

1 MR. GRIFFITHS: Thank you very much, Madam
2 Chair and members of the National Gambling Impact
3 Study Commission. I believe that the research
4 proposal outline that we prepared has been submitted
5 to each of the members, and therefore I will limit my
6 remarks to a broad overview of that proposal and leave
7 the balance of my time to answer specific questions.

8 Let me begin by saying that the members of
9 my Commission welcome the opportunity to participate
10 in the important research assigned to this Commission.
11 ACIR is a bipartisan intergovernmental body. Our
12 membership comprises Congressional members appointed
13 by the majority and minority leaders of the House and
14 Senate and presidential appointments of governors,
15 state legislators, county commissioners, mayors, and
16 private citizens.

17 For 38 years, ACIR has monitored our
18 federal system of government. Recommending
19 improvements ranging across constitutional, fiscal,
20 and program relationships. ACIR's research is widely
21 respected and used by public officials, academic, and
22 research institutions.

1 I believe that ACIR was included in the
2 gambling legislation because all of the research tasks
3 identified with our Commission involve
4 intergovernmental or governmental concerns and
5 activities. ACIR's unique membership and research
6 experience makes the Commission well-suited to those
7 tasks.

8 Now ACIR's role is solely to collect and
9 analyze data and submit the results of that research
10 to the Gambling Commission. It is left to the
11 Gambling Commission to interpret this research and
12 make recommendations accordingly. However, together
13 I believe this process will provide valuable
14 information and provide valuable guidance to
15 governmental decision makers.

16 The legislation has four research tasks
17 which mention ACIR's involvement. The research
18 guidelines or the research questions that were passed
19 out this morning I believe you will find that A, B,
20 and E are the ones which in Section 4 mention ACIR
21 involvement, and the other is the task A under Section
22 7.

1 The first task includes a review and
2 cataloging of the diversity as well as the similarity
3 of laws and regulations adopted or under consideration
4 by federal, state, local, and tribal governments
5 related to gambling activities and facilities. Among
6 other things, this review should provide a better
7 understanding of how governments address gambling
8 across political geography and cultures.

9 I might add also that one of the questions
10 that was raised in the paper I saw this morning talks
11 about model laws and model regulations. This first
12 task that I am talking about would be the ideal task
13 under which to gather those types of models.

14 The second category involves a review of
15 governmental policies and practices related to the
16 legalization or prohibition of gambling. This
17 research focuses on the objectives and the rationale
18 behind the laws and regulations that would be
19 identified under the first task.

20 For example, public policies can vary in
21 their attempt or their objectives to discourage,
22 constrain, or expand gambling activities, to generate

1 new or additional revenues, to offset revenue losses
2 from gambling activities in adjoining political
3 jurisdictions, to promote economic development and
4 employment or to combat illegal behavior or problems
5 of gambling abuse.

6 Now the legislation has one specific task
7 that singles out a public policy issue for particular
8 attention, and that issue is the relationship between
9 gambling and crime. This relationship is certainly a
10 fundamental reason for government involvement in the
11 regulation of gambling. This task also includes an
12 assessment of the enforcement measures taken by
13 governments to address that relationship. This
14 relationship not only touches on individual
15 enforcement efforts or jurisdictional enforcement
16 efforts, but also cooperative efforts between
17 governments.

18 And the third category includes a fiscal
19 analysis of the public revenues and costs associated
20 with gambling. An essential aspect of this research
21 is a better understanding of the net revenue benefit
22 to governments from gambling after adjusting for the

1 cost of policy formulation, enactment, and
2 enforcement. Cost adjustments, by the way, also
3 include some other services such as public
4 infrastructure, social services, foregone revenues
5 because of gambling activities, and so forth.

6 For each of the research tasks discussed
7 in our proposal, we have listed questions that need to
8 be answered by this Commission in order to determine
9 the parameters of the research to be undertaken, and
10 some of those questions are repeated in the paper that
11 I saw this morning.

12 For example, the analysis of revenues and
13 cost can extend from simpler assessment of direct
14 cost, which don't take as much time to analyze as the
15 more complex examination of indirect cost, which can
16 take considerably more time to research.

