSI, TANF, food stamps, and emergency assistance to families, totaled \$49 million dollars in 2001 and were 6.5% of total transfer payments.

	TOTAL	Type of Payment					
		Retirement and Disability Insurance ¹	Medical ²	Income Maintenance ³	Unempl. Insurance ⁴	Veterans Benefits ⁵	Other ⁶
1990	\$362,159	\$206,022	\$96,275	\$24,721	\$4,025	\$14,548	\$16,568
1991	\$398,246	\$221,674	\$111,173	\$27,900	\$5,134	\$15,372	\$16,993
1992	\$438,749	\$236,315	\$127,117	\$33,253	\$6,405	\$16,649	\$19,010
1993	\$478,650	\$249,161	\$150,777	\$35,137	\$6,509	\$16,744	\$20,322
1994	\$494,308	\$260,046	\$157,915	\$37,243	\$4,258	\$17,825	\$17,021
1995	\$527,543	\$272,752	\$173,320	\$41,262	\$4,499	\$19,569	\$16,141
1996	\$564,691	\$284,232	\$195,761	\$43,293	\$5,331	\$19,551	\$16,523
1997	\$590,604	\$299,294	\$203,777	\$40,484	\$5,082	\$21,488	\$20,479
1998	\$628,896	\$310,305	\$233,260	\$39,326	\$4,937	\$22,396	\$18,672
1999	\$651,749	\$318,063	\$240,235	\$46,683	\$5,344	\$23,945	\$17,479
2000	\$682,302	\$335,989	\$252,875	\$45,320	\$6,685	\$23,118	\$18,315
2001	\$755,862	\$355,581	\$290,770	\$49,038	\$10,590	\$24,993	\$24,890

¹ Includes Old age, survivors and disability insurance payments, railroad retirement and disability payments, workers' compensation (Federal and State), and other government disability and retirement payments.

² Includes Medicare, public assistance medical and military medical insurance payments.

³ Includes SSI, family assistance (emergency and ADC or TANF), Food Stamps, and other income maintenance.

⁴ Includes State unemployment insurance compensation, unemployment compensation for Federal civilian employees, railroad employees and veterans, and other unemployment compensation.

⁵ Includes pension and disability payments, readjustment payments, life insurance benefits and other assistance.

⁶ Primarily Federal education and training assistance payments (excluding veterans programs).

Source: Bureau of Economic Analysis. U.S. Department of Commerce. Population estimates by U.S. Census Bureau.

Personal Income

The aggregate personal income for persons in Lancaster County nearly doubled from 1990 to 2001, showing steady annual growth and reaching more than \$7.8 billion in 2001. Personal income did not, however, keep up with inflation. The aggregate personal income in 2001 adjusted according to the Consumer Price Index (to 1990 dollars) totals \$5.775 billion, a 47% increase from 1990.

Net earnings from wages, salaries and other income were almost 70% of total personal income in 2001. Income from dividends, interest, and rent were 21% of personal income and transfer payments accounted for 10% of personal income. These ratios of net earnings, income from dividends, interest and rent, and transfer payments are essentially the same as they were in 1990.

Table 17. Derivation of Personal Income (in \$1,000s). Lancaster County. 1990-2001.

		LESS	PLUS	EQUALS	PLUS	PLUS	EQUALS
	Earnings by Place of Work	Personal contribution for social insurance	Adjustment for Residence	Net Earnings by Place of Residence	Dividends, interest, and rent	Transfer Payments	PERSONAL INCOME
1990	\$3,035,325	\$186,264	-\$102,573	\$2,746,488	\$790,918	\$389,629	\$3,927,035
1991	\$3,174,110	\$195,482	-\$101,300	\$2,877,328	\$851,398	\$426,096	\$4,154,822
1992	\$3,406,980	\$205,167	-\$109,837	\$3,091,976	\$876,842	\$469,055	\$4,437,873
1993	\$3,572,821	\$215,671	-\$106,603	\$3,250,547	\$897,914	\$510,063	\$4,658,524
1994	\$3,834,738	\$232,987	-\$116,061	\$3,485,690	\$1,004,771	\$527,705	\$5,018,166
1995	\$4,077,411	\$246,137	-\$118,813	\$3,712,461	\$1,117,431	\$564,100	\$5,393,992
1996	\$4,338,622	\$257,463	-\$126,035	\$3,955,124	\$1,194,777	\$602,140	\$5,752,041
1997	\$4,526,559	\$271,811	-\$133,686	\$4,121,062	\$1,245,737	\$628,802	\$5,995,601
1998	\$4,926,913	\$297,687	-\$146,603	\$4,482,623	\$1,357,309	\$668,990	\$6,508,922
1999	\$5,221,488	\$312,352	-\$155,214	\$4,753,922	\$1,402,401	\$695,217	\$6,851,540
2000	\$5,528,058	\$326,107	-\$164,208	\$5,037,743	\$1,591,102	\$729,143	\$7,357,988
2001	\$5,882,515	\$342,777	-\$171,726	\$5,368,012	\$1,660,586	\$804,864	\$7,833,462

Source: Bureau of Economic Analysis. U.S. Department of Commerce.

