



COMMONWEALTH of VIRGINIA

NELSON SMITH
COMMISSIONER

DEPARTMENT OF
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July 12, 2024

The Honorable Louise L. Lucas, Chair, Senate Finance Committee
The Honorable Luke E. Torian, Chair, House Appropriations Committee
14th Floor, Pocahontas Building
900 East Main Street
Richmond, VA 23219

Dear Senator Lucas and Delegate Torian:

Item 311 Chapter 2 item JJ.2 of the 2022 Special Session I *Budget Bill HB30* directs the Department of Behavioral Health and Developmental Services (DBHDS) to report on the Problem Gambling Treatment and Support fund budget allocation, expenditures and revenues to the Department of Planning and Budget and the Chairs of the House Appropriations and Senate Finance and Appropriations Committees by September 1 after the close of each fiscal year. The language states:

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

In accordance with this item, please find enclosed the report for the close of the fiscal year 2024 (July 1, 2023-June 30, 2024). Staff are available should you wish to discuss this report.

Sincerely,

Nelson Smith
Commissioner

Department of Behavioral Health & Developmental Services

CC:

The Honorable John Littel
Leah Mills
James Williams
Susan Massart
Mike Tweedy



Report on Item 311 #JJ.2

Budget Bill – HB30 (Chapter 2)

Report on PGTS Expenditures, Revenues, and Allocations

To the Department of Planning and Budget and the Chairs of House
Appropriations and Senate Finance and Appropriations Committees

July 12, 2024

Preface

Item 311# Chapter 2 #JJ.2 the 2022 Special Session I Budget Bill HB30 requires a report to be submitted on the prior fiscal year of revenues and expenditures. The language states:

“JJ.1. The Department of Behavioral Health and Developmental Services shall establish a workgroup of relevant stakeholders to examine the Problem Gambling Treatment and Support Fund to determine the most effective strategies in serving individuals with gambling addiction. Specifically, the workgroup shall: (i) examine best practices and programs in other states; and (ii) determine whether the fund should support services at the Community Services Board level or statewide programs. The department shall report the findings and recommendations of the workgroup to the Governor and the Chairs of House Appropriations and Senate Finance and Appropriations Committees by November 15, 2022.

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

Introduction

The Problem Gambling Treatment and Support (PGTS) Fund (further referred to as “PGTS fund”) began the year with an allocation of \$2,000,378 in FY24. We had originally requested an appropriation of just over \$2.5 million prior to the start of the FY24 year to expand treatment and recovery services but did not receive a change in our FY24 appropriation to \$2,306,899 with a temporary approval to spend up to \$2,505,754 until the April 2024. This allowed us to do a partial expansion of services but were not able to get all the funding out in such a short period of time. In total, \$4,810,351 was received in revenues in FY24 to the fund. Revenue sources included sports betting, casinos, historical horse racing, gaming, and interest. We have seen a continue need to expand problem gambling prevention, treatment and recovery services across the Commonwealth. In FY24 \$2,328,030 was spent on problem gambling prevention, treatment, and recovery services. The projected allocation need for FY25 is approximately \$4 million, which should help spread problem gambling services almost fully across the State, provide funding to the Virginia Problem Gambling Council, and allow for us to begin to evaluate the services already in place.

Revenues

The PGTS fund receives 2.5% of sports betting taxes paid to the State. In FY24, the PGTS fund received \$2,014,276 from sports betting. This is a 16% increase from FY23, \$1,724,470, which in turn is over 3 times more than received in FY22, which was due to multiple factors. First, FY23 was the first full year of funding with all operators licensed, versus only about half active in FY22. And in FY24 most of the operators were past their first year in operation and were no longer able to deduct promotions and bonuses from what they owe in taxes, which has made a large impact on what the state was able to collect in revenue.

From the three (3) Casinos in operation, Bristol, Danville, and Portsmouth we received \$1,028,438 in revenue to the PGTS Fund. Bristol Hard Rock and Danville Caesars Casinos are in their temporary locations. Current expectation is they will be in the enlarged permanent locations at some time in FY25, which will increase the number of machines and tables available at these locations, which in-turn should increase the amount of funding coming into the PGTS Fund. The amount deposited is 8/10 of one percent (0.8%) of the taxes paid to the State from casinos.

A third revenue source into the fund is from the horse racing licensee retainment from electronic historical horse racing machines, written in code under§ 59.1-392. The fund receives 0.01 percent of this retainment. \$490,656 was deposited into the PGTS fund from Historical Horse Racing Electronic Games in FY24.

A fourth revenue source to the fund comes from Casino Fines and unclaimed prizes. The amount deposit in FY24 from Casino fines was \$60,088 and from unclaimed prizes was \$980,843 (code [11VAC5-90-20](#)).

The final revenue source is from interest incurring on the PGTS account. This was \$106,638 in FY24.

Expenditures

Two full-time staff in DBHDS oversaw problem gambling treatment, recovery, and prevention services for the Commonwealth. They oversaw 43 contracts and agreements, conducted 16 presentations and trainings, facilitated monthly meetings with all grantees, developed educational materials, coordinated with several other agencies and organizations as well as internal

collaborations and facilitated the Problem Gambling Treatment and Support Advisory Committee. To help bring best practices to Virginia both staff are members of national organizations and sit on the boards of the National Association of Administrators of Disordered Gambling Services and the International Gambling Counselor Certification Board.