17 There is also another research task in the
18 legislation which is not specifically associated with
19 ACIR, but which is intergovernmental in nature and of
20 interest to my members. This task involves the
21 assessment of interstate and international effects of
22 gambling by electronic means, including the use of

1 interactive technologies and the Internet. This
2 subject is one that states are dealing with
3 increasingly, which is fraught with difficult issues,
4 the resolution of which may have dramatic implications
5 for intergovernmental relations in the future. In
6 addition, the research for this task overlaps the
7 research of the other tasks which I mentioned above.

8 Again, for example, a full assessment of
9 electronic gambling should address public policy
10 considerations, laws and regulations, enforcement
11 capabilities and practices, attention to revenue and
12 cost concerns, as well as federalism issues related to
13 proper roles and relationships between governments.
14 Because of this importance to government as well as
15 the overlap with other research tasks, ACIR would like
16 to be considered for participation in this research
17 task.

18 As I have said, the research tasks overlap
19 one another. None of these are mutually exclusive.
20 As such, ACIR's research approach will be from a
21 comprehensive perspective using coordinated team
22 efforts. For example, the research methodology will

1 employ techniques such as literature search,
2 questionnaires and surveys, and field visits. Rather
3 than applying these techniques on a task by task
4 basis, they will be coordinated across tasks. This
5 will permit the sharing of data and analysis as
6 appropriate. Equally important, research efforts can
7 be undertaken more economically and with the least
8 intrusion upon government officials and others
9 contributing to the research.

10 Now the time table which we have shown in
11 our proposal spans the 15 months called for in the
12 legislation. During this period, we would expect to
13 provide periodic progress reports to the Gambling
14 Commission, including any briefings that may be
15 requested.

16 Now our proposal also contains or shows a
17 budget of \$1.4 million. That, of course, is only an
18 estimate based upon our initial assessment without
19 having talked with this Commission, and so therefore
20 has to be seen as an estimate. The final budget,
21 which must be negotiated and approved by this
22 Commission, will have to reflect the policies and

1 objectives determined by the Gambling Commission as
2 well as the parameters it sets for each of the
3 research tasks.

4 Now our proposal also identifies a number
5 of highly qualified experts to participate in the
6 research. These individuals are experienced in public
7 policy and intergovernment research and several have
8 had previous experience in one or more facets of
9 gambling. Now I might say here parenthetically that
10 that listing of researchers is a pool that we are very
11 familiar with that we have dealt with in the past, but
12 there are others which are not necessarily included.
13 In any case, we would have to bid the research and
14 therefore a combination of those people or additional
15 people or whatever could eventually be the final
16 people working with the ACIR.

17 In closing, I appreciate this opportunity
18 to present an overview of ACIR's research approach.
19 I want to thank the Commission for its time and
20 consideration. And at this point, I would be happy to
21 respond to specific questions about anything I have
22 said or anything contained in our outline research

1 proposal.

2 CHAIRPERSON JAMES: Thank you so much. I
3 would like to open it up at this point for questions
4 from the Commissioners, and I would like to start if
5 there are any comments or questions from those
6 particularly on the research subcommittee or
7 committee.

8 COMMISSIONER DOBSON: Thank you, Mr.
9 Griffiths. I appreciate your report. I would like
10 some clarification of some of the details. It is my
11 understanding that the ACIR is currently disbanded.
12 Is that right?

13 MR. GRIFFITHS: No, sir. Last year on
14 September 30, we closed our doors because there was
15 language in our appropriations bill that told us to
16 close our doors. On October 8, the Congress changed
17 its mind and passed legislation which in effect
18 continued the commission. It took a while for the
19 legal interpretations of that and all. The GAO did a
20 legal interpretation. And basically what it said was
21 that we never closed down. But it took us until April
22 of this year to get back up and running again. The

1 commission has met. It met on May 13 and voted to
2 participate in this research and, therefore, we have
3 an ongoing commission.

4 COMMISSIONER DOBSON: The list of names of
5 people that are participating or at least were
6 originally includes mayors and governors and people of
7 that nature. What biostatistical and research
8 expertise exists there? Because I don't see it on
9 that list.

10 MR. GRIFFITHS: Are you talking about the
11 list in our proposal?

12 COMMISSIONER DOBSON: Yes. That was in
13 our preparation book. You had a list of all the
14 people that you made reference to just a minute ago.