The percentage of personal income spent on gambling by Lancaster County residents is not known. Because of the time lag in the availability of data on personal income, more research on gambling expenditures from past years would have to be done. Additionally, knowing the amount of dollars spent on gambling in Lancaster County does not provide a complete picture of total dollars that residents spend gambling. The county's proximity to Iowa casinos and other forms of available gambling--in particular, internet gambling, make it difficult, if not impossible, to determine this with any accuracy.

Per capita income

Per capita income is often used as an indicator for a region's standard of living, and changes from 1990 through 2001 show a steady upward climb in per capita personal income in Lancaster County. Per capita income rose by almost 67%, from \$18,294 in 1990 to \$30,872 in 2001. Because of the significant rate of growth in the population of the county during the 1990s, the rate of increase in per capital income is considerably less than the nearly 100% increase in aggregate personal income during this time period.

Table 18. Personal Income by Place of Residence. Lancaster County. 1990 - 2001.

	Personal Income (in \$1,000s)			Est. Mid-Year Population	Per Capita Personal Income
	Non-Farm	Farm	Total		
1990	\$3,905,232	\$21,803	\$3,927,035	214,665	\$18,294
1991	\$4,142,313	\$12,509	\$4,154,822	217,855	\$19,072
1992	\$4,413,238	\$24,635	\$4,437,873	222,120	\$19,980
1993	\$4,648,583	\$9,941	\$4,658,524	226,868	\$20,534
1994	\$4,993,530	\$24,636	\$5,018,166	229,962	\$21,822
1995	\$5,394,648	-\$656	\$5,393,992	234,282	\$23,024
1996	\$5,704,069	\$47,972	\$5,752,041	237,609	\$24,208
1997	\$5,976,741	\$18,860	\$5,995,601	241,146	\$24,863
1998	\$6,484,303	\$24,619	\$6,508,922	244,592	\$26,611
1999	\$6,829,560	\$21,980	\$6,851,540	247,442	\$27,689
2000	\$7,341,297	\$16,691	\$7,357,988	251,223	\$29,289
2001	\$7,816,001	\$17,461	\$7,833,462	253,742	\$30,872

Source: Bureau of Economic Analysis. U.S. Department of Commerce. Population estimates by U.S. Census Bureau.

Household Income

Income information from the 2000 Census provides the distribution of income for households in Lancaster County. This information is provided by age, race, and family type. The table below shows the income distribution of households and families in the County in 1999. As reported by the Census, nearly 20% of all households in Lancaster County had annual incomes less than \$20,000 in 1999, and more than one-third had incomes less than \$30,000. Families in general, and married couple families, in particular, had much higher incomes: only about 10% of total families and less than 5% of married couple families had incomes below the \$20,000 level. Female-headed families and non-family households show much lower incomes. Nearly 38% of female-headed families had incomes below \$20,000 and over half of these families had incomes less than \$25,000. Female-headed families are 52.4% of the total families and 17% of the total households in Lancaster County with incomes below \$20,000 even though they comprise only 14.7% of the total families and 9% of the total households.

Table 19. Household and Family Income Distribution in 1999. Lancaster County.

Income	Total HHs	Families			Non Family
		Total	Married Couple Families	Female Headed Families	
<\$10,000	7,272	2,162	578	1,311	5,363
\$10,000-\$14,999	6,058	1,935	703	935	4,353
\$15,000-\$19,999	6,233	2,251	922	1,080	4,126
\$20,000-\$24,999	7,365	2,995	1,555	1,165	4,586
\$25,000-\$29,999	6,646	3,011	1,925	797	3,744
\$30,000-\$34,999	7,234	3,785	2,709	780	3,426
\$35,000-\$39,999	6,262	3,488	2,664	536	2,660
\$40,000-\$44,999	6,174	4,056	3,279	507	2,092
\$45,000-\$49,999	5,367	3,816	3,230	381	1,436
\$50,000-\$59,999	9,871	7,691	6,840	556	2,035
\$60,000-\$74,999	11,682	9,534	8,878	481	1,970
\$75,000-\$99,999	9,782	8,489	8,155	165	1,084
\$100,000-\$124,999	4,401	3,900	3,765	68	385
\$125,000-\$149,999	1,921	1,668	1,600	35	231
\$150,000-\$199,999	1,521	1,362	1,321	33	155
\$200,000 or more	1,465	1,229	1,194	21	236
TOTAL	99,254	61,372	49,318	8,851	37,882
Less than \$20,000	19,563	6,348	2,203	3,326	13,842
% less than \$20,000	19.7%	10.3%	4.5%	37.6%	36.5%
Less than \$25,000	26,928	9,343	3,758	4,491	18,428
% less than \$25,000	27.1%	15.2%	7.6%	50.7%	48.6%
Less than \$30,000	33,574	12,354	5,683	5,288	22,172
% less than \$30,000	33.8%	20.1%	11.5%	59.7%	58.5%

Source: 2000 Census.