Through a Memorandum of Agreement (MOA) partnership with Virginia Commonwealth University and the Virginia Council on Problem Gambling, \$737,576 of funding was spent to build and reimburse for problem gambling treatment and recovery services in Virginia. In addition, 47 people attended a half-day workshop on Problem Gambling for Peer Recovery Specialists. Over 105 treatment providers have been trained and certified in problem gambling treatment and 15 peers plus 5 recovery organizations have been certified to provide peer recovery services for gambling disorder. Eleven of these peers were further trained to be trainers of Peer Recovery services. FY24 was the first full year of providing treatment and recovery services for problem gambling. Services included 672 screened referrals in FY24, and of those 414 were referred to treatment and 299 were referred to Peer Recovery services.

An additional \$1,331,146 in contractual agreements with 39 Community Service Boards (CSB) was spent on providing problem gambling prevention services. This work included building capacity internally, in communities, and across Virginia to build knowledge and skills to mitigate problem gambling. It also included strategies to increase awareness through campaigns promoting the problem gambling helpline, illegal gambling tip-line, as well as providing education and disseminating information on safer gambling practices, the importance of keeping gambling away from minors, and outreach to merchants that sell Lottery products and/or had skill games to provide merchant education on safer practices. CSBs conducted over 1,590 visits to merchants selling lottery or having electronic games, providing education on preventing problem gambling and recognizing signs and helpline resources. Reaching potentially over 4.7 million people through multiple venues (billboards, bus ads, gas pump ads, PSAs, social media, tv, radio, podcasts, etc.) they promoted resources to help if a person has problem gambling, recognizing signs and symptoms, educating on safer gambling practices, gambling, and gaming laws, and educating on reducing the risk for problem gambling in youth. They also collected almost 6,000 surveys from Virginians 18-25 years of age that included questions on gambling.

Through funding provided to the CSBs a conference was held with over 100 attendees in the Virginia Southwestern region. Attendees learned about the spectrum of problem gambling services, including prevention, treatment, and recovery.

The Problem Gambling Treatment and Support Advisory Committee (PGTSAC) per §37.2-304 was formed and meetings occurred July and October 2023 and January and April 2024. Only \$1,923 of the PGTS funds were expended on PGTSAC for a facilitator and mapping of services during one meeting and snacks for another meeting. Due to being able to secure a free location, no funding was spent on meeting space. This is included in the report because the Problem Gambling Prevention Coordinators time was used to coordinate, travel to, and plan the meetings. The Problem Gambling Prevention Coordinator position is paid for by the fund.

Additional details of expenditures are provided below in Tables 1 and 2. This report provides the budget allocation, expenditures and revenue received in FY24 to the PGTS fund.

Problem Gambling Treatment and Support Fund Regulation: § 37.2-314.2.

A. As used in this section:

"Compulsive gambling" means persistent and recurrent problem gambling behavior leading to clinically significant impairment or distress, as indicated by an individual exhibiting four or more of the criteria as defined by the Diagnostic Statistical Manual of Mental Disorders in a 12-month period and where the behavior is not better explained by a manic episode.

"Problem gambling" means a gambling behavior that causes disruptions in any major area of life, including the psychological, social, or vocational areas of life, but does not fulfill the criteria for diagnosis as a gambling disorder.

B. There is hereby created in the state treasury a special nonreverting fund to be known as the Problem Gambling Treatment and Support Fund, referred to in this section as "the Fund." The Fund shall be established on the books of the Comptroller. All revenue accruing to the Fund pursuant to subsection A of § 58.1-4038 and moneys required to be deposited into the Fund pursuant to Chapter 41 (§ 58.1-4100 et seq.) of Title 58.1 shall be paid into the state treasury and credited to the Fund. Interest earned on moneys in the Fund shall remain in the Fund and be credited to it. Any moneys remaining in the Fund, including interest thereon, at the end of each fiscal year shall not revert to the general fund but shall remain in the Fund. Moneys in the Fund shall be used solely for the purposes of (i) providing counseling and other support services for compulsive and problem gamblers, (ii) developing and implementing compulsive and problem gambling treatment and prevention programs, and (iii) providing grants to support organizations that provide assistance to compulsive and problem gamblers. Expenditures and disbursements from the Fund shall be made by the State Treasurer on warrants issued by the Comptroller upon written request signed by the Commissioner.

2020, c. 1197, 1218, 1248, 1256, § 37.2-314.1.

Table 1: PGTS Fund Budget Allocation and Expenditures

The following table provides amounts and details budget allocation and expenditures occurring in FY2024.

Item	Budget	Expenditure	Explanation
Administrative	\$213,503	\$211,588	Salary and benefits for 2 FTE's, supplies, printing, technology, and operations
Workforce Development	\$10,380	\$8,731	Training for staff, providers, and community organizations on problem gambling. Organizational memberships, conference fees.
CSB Grants	\$1,331,146	\$1,331,146	Grants to 39 CSB's to build capacity, workforce development, implementation on problem gambling prevention services and promotion of problem gambling services
VCU MOA	\$917,725	\$742,531	One MOA with VCU College of Health Professions to expand a network of treatment and recovery providers and provide training on PG services and reimburse for services. This crosses State Fiscal Year. A separate agreement with VCU SERL to collect data in Arlington.

Other Contracts	\$29,000	\$28,654	Add gambling to CounterTools assessment database for Merchant Education on Problem Gambling services. Add 2 questions to the VDH adult behavioral health survey.
Travel	\$4,000	\$3,458	Travel for conference, meetings, site visits
Problem Gambling Treatment Support Advisory Committee	\$0	\$1,923	Contract with OMNI to facilitate one meeting of committee. Purchase snacks for one meeting of the committee.
Total	\$2,505,754	\$2,328,030.36	Budget Allocation - Expenditure

Table 2: PGTS Fund Revenues

The following table shows the details of revenues occurring in FY2024.

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