15 MR. GRIFFITHS: You are asking what their
16 expertise is?

17 COMMISSIONER DOBSON: Yes. I mean, this
18 is obviously a very complex subject that we are
19 approaching, hopefully in a scientific way. Governors
20 and mayors and people of that nature typically don't
21 spend their academic years preparing for that kind of
22 technical work.

1 MR. GRIFFITHS: Well, there is a
2 difference between our commission and the people who
3 will be doing the research for us. Now our
4 commissioners are obviously public officials. Their
5 expertise is they have worked in government a long
6 time, they have served in government, and they have
7 been elected leaders and they are the kind of people
8 who will have to make decisions based upon the results
9 of the work of a commission like this. The people we
10 are talking about doing the research are people who
11 have worked on staff who have Ph.D's and who have
12 served many years in various public policy fields.
13 They have experience in intergovernmental research,
14 public policy research, fiscal research. There is the
15 econometric expertise. They have worked in laws and
16 regulations. They have studied the enforcement of
17 laws and regulations. They have had all of the
18 experience that is contained within the tasks which
19 are listed for ACIR.

20 COMMISSIONER DOBSON: Those are people to
21 whom you would subcontract this work?

22 MR. GRIFFITHS: Correct.

1 COMMISSIONER DOBSON: So really what ACIR
2 is is, pardon me, but a bureaucratic level between us
3 and the researcher?

4 MR. GRIFFITHS: It would be in the same
5 framework of the NRC. The NRC does not do its own
6 research. It goes out and contracts with experts that
7 they know and that they coordinate and control. We at
8 one time, of course, had a rather large research staff
9 and we did our own research, but we have always
10 contracted out various elements of research. I mean,
11 you never have on staff all of the expertise that you
12 need. What we bring to the table at this point is we
13 have -- for instance, I have 25 years of
14 intergovernment research. I have done tons of it. I
15 know it. I understand it. And I know a lot of people
16 that have the expertise and who have done the kind of
17 research we are looking for. Our role would be to
18 coordinate that research. There is a lot of value to
19 a group that can make your research more economical as
20 well as effective. You can go out and hire a hundred
21 different individual consultants and then have to
22 coordinate 100 different consultants, which is a

1 difficult task to do. I have done it both ways.

2 COMMISSIONER DOBSON: So that is what we
3 would be receiving from ACIR is a coordinating effort.
4 Give me your best answer as to why we would not be
5 better off dealing directly with the researchers and
6 the technical community instead of dealing with mayors
7 and governors and public officials?

8 MR. GRIFFITHS: The element that our
9 commission brings to this -- and I will answer it in
10 two parts. The element that our commission brings to
11 this is that we have congressmen, governors,
12 legislators, mayors, and county commissioners all
13 sitting around the table. These are the people you
14 have to sell. These are the people that are going to
15 buy whatever you come up with. And we have a
16 commission of those people sitting around the table
17 who is going to be looking at the research being
18 conducted. They will obviously acquire some type of
19 attitude or opinion as to the validity and all of what
20 is going on. These people, in turn, then sell others.
21 I mean, they are the ones who will be talking to the
22 Congress and talking to others about the work that is

1 done. Normally our commission makes recommendations.
2 In this case, they will not. But nonetheless, the
3 point is that in your public hearings, you are going
4 to want to talk to every group of people that is
5 represented around the table. So I guess my point is
6 the ACIR in effect is a microcosm of the public
7 infrastructure -- excuse me, the political
8 infrastructure that you must sell. That is the first
9 answer.

10 The second answer is that we have done the
11 kinds of research that is in the law. They have been
12 doing this for 38 years. I have been doing it for 25
13 years. We know what is involved. I know people in
14 every state that must be contacted to do fiscal
15 analysis. I know most of the people in the governors'
16 offices. I know the people in the non-profit sector
17 that can be of help. The people that we will employ
18 are people who have worked with ACIR in the past or
19 who have intergovernmental research experience. We
20 have used these people for many, many years. I mean,
21 it is a large pool of them. I probably know more
22 about that and how to get to them quickly than say

1 people here or even staff that you may hire. So there
2 is an efficiency aspect as well.