Poverty

The following table provides the U.S. Poverty Thresholds for 1999, the year for which income information is recorded for the 2000 Census (i.e., Census forms ask for income in the year preceding the Census). As defined, the poverty threshold (i.e., the “poverty line”) is the annual income—adjusted for family size, age and the presence of related children under 18 years of age—that is three times the estimate of what a family spends for food in a year.²³ Since first developed in the early 1960s, poverty thresholds have only been updated with annual increases to account for inflation. Importantly, poverty thresholds are applied on a national basis and are not adjusted for regional, State, or local variations in the cost of living. Because of its limitations in measuring true need, poverty thresholds are best used only as a yardstick for measuring change.

Table 20. Poverty Thresholds in 1999, by Size of Family and Related Children <18 years.

	Weighted Average	Related children under 18 years								
		None	One	Two	Three	Four	Five	Six	Seven	Eight+
One Person	\$8,501									
<65 years	\$8,667	\$8,667								
65 years and >	\$7,990	\$7,990								
Two Persons	\$10,869									
<65 years	\$11,214	\$11,156	\$11,483							
65 years and >	\$10,075	\$10,070	\$11,440							
Three persons	\$13,290	\$13,032	\$13,410	\$13,423						
Four persons	\$17,029	\$17,184	\$17,165	\$16,895	\$16,954					
Five Persons	\$20,127	\$20,723	\$21,024	\$20,380	\$19,882	\$19,578				
Six Persons	\$22,727	\$23,835	\$23,930	\$23,436	\$22,964	\$22,261	\$21,845			
Seven Persons	\$25,912	\$27,425	\$27,596	\$27,006	\$26,595	\$25,828	\$24,934	\$23,953		
Eight Persons	\$28,967	\$30,673	\$30,944	\$30,387	\$29,899	\$29,206	\$28,327	\$27,412	\$27,180	
Nine + Persons	\$34,417	\$36,897	\$37,076	\$36,583	\$36,169	\$35,489	\$34,554	\$33,708	\$33,499	\$32,208

Source: U.S. Bureau of the Census, Current Population Survey.

The following two tables show changes in poverty rates for persons, households, and families living in Lancaster County. Census information shows that while the overall poverty rate in Lancaster County decreased from 10.5% in 1990 to 9.5% in 2000, the number of persons living in households with incomes below poverty actually increased by 6.5% (see Table 21). Much of the increase in the number of persons living below poverty came from children under 18 years of age. The number of persons below poverty in this group increased by 17.7% between 1990 and 2000. The number of elderly persons living below the poverty line, however, fell by 19.4% during this time. According to the Census, in the year 2000 there were 3,434 children (age 17 years or younger) living in families headed by single women with

²³ This formula is based on a 1955 Survey of Food Consumption, conducted by the U.S. Department of Agriculture, which found that families of 3 or more persons spent approximately one-third of their after tax income on food. Thus, the poverty line, or threshold, represents an income level thought to be sufficient to provide a minimally adequate standard of living according to family size.

incomes below the poverty line in Lancaster County. Of these, 1,375 were age five or younger. These 3,434 children account for 56% of all children living below poverty in Lancaster County.

Table 21. Change in Poverty Status of Persons in Lancaster County. 1990 and 2000.

	1990	2000	Change 1990 to 2000	
			#	%
Population	213,641	250,291	36,650	17.2%
Persons for Whom Poverty status is determined	202,974	238,320	35,346	17.4%
Persons Below Poverty Level	21,340	22,722	1,382	6.5%
% below Poverty	10.5%	9.5%		
Children under 18 years	51,202	57,887	6,685	13.1%
Children Below Poverty	5,203	6,122	919	17.7%
% Children Below Poverty	10.2%	10.6%		
Persons 65 years and Older	23,218	25,159	1,941	8.4%
Elderly Below Poverty	1,905	1,536	-369	-19.4%
% Elderly Below Poverty	8.2%	6.1%		

Source: 1990 and 2000 Census.

Census information on poverty status by family type shows that in 2000, 5.5% of all the County's families had incomes below the poverty level. Poverty rates increase, however, for families with children--8.7% for all families with children 18 years or younger and 11.6% for all families with children 5 years or younger. Importantly, sixty percent (60%) of the 1,544 families with children 5 years or younger living below poverty are headed by single women, a group which makes up only 14.7% of the County's total families.

Table 22. Poverty Status by Family Type. Lancaster County. 2000.

	Total	Below Poverty	% Below Poverty
Families	61,372	3,393	5.5%
With Children <18 years	31,560	2,759	8.7%
With Children <5 years	13,292	1,544	11.6%
Married Couple Families	49,318	1,105	2.2%
MC with Children <18 years	23,519	716	3.0%
MC with Children <5 years	10,222	463	4.5%
Female Headed Families	8,851	1,936	21.9%
FHF with Children < 18 years	6,210	1,770	28.5%
FHF with Children <5 years	2,306	919	39.9%

Source: 2000 Census.

Bankruptcies

Bankruptcy law is contained in Title 11 of the United States Code and is administered and litigated in the United States Bankruptcy Courts (part of the District Courts of the United States). As described by Legal Information Institute at Cornell University, there are two basic types of bankruptcy proceedings:

- ❑ A filing under Chapter 7 is called *liquidation* and is the most common form of bankruptcy. Under Chapter 7, a trustee is appointed who collects the non-exempt property of the debtor, sells it and distributes the proceeds to creditors. This code, available to individuals, couples, corporations, and partnerships, essentially gives the debtor a clean slate to start all over. It is used by debtors who lack sufficient income to cover outstanding debts after taking care of basic necessities and who have no hope of every repaying their creditors. Some obligations, however, are not dischargeable: alimony and child support, back taxes under 3 years old, student loans, recently made purchases for substantial amounts, and properly executed contracts involving titles or liens.
- ❑ Filings under Chapters 11, 12, and 13 involve the *rehabilitation* of the debtor to allow him or her to use future earnings to pay off creditors. Chapter 11 is Reorganization and allows a business to remain in operation, Chapter 12 is Adjustment of the Debts of a Family Farmer with Regular Annual Income, and Chapter 13 is Adjustment of the Debts of an Individual with Regular Income. Chapter 13 is the second most common type of bankruptcy filing. This code is used if the debtor has too much disposable income to qualify for Chapter 7 or has assets they want to protect. Debts must be below a certain level and the debtor must have steady income. This code allows the debtor to restructure their payments and set up a new payment schedule (usually 3 to 5 years) that is more manageable. To qualify under this code, unsecured debt (i.e., credit cards, medical bills, unsecured loans, etc.) can not exceed \$250,000 and secured debts cannot exceed \$750,000.

A bankruptcy proceeding can either be entered into voluntarily by a debtor or initiated by creditors. After a bankruptcy proceeding is filed, creditors, for the most part, may not seek to collect their debts outside of the proceeding. The debtor is not allowed to transfer property that has been declared part of the estate subject to proceedings. Furthermore, certain pre-proceeding transfers of property, secured interests, and liens may be delayed or invalidated.

A study of the impact of casinos on bankruptcies by Creighton University professors Edward Morse and Ernie Goss found a distinct correlation between personal bankruptcy and proximity to a casino.²⁴ In the study, the bankruptcy filings from 1990 through 1999 in 250 counties with casinos were compared to those filed in non-casino counties. Results showed that individual bankruptcies were more than 100% (double) higher in counties with casinos.²⁵

The following table presents bankruptcy filings in Lancaster County for the years 1990 through 2003. As shown, the Nebraska Bankruptcy Court has filed 10,292 bankruptcies in the past 14 years in Lancaster County. Bankruptcies for individuals account for nearly all (99.5%) of the cases filed--Chapter 7 filings (liquidation) account for nearly 86% of the cases and Chapter 13 filings are 13.6% of the cases. The increase in bankruptcies per 1,000 population shows a definite trend upward, with a doubling in the number of and the rate of bankruptcies from 2.42 per 1,000 persons in 1990 to 4.85 in 2003.

²⁴ "The Impact of Casino Gambling on Bankruptcy Rates: A County Level Analysis" (2004).

²⁵ The study matched non-casino and casino counties with similar characteristics (i.e., population, income, etc.).

Table 23. Bankruptcies. Lancaster County. 1990 through 2003.

	Chapter 7	Chapter 11	Chapter 12	Chapter 13	Total	Bankruptcies per 1,000 persons
1990	392	3	3	118	516	2.42
1991	508	1	1	124	634	2.91
1992	459	1	2	80	542	2.44
1993	399	3	2	55	459	2.02
1994	400	0	0	51	451	1.96
1995	442	2	0	59	503	2.15
1996	605	6	1	83	695	2.92
1997	719	1	0	59	779	3.23
1998	725	0	1	60	786	3.21
1999	669	3	0	73	745	3.01
2000	741	4	0	87	832	3.32
2001	900	2	1	108	1,011	3.98
2002	876	7	0	188	1,071	4.16
2003	1,005	4	0	259	1,268	4.85
	8,840	37	11	1,404	10,292	

Source: Nebraska Bankruptcy Court.

Payday Lenders

As described by Consumers Union, the nonprofit publisher of Consumer Reports, "Payday" loans are small, short-term loans made by check cashers or similar businesses at extremely high interest rates. These transactions go by other names too--"cash advance" and "check loans" to name a few. The Consumer Federation of America calls them "cold cash for 'hot' checks", because both the lender and the borrower know that the check is insufficient when the loan is made. Consumers who must borrow money this way are usually in desperate debt. The high rates make it difficult for many borrowers to repay the loan, thus putting them on an endless cycle of debt. When they can't repay the loan, they often borrow from another payday lender to repay the first.

Here's how payday loans work: a gainfully employed customer writes a personal check for the amount they want to borrow (typically \$100 to \$300) plus a fee, postdated to their next payday. The check casher holds the check until the effective date and gives the borrower the principal in cash. If the check casher's fee is \$15 per \$100--the maximum permissible in Nebraska--the customer writes their post-dated check for \$115 and receives \$100 in return. Assuming that their payday is two-weeks away, the interest rate for this transaction, calculated as an annual percentage rate (APR), is enormous--391%. (If payday is one week away it's 782%, if a month, the APR is 176%.)