3 COMMISSIONER DOBSON: I may not yet fully
4 understand how you would function with us. But if you
5 will pardon me, that seems to me like having a medical
6 problem and needing the help of a physician and so you
7 go to a non-medical person and say talk to the
8 physician for me and let him tell you what he finds
9 and then you come back as a non-medical person and
10 tell me what the tests show. The people that I saw on
11 that list are not researchers. I would rather hear
12 directly from the researchers, speaking for myself,
13 and it feels to me like that ought to be a whole lot
14 less expensive because we are not supporting a level
15 of bureaucracy in-between.

16 MR. GRIFFITHS: Well, actually, I am not
17 sure what people you are referring to. Everybody on
18 that list had a doctorate and was a researcher. I
19 guess I was on that list and --

20 COMMISSIONER DOBSON: I am talking about
21 the mayors and the --

22 MR. GRIFFITHS: Well, of our commission,

1 yes. But they are not the ones that are going to be
2 doing the research.

3 COMMISSIONER DOBSON: I thought I
4 understood you are going to subcontract the research.

5 MR. GRIFFITHS: Yes, that is correct.

6 COMMISSIONER DOBSON: So you don't have
7 people on your list who are going to do the research.
8 You are going to go get them.

9 MR. GRIFFITHS: That will be the major
10 part of it, yes. I will be doing -- I will be
11 participating obviously. I am on the commission.
12 Donna Schwartz, who is on the commission with me and
13 whose name was in there, is one of our researchers and
14 she will be working in there. But, yes, the majority
15 of the research will be contracted out, as is done --
16 when ACIR had 20 or 30 research people on staff,
17 various public policy issues require various types of
18 expertise, and we always had to contract out no matter
19 who we had on staff because you never had quite the
20 right person.

21 COMMISSIONER DOBSON: One more question,
22 Madam Chair. The meeting that you held in May dealt

1 with some of these proposals as I understand it, and
2 there was a mention in there of a potential cost for
3 your service of \$20 million. That is in your
4 transcript. Would you address that?

5 MR. GRIFFITHS: Yes. The people we talked
6 with when we were going through the four tasks, we
7 asked them to give us, without any limitations or
8 preconceptions, what do you think it would cost to do
9 an excellent job in each of those areas. In some
10 cases, they came back and said this could cost \$15
11 million or \$20 million. Some people at the NRC
12 apparently told your committee or subcommittee,
13 whatever you are calling it, that if you do a
14 prevalence study and it took two years, it could cost
15 you \$15 million.

16 COMMISSIONER DOBSON: This is in the word-
17 for-word transcript of your meeting. This was not
18 what was communicated to us. This was in your
19 meeting.

20 MR. GRIFFITHS: No, I am saying -- you
21 asked me what it meant. I am saying the comment was
22 made that there are people who believe that you should

1 take two to five years to do this research and that it
2 would probably run you \$15 million or \$20 million.
3 Obviously the comments, if you read after that, we
4 said that is obviously impossible. It can't be done.
5 We are going to have to come up with some way that is
6 far better than that. That was just a comment made.

7 COMMISSIONER DOBSON: My final comment is
8 with regard to the statute, as I understand it, which
9 calls for your commission to assist us in this regard.

10 MR. GRIFFITHS: Correct.

11 COMMISSIONER DOBSON: But you would agree
12 that the actual workplan and the obligations that we
13 would give to you are to be determined by this
14 Commission and not by the statute?

15 MR. GRIFFITHS: Absolutely.

16 COMMISSIONER DOBSON: Thank you.

17 CHAIRPERSON JAMES: Questions from other
18 Commissioners or comments? Mr. Loescher?

19 COMMISSIONER LOESCHER: Madam Chairman, I
20 am very supportive of the Advisory Commission on
21 Intergovernmental Relations. You have a very
22 prominent position in the statute that enables this

1 Committee. I had a couple of questions, though. One
2 is are tribal governments a part of your
3 intergovernmental commission and is there a way to
4 provide tribal governments a role in your commission
5 as you conduct the oversight of the work?