Payday lending is illegal in many states. In Nebraska, however, it was made legal under the Delayed Deposit Services Licensing Act, which was passed by the state legislature in 1994. Under this Act, these businesses must be licensed and are subject to examination and review by the State Department of

Banking and Finance. State law also restricts the transactions made by these businesses. A licensee (including any of its branch locations) cannot:

- ❑ hold more than two checks from any one maker, and the face value of any one or two checks cannot exceed \$500;
- ❑ hold checks for more than 31 days (except that NSF checks that are in the process of collection by the licensee do not count in the 31 day holding period);
- ❑ charge as a fee, more than \$15 per \$100, or pro rata for any part of the face amount of a check, for services (see APR discussion above);
- ❑ attach penalties greater than \$15 per check if the check is non-negotiable;
- ❑ require the maker to receive payment by a method (i.e., cashier's check or money order) which causes the maker to pay additional fees to the licensee or other person;
- ❑ accept a check as repayment, refinancing, or any other consolidation of a check or checks held by the same licensee.

Under Nebraska law it is also illegal for payday lenders to "rollover" loans, allowing borrowers to pay another fee and extend the loan period. There is no control, however, on the number of different businesses that one individual can use. For instance, a borrower can take a loan from one lender to pay off another, and can borrow money from different payday lenders during the same time period. In Lancaster County (all are in the city of Lincoln) there are currently 18 delayed deposit services licensees, with a combined total of 29 outlets. Theoretically, one borrower could take out a payday loan in the same month for \$500 from each of the city's 18 licensees. Despite the seemingly risky business of making loans to people with no money, this industry is growing. During March 2004, one new payday lender applied for a license to operate in Lincoln, and another applied for licenses for four additional outlets. Gambling counselors report that at about three-fourths of their clients utilize payday lenders, which furthers their debt problems.

Bad Checks

Information on non-sufficient fund (NSF) checks sent to Diversion Services for collection from 1995 through 2003 is presented in the table below. This table shows that the number of NSF checks sent to Diversion Services for Lancaster County show no real trend toward increase or decline, but has never fallen below 7,000 in these years. With the exception of a spike in 2001, bad check writing appears to be relatively constant since 1995. It should be noted, however, that in recent years many merchants, large and small, have begun subscribing to check verification services, which reduces the risk of fraudulent transactions. The Lancaster County Attorney's Office notes that the use of these services has literally stopped bad check writing at certain businesses that had, in prior years, been the victim of large numbers of bad checks.

Table 24. Bad Checks Sent to Diversion Services. Lancaster County. 1995–2003.

	Bad Checks	Bad Checks per 1,000 Population	\$\$ Amount of Bad Checks	Average Per Check	Complaints Filed	Check Restitution
1995	8,299	35	\$518,000	\$62.42	176	\$357,719
1996	8,256	35	\$585,000	\$70.86	118	\$418,599
1997	7,776	32	\$645,000	\$82.95	161	\$347,420
1998	7,452	30	\$672,000	\$90.18	40	\$341,672
1999	7,754	31	<i>Not available</i>		221	\$366,685
2000	7,037	28	<i>Not available</i>		175	\$423,307
2001	9,858	39	<i>Not available</i>		224	\$474,620
2002	7,521	29	<i>Not available</i>		90	\$341,127
2003	7,965	30	<i>Not available</i>		304	\$444,643

Source: Diversion Services.

Insurance Fraud

Insurance Fraud is defined as any deliberate deception perpetrated for the purpose of unwarranted gain that occurs during the process of buying, selling, using and underwriting insurance. Insurance fraud can be perpetrated against an insurance company or its policyholders by insurance agents, managers, executives, or other insurance employees, or can be directed against an insurance company by individuals or entities as diverse as policyholders, beneficiaries, vendors (i.e., medical providers, chiropractors, etc.), and career criminals. Areas of insurance fraud include: agent fraud, arson/suspicious fire, auto bodily injury, auto property, commercial auto, commercial property, general liability, homeowner, internal fraud, life, medical/health, and Workers' Compensation. Examples of insurance fraud are: filing claims based on staged accidents, exaggerating claims, falsifying reports, falsifying injuries or damages, and pocketing premiums. Insurance fraud follows the same grading of offenses as theft (i.e., any violation under \$500 is a misdemeanor and any violation \$500 or greater is a felony).

In 1995, the Nebraska Legislature passed the Nebraska Insurance Fraud Act to address this problem by: detecting insurance fraud; developing insurance fraud programs; investigating complaints of suspicious insurance activity; seeking prosecution of individuals committing insurance fraud; and, obtaining restitution of fraudulently obtained benefits. The Act established the Insurance Fraud Prevention Division

within the Nebraska Department of Insurance. Under the Act, reporting real or suspected instances of insurance fraud to the State, is voluntary.

The table below displays the number and dollar amount of insurance fraud cases for the State and for Lancaster County from 1996 through 2003.²⁶ Statistics indicate both “Potential Reported Losses” and “Actual Reported Losses”. Potential reported losses are ones where insurance fraud is suspected on a claim that has been filed, but the claim has not yet been paid out. Although money has not been paid out, the filing of the false claim is a criminal act. Actual losses are those for which the claim has been paid and later found to be fraudulent. According to staff at the State’s Insurance Fraud Prevention Division, when there is an inordinately high number of cases filed in a specific year, it is typically due to multiple counts against a single insurance agent. For instance, if an insurance agent files fraudulent claims on 100 policies, each claim is a separate act of fraud. It should be noted that upon investigation, a small number of cases are determined to be “unfounded” and some are closed due because of insufficient evidence.

Table 25. Insurance Fraud. State of Nebraska and Lancaster County. 1996 through 2003.

	State of Nebraska				Lancaster County				
	Cases Filed	Potential Reported Loss	Actual Reported Loss	Total Loss	Cases Filed	Potential Reported Loss	Actual Reported Loss	Total Loss	% of State Cases
1996	242	<i>Breakdown not available</i>		\$7,661,184	23	<i>Breakdown not available</i>		\$178,532	9.5%
1997	353	\$1,908,491	\$604,642	\$2,513,133	31	\$75,551	\$42,623	\$118,174	8.8%
1998	342	\$2,523,248	\$879,660	\$3,402,908	51	\$1,440,552	\$152,009	\$1,592,561	14.9%
1999	273	\$1,892,170	\$2,234,591	\$4,126,761	45	\$435,314	\$1,582,900	\$2,018,214	16.5%
2000	318	\$1,335,727	\$556,679	\$1,892,406	38	\$177,286	\$27,118	\$204,404	11.9%
2001	754	\$570,712	\$1,852,405	\$2,423,117	43	\$42,993	\$16,039	\$59,032	5.7%
2002	408	\$1,415,422	\$1,352,959	\$2,768,381	120	\$81,379	\$633,140	\$714,519	29.4%
2003	424	\$2,264,091	\$1,144,623	\$3,408,714	53	\$80,125	\$221,679	\$301,804	12.5%
TOTAL	3,114	\$11,909,861	\$8,625,559	\$28,196,604	404	\$2,333,200	\$2,675,508	\$5,187,240	13.0%

Source: Insurance Fraud Prevention Division. Nebraska Department of Revenue.

As shown in the table above, the number of insurance fraud cases filed in the state and in the county has been up and down since 1996. While there has been a discernible trend upward with regard to statewide statistics, Lancaster County’s numbers have been more erratic.²⁷ All told however, more than \$5 million in actual or reported losses due to insurance fraud have been filed in Lancaster County alone in the past eight years. The National Coalition Against Insurance Fraud warns that fraud comes in “all shapes and sizes”, ranging from “white collar” crime (corporate, vendor, or agent fraud) to scammers to individuals who inflate the damages of a real loss to organized crime rings that stage accidents or partake of other

²⁶ 1996 is the first year that the Insurance Fraud Prevention Division was in operation. Prior to this time, insurance fraud, if reported, was reported to local law enforcement and classified as “theft by deception” crimes.

²⁷ Inflated numbers in 2002 are due to one agent who converted the premiums on 72 insurance policies (\$594,004 loss).

schemes to cash in on fraudulent insurance claims. It is estimated that 44% of insurance fraud cases are perpetrated by a person with some kind of criminal history.

Forgery, Embezzlement, and Fraud

The following tables provide information on the number of forgery, embezzlement, and fraud cases filed by the Lincoln Police Department from 1990 through 2003. It should be noted that “embezzlement”, which had relatively low numbers from 1990 to 1998, is now classified generally under fraud or theft. As shown, the number of cases of forgery shows an upward trend with an increase from 3.74 cases per 1,000 persons in 1990 to 9.05 cases in 2003. The number of cases of fraud, however, shows no distinct pattern, with generally lower rates of fraud from 1996 through 1998, and higher rates prior to and after that time period. Writing bad checks is considered one act of fraud.

Table 26. Forgery, Embezzlement, and Fraud. Lincoln, NE. 1990 through 2003.

	Forgery		Embezzlement		Fraud	
	Cases Filed	per 1,000 population	Cases Filed	per 1,000 population	Cases Filed	per 1,000 population
1990	798	3.74	27	0.13	1,135	5.31
1991	1,197	5.49	57	0.26	1,555	7.14
1992	976	4.39	27	0.12	1,500	6.75
1993	1,112	4.90	13	0.06	1,270	5.60
1994	1,317	5.73	27	0.12	1,258	5.47
1995	1,614	6.89	7	0.03	998	4.26
1996	1,641	6.91	22	0.09	924	3.89
1997	1,363	5.65	22	0.09	957	3.97
1998	1,525	6.23	18	0.07	922	3.77
1999	1,694	6.85	<i>Not Available</i>		809	3.27
2000	1,268	5.07	<i>Not Available</i>		921	3.68
2001	1,687	6.65	<i>Not Available</i>		1,114	4.39
2002	2,198	8.54	<i>Not Available</i>		1,080	4.19
2003	2,330	9.05	<i>Not Available</i>		1,390	5.40

Source: Lincoln Police Department.

Forgery, embezzlement, and fraud cases are included under “larceny” statistics for the Lancaster County Sheriff’s Office. From 1998 through 2002, the average number of larceny cases handled by the Sheriff’s office was about 360 each year. This translates to 2½ to 3% of LPD’s larceny, fraud and forgery cases.