6 MR. GRIFFITHS: We do not have any Native
7 Americans on our commission. That has been raised
8 before in the past. In fact, a couple of bills were
9 submitted to that effect, but that is not the case
10 yet. The way -- I believe, I think, in the paper that
11 we provided to you, the process we go through in
12 developing a research undertaking -- the first thing
13 we do is conduct what we call a thinker session, where
14 we bring in all of the relevant interests to a
15 research objective and talk about what the critical
16 aspects of the research are and what should be
17 covered. These are expert practitioners that can
18 advise us as to how best to go about doing what we
19 have to do. In this case, that would include federal,
20 state, local, and Indian or tribal government
21 representation as well as interests that are for or
22 against the issue, whatever the case may be. And then

1 towards the end, we conduct what we call a critic
2 session and that is after we have gone through all of
3 the work. These people come in and say whether they
4 think we have addressed everything we should address,
5 whether we did it in the right way, effectively, or
6 whatever. And then we try to include the results of
7 that in our final report that in this case would be
8 submitted to the Gambling Commission.

9 So to answer your question, we do not have
10 any at this time, but they would be included as part
11 of the research process.

12 COMMISSIONER LOESCHER: Madam Chairman,
13 just two more. One is in your paper, and I need to
14 study it more -- I read the earlier paper that came in
15 and then this one -- and I was interested in how the
16 Advisory Commission would deal with studying
17 information beyond the Internet, the library search,
18 or whatnot, and could you help the Commission with
19 confidential and secure data that comes out of the
20 federal departments and agencies? How would you
21 parallel that information into your work?

22 MR. GRIFFITHS: I am not sure what you

1 mean by confidential. This is not part of the
2 subpoena power you are talking about?

3 COMMISSIONER LOESCHER: No.

4 MR. GRIFFITHS: We had, I think, several
5 techniques which we would probably use. By the way,
6 one of the reasons for the techniques we have been
7 considering is the very issue of money and time. You
8 know, we want to -- our methodology would utilize
9 literature search, questionnaires and surveys, and
10 site visits. Now site visits generally are where you
11 try to do original research. You don't have a lot of
12 time to do a lot of original research here for obvious
13 reasons. And it is also the most costly aspect of
14 the research. That is why the prevalence issue is so
15 expensive and it takes so long. Because they are
16 doing research in the field, and that is a very
17 expensive process. We intended to use -- literature
18 search would be the major thing. Synthesizing the
19 literature as somebody up here said this morning as
20 well then as questionnaires and surveys. That is
21 something you can construct and send out on a
22 broadcast basis. We would use sampling in some cases

1 and a broadcast in other bases. But it is a way of
2 getting to a lot of people very quickly and then you
3 hopefully get a 20 to 30 percent return -- in this
4 case, I think it would be a lot higher -- where you
5 try again to synthesize answers and develop research
6 findings.

7 The research in the field would be
8 conducted but on a limited and very selected basis,
9 only in some ways to validate the research methodology
10 and to validate some of the findings that you would
11 get in the questionnaires. For example, in the area
12 of looking at revenues -- governmental revenues.
13 Governments across this country maintain their books
14 in many varieties and in different ways. They call a
15 dollar of something over here something completely
16 different in another government, and they may not even
17 use the same budget classification or whatever. If
18 you sent a survey out that wasn't carefully screened
19 and considered these variations, the answers you would
20 get back would be worthless. They would not be able
21 to be compared and you wouldn't be able to draw
22 conclusions. So in this instance, for example, site

1 visits would be conducted so that we can develop a
2 good typology for budgets and for the classifications
3 of expenditures or whatever -- revenues. That would
4 then be used as the standard in the questionnaires and
5 all and sent out, but it would be with explanations as
6 to what these various categories mean.

7 And in the case of looking at crime and
8 the relationship between crime and gambling, for
9 instance, there may be some site visits to do. As I
10 understand what was said up here this morning, where
11 you really want to get some specific examples but you
12 can't go all around the country, so you may select a
13 few sites where you want to actually do some on-the-
14 ground analysis, including longitudinal analysis from
15 some pre-set date to the current time. It is also --
16 a site visit is --

17 COMMISSIONER LOESCHER: Madam Chairman,
18 his answer is not on point. For example, this issue
19 of examining or assessing the relationship between
20 gambling and levels of crime and existing enforcement
21 and regulatory practices. What I was trying to find
22 from you is this gets into very sensitive,

1 confidential information that these law enforcement
2 agencies have and the question is how do we -- how do
3 you, being charged with this work, get into the
4 research and then provide us a report that generalizes
5 the impacts that we are seeking to describe. I was
6 just trying to determine whether you have thought
7 through how that might work on a contract or
8 subcontractor basis.