Burglary, Robbery, and Larceny

Unlike the previously discussed crimes, which are often classified as “theft by deception”, burglary, robbery, and larceny generally involve the use of force, whether it be against a person or against property. The number of cases filed by Lincoln Police Department for these types of crimes is shown in the table below. As indicated by annual statistics, burglaries and larcenies seem to show a gradual decline from 1990 to 2003, at least with respect to cases per 1,000 persons. Robberies have held fairly constant in the past 14 years.

Table 27. Burglary, Robbery, and Larceny. Lincoln, NE. 1990 through 2003.

	Burglary		Robbery		Larceny	
	Cases Filed	per 1,000 population	Cases Filed	per 1,000 population	Cases Filed	per 1,000 population
1990	2,131	9.97	119	0.56	9,940	46.53
1991	2,332	10.70	117	0.54	11,152	51.19
1992	2,205	9.93	137	0.62	10,993	49.49
1993	1,964	8.66	122	0.54	9,933	43.78
1994	2,001	8.70	178	0.77	10,258	44.61
1995	1,857	7.93	123	0.53	10,573	45.13
1996	1,856	7.81	140	0.59	10,557	44.43
1997	1,748	7.25	147	0.61	10,580	43.87
1998	1,952	7.98	172	0.70	10,349	42.31
1999	1,835	7.42	161	0.65	9,641	38.96
2000	1,914	7.65	141	0.56	10,260	40.99
2001	1,905	7.51	151	0.60	11,061	43.59
2002	1,964	7.63	177	0.69	11,005	42.74
2003	1,912	7.42	146	0.57	10,795	41.92

Source: Lincoln Police Department.

Traffic Accidents and Drunk Driving

The number of traffic accidents and drunk driving citations reported each year from 1990 through 2003 in the City of Lincoln is shown in the following table. In 2003, there were 10,480 traffic accidents in Lincoln, the second highest number reported in the 14-year period. As the city's population increases, however, this should be expected (more cars) and numbers of accidents per 1,000 population actually appears to be declining. Drunk driving incidents show a more erratic pattern.

Table 28. Traffic Accidents. Lincoln, NE. 1990 through 2003.

	Traffic Accidents		Drunk Driving	
	Total	Per 1,000 population	Total	Per 1,000 Population
1990	11,302	52.90	1,994	9.33
1991	10,365	47.58	1,614	7.41
1992	9,186	41.36	1,289	5.80
1993	9,742	42.94	1,098	4.84
1994	9,890	43.01	1,234	5.37
1995	9,983	42.61	977	4.17
1996	10,331	43.48	1,124	4.73
1997	10,000	41.47	1,140	4.73
1998	10,111	41.34	1,425	5.83
1999	10,131	40.94	1,596	6.45
2000	10,241	40.92	1,387	5.54
2001	10,319	40.67	1,497	5.90
2002	9,997	38.82	1,518	5.89
2003	10,480	40.70	1,340	5.20

Source: Lincoln Police Department.

Families and Relationships

The following table presents information on investigations of child abuse or neglect, incident reports of domestic assault, and divorce in Lincoln and Lancaster County. Statistics on child abuse and neglect and domestic assault are for the city of Lincoln only and divorce figures pertain to the entire county.²⁸ Prior to 1997, the Lincoln Police Department categorized domestic assault cases as "assault", so specific information on domestic assault is not available prior to this time. It should also be noted that this statistic does not include other forms of domestic violence, such as domestic disturbances, violating a protection order, harassing phone calls, terroristic threats, and some sexual assault.

	Investigations of Child Abuse/Neglect		Incident Reports of Domestic Assault		Divorces	
	Total	Per 1,000 population	Total	Per 1,000 population	Total	Per 1,000 population
1990	2,054	9.61	<i>not available</i>		1,001	4.69
1991	1,984	9.11	<i>not available</i>		1,036	4.76
1992	2,446	11.01	<i>not available</i>		1,020	4.59
1993	2,756	12.15	<i>not available</i>		945	4.17
1994	2,876	12.51	<i>not available</i>		1,011	4.40
1995	2,439	10.41	<i>not available</i>		1,000	4.27
1996	2,885	12.14	<i>not available</i>		958	4.03
1997	1,282	5.32	1,282	5.32	937	3.89
1998	2,533	10.36	1,162	4.75	1,023	4.18
1999	1,470	5.94	1,245	5.03	995	4.02
2000	1,388	5.55	1,164	4.65	1,037	4.14
2001	1,511	5.95	1,368	5.39	926	3.65
2002	1,668	6.48	1,611	6.26	973	3.78
2003	1,702	6.61	1,606	6.24	<i>not available</i>	

Source: Lincoln Police Department; Vital Records, Nebraska Department of Health and Human Services.

Child abuse and neglect includes such violations as abandonment, leaving children unattended in a car or at another location, lost or found children, children living in unsanitary conditions, physical, verbal, or emotional abuse, statutory rape, and incest. Table 28 shows that from 1992 through 1995, and then again in 1998, reports of child abuse or neglect were greater than 10 cases per 1,000 population. While the prevalence was also higher in 1990 and 1991, in general, the number of cases reported has been much lower since 1998. While there is an apparent reduction in overall cases since 1998, there also has been a trend upward since 2000. While information on child abuse/neglect investigations handled by the Sheriff's Office is not available for the entire fourteen year time frame, information from 2001 to 2003

²⁸ Complete annual data for investigations by the Lancaster County Sheriff's Office were not available, so were not included. Based on the information that could be obtained, Lincoln accounts for more than 95% of these incidents.

indicates that the Sheriff's office handles about 3 to 4% of the number of cases handled by LPD, or about 45 to 65 investigations per year.

In 1996, the Lincoln Police Department implemented a separate incident code for domestic assault. Information available since 1997 shows a trend toward an increasing number of reports, with over 1,600 reports in 2002 and in 2003. Information available from the Lancaster County Sheriff's office shows their caseload for domestic assault to be about 2 to 2½% of LPD's--30 to 40 incidents per year.

Unlike child abuse and neglect and domestic assault, which have displayed considerable fluctuations from year-to-year, with a recent trend upward, the number of divorces occurring in Lancaster County each year has changed little since 1990. For the thirteen years from 1990 to 2002, the number of divorces in Lancaster County has stayed relatively static, with the lowest number of divorces (926) in 2001 and the highest (1,037) in 2000. However, because of the increase in population during this time, a trend toward a lower crude divorce rate (number of divorces per 1,000 population) is evident. This is lower than the national average of 4.0 divorces per 1,000 persons in 2001. The divorce rate (number of divorces per 1,000 married couples) also fell from 1990 to 2000: in 1990, close to 23 of every 1,000 couples got divorced, while in 2000, this number was about 20.

Suicide

The American Association of Suicidology reports that 12 out of every 100,000 persons in the United States commit suicide each year, making it the eighth leading cause of death in this country. Information on suicides in Lancaster County is shown in the table below. As indicated, there have been 359 suicides in the County from 1990 through 2002, an average close to 28 suicides per year. The number of suicides each year has stayed between 22 and 32 for the thirteen years from 1990 through 2002. These numbers place Lancaster County's suicide rate very close to the national average in most years.

1990	30	1995	28	2000	28
1991	22	1996	23	2001	28
1992	30	1997	29	2002	28
1993	32	1998	29	2003	<i>Not Available</i>
1994	28	1999	24		

Source: Lincoln/Lancaster County Health Department.

Treatment for Gambling

There are two organizations that provide treatment for gambling addiction in Lincoln: First Step Recovery and Choices. Choices opened in December of 2002 and has seen 137 clients since starting its program. Of the people seen for treatment, 38 were gamblers and 99 were family members of problem gamblers. Available information from First Step shows that 129 Gambler Assessments and 54 assessments on family members of gamblers were completed from 2001 to the present time, however, assessments do not necessarily result in persons in treatment.

There are three gambling support groups in Lincoln: Gamblers Anonymous (GA), Gamblers Twelve Step, and Gamanon (for family members). Between these three organizations, meetings are held every day of the week in Lincoln. GA holds meetings six days a week (Monday through Saturday) and Gamblers Twelve Step holds a meeting on Sunday. Gamanon meetings are held four days a week, concurrently with GA, and one of the GA meetings is for women only. GA operates a hotline that provides information on meetings and referrals to counselors in Lincoln. The group does not keep statistics on calls received or referrals made, but estimates that they receive about six calls per week.

Sources of Information

Contacts:

Keith Allenstein, Deputy County Attorney, Lancaster County Attorney's Office

Jerry Baurkemper, Director, Nebraska Council on Compulsive Gambling

Tim Christensen, Director, Nebraska Gamblers Assistance Program, Office of Mental Health, Substance Abuse and Addiction Services, Nebraska Department of Health and Human Services

David Dearmont, Nebraska Department of Revenue

Connie Drake, Insurance Fraud Prevention Division, Nebraska Department of Insurance

Captain Todd Duncan, Lancaster County Sheriff's Office

Kurt Embree, Nebraska Department of Revenue.

Officer Kacky Finnell, Media Relations for Lincoln Police Department

John Flores, DDS Examiner, Nebraska Department of Banking

Deb Hammond, Director, Choices

John Hewitt, Manager, Big Red Keno

Padmanabha Raju V.S. Kakarlapudi, Epidemiology Intern, Lincoln Lancaster County Health Department

Dave Kroeker, Director, Budget and Fiscal Office, Lancaster County

Mark Leikam, Keno Auditor, City of Lincoln Finance Department

Steve McMaster, Diversion Services

Bob Moyer, Family Violence Council

Dennis Oelschlager, Director, State Racing Commission

Dawna Preitower, Gambling Program Coordinator, First Step Recovery

Dan R., Gamblers Anonymous

Brian Rockey, Nebraska State Lottery

Steve Schatz, Charitable Gaming Commission, Nebraska Department of Revenue

Cheri Sorensen, Assistant Systems Manager, Nebraska Bankruptcy Court

Harlan Vogel, Gambling Treatment Program Coordinator, Family Services, Omaha

Neil Watson, Public Information Officer, Nebraska Environmental Trust

Waverly Keno Manager

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