9 MR. GRIFFITHS: We don't have subpoena
10 power. So the information that we can request is
11 information that basically is public information. I
12 guess we -- I don't know, we could perhaps make some
13 type of commitment that some kinds of information will
14 be kept confidential and shall not be distributed.
15 But I am not sure what the effect of that would be.
16 Again, we don't have subpoena power. So what we can
17 ask for --

18 CHAIRPERSON JAMES: Is in the public
19 domain.

20 MR. GRIFFITHS: Is in the public domain.

21 COMMISSIONER LOESCHER: Madam Chairman, a
22 different question that deals with the business of

1 contracting, subcontracting, and the nature of your
2 proposal here I think is a good start. We seem, on
3 the Commission, are running the chicken and egg
4 concept around here. What are the questions and then
5 how do we contract to do the work. I have two
6 questions. One is would your group object to this
7 Commission approving of subcontractors and the
8 personnel and the scope of work and the product format
9 and schedules?

10 MR. GRIFFITHS: As I understand it -- and
11 correct me -- the task over in Section 7 A is
12 something which we are going to do -- collect the laws
13 and regulations and catalog and all of that. And the
14 other tasks are where we assist you. And as I -- and
15 in all of those tasks, I assume you are going to be
16 the ones that tell us how you want it structured, what
17 the objectives are, and what you expect to receive.
18 This research is being done for you. It is not being
19 done for us.

20 COMMISSIONER LOESCHER: Madam Chairman,
21 just one follow-up on that because I want to explore
22 while you are here the chicken and egg concept. You

1 know, one way to get the work is that -- Congress has
2 charged us with 7 broad areas to do the reporting
3 upon. And one approach is the Commission could say to
4 you and to the National Research Counsel, give us your
5 approach to scoping the questions, providing us the
6 experts, the form of product, and the time frame, and
7 then this Commission could take a look at your
8 proposal as to how to approach the 7 tasks that
9 Congress has outlined, versus the way we are starting
10 out here, sort of generalizing questions about what we
11 want to research into and what the spin of the
12 questions are and then hand them to you and have you
13 come back with a product format in terms of a contract
14 or subcontract. What do you think about either
15 approach?

16 MR. GRIFFITHS: Well, the answer, I guess,
17 is if you asked us to do that, yes, we could do that.
18 However, what you would be getting is our opinion and
19 our biases and where we want to go as opposed to
20 necessarily where you want to go. Obviously, we would
21 do it if you asked us to do it.

22 COMMISSIONER LOESCHER: Thank you, Madam

1 Chairman.

2 CHAIRPERSON JAMES: A couple of things.
3 I think that the Congress has asked this Commission,
4 as well as the President, to shape the scope of the
5 work and we would certainly appreciate any help that
6 you would want to give to the research committee as
7 they go through that process.

8 I just have one quick question and I
9 wanted to make sure that all members of the Commission
10 had an opportunity, because we will be talking about
11 the contract a little later. It is your intention to
12 contract, as you stated earlier, for research to be
13 done. What process do you intend to use for that
14 contracting? Is it going to be a competitive bidding
15 contract purpose? Is it sole-sourcing?

16 MR. GRIFFITHS: I would prefer to sole-
17 source because I think time is of the essence.
18 However, I have been advised that that cannot be done.
19 That we would have to do it through competitive bids.

20 CHAIRPERSON JAMES: Any other questions?
21 And let me suggest this, Commissioners. I am having
22 a difficult time chairing the meeting because only two

1 microphones can be on at a time. Now while it is a
2 great strategy to keep yours on so I can't get in, it
3 doesn't work very effectively for the flow. So I am
4 going to ask you to state your question and then turn
5 your microphone off.

6 COMMISSIONER LEONE: I have a question
7 about the last point just made. Does this competitive
8 bidding requirement apply to all the research we might
9 want to commission?

10 CHAIRPERSON JAMES: I think that is a
11 question for the procurement people who will be here
12 tomorrow to guide us through our deliberations. But
13 my understanding at this point is that you cannot sole
14 source contracts but that they must be competitively
15 bid.

16 MR. GRIFFITHS: I was advised recently
17 because, again, we had hoped to develop a pool. I
18 didn't expect everybody on a list that would
19 participate, but I wanted to have a pool of people
20 that we could draw from. We can't do that.
21 Apparently, there are only three exceptions where you
22 can go sole source. One is if it is a national

1 defense and the other is if it is a dire emergency --
2 the boiler is broke and water is flooding the House.
3 The third is that this is so unique in talent and so
4 unique in expertise that literally there is no one
5 else like it in the country. And in this case, I
6 think that would be very difficult to find either one
7 or all three of those as excuses.

8 CHAIRPERSON JAMES: Commissioner Wilhelm?

9 COMMISSIONER WILHELM: A point of
10 clarification. I don't mean to interrupt Commissioner
11 Leone's question, but did you make reference to some
12 procurement discussion tomorrow? I didn't see that on
13 the --

14 CHAIRPERSON JAMES: As we talk about our
15 rules and how our Commission will operate, one of the
16 questions was contracting and how we conduct
17 contracting. I think that is an important discussion
18 to have and it came up within that context. Mr.
19 Leone?

20 COMMISSIONER LEONE: Yes, I -- frankly, I
21 didn't realize that that was going to be the case. If
22 we wanted a commission on economic development study

1 that we would have to send an RFP out to all the
2 economists around the country who might be interested
3 and then ask them to bid. I think actually that would
4 be very healthy for the economics profession to have
5 them go through that experience, but it would also be
6 unique because it is not the way people in that
7 profession function. I don't even know off the top of
8 my head how that reflects on this question of whether
9 it is worth the money to have an intermediary,
10 although it is a cumbersome process to live under
11 competitive bidding rules at best. But it clearly --
12 then you have to ask yourself what judgment is being
13 applied here except the very minimum judgment that you
14 usually apply of can they perform and what are the
15 criteria by which one would judge whether somebody
16 could perform a study of this type. So I don't know.
17 I would kind of defer back to the committee and ask if
18 you thought about this. Because it frankly brings me
19 up a little short in thinking about how to proceed on
20 commissioning research.

21 CHAIRPERSON JAMES: Would anybody from the
22 research committee like to respond to that? Tomorrow?

1 Dr. Dobson?

2 COMMISSIONER DOBSON: Madam Chairman, I
3 said earlier today that the academic community that is
4 interested in a given subject is very small. You
5 could probably name 20 people who have done prominent
6 research in the area of gambling. So you can't just
7 open it up to everybody who has an interest in
8 statistics. So I would think that third category that
9 you are talking about, the limitation of who is an
10 expert in a particular area of research that we are
11 interested in would narrow that way on down.

12 MR. GRIFFITHS: I mentioned in my remarks
13 research teams. And believe me, I have believed in
14 this for years. You can find somebody who is fairly
15 good in a subject area, but really it is one part of
16 a subject area that they are very good in. They
17 concentrate in that area. Each of the tasks that we
18 have have multiple aspects to them, and you need to
19 find people who are strong in different aspects to
20 work as a team to come up with a good answer. No one
21 person is going to tackle -- no one in the
22 pathological area is going to tackle that task as a

1 task. They are going to break that up into areas of
2 specialty and then someone has got to pull it together
3 to make it work. That would be the role of NRC and
4 ourselves, if that is what we are asked to do. But
5 there is no one person that is going to do government
6 revenues or government cost or crime and gambling or
7 policies and practices. No one person can handle that
8 as a single solitary subject. You need the teams.
9 And you need to know who has what strengths and then
10 how to put those strengths together to make a whole.

11 CHAIRPERSON JAMES: Mr. Bible?

12 COMMISSIONER BIBLE: Do you have a list of
13 past research efforts for study commissions such as
14 this and then maybe a more general list of research
15 that you have conducted previously?

16 MR. GRIFFITHS: Of ACIR?

17 COMMISSIONER BIBLE: Correct.

18 MR. GRIFFITHS: We have got a library of
19 research that we have conducted over 38 years. We
20 have conducted research, not in gambling per se, but
21 we have conducted research in every one of those task
22 areas touching on the subject matters such as cost,

1 revenues, laws, regulations, policies, practices. We
2 have done that in a wide variety of public policy
3 fields. I might say that perhaps one difference
4 between us and the National Research Council, the
5 National Research Council being a scientific body that
6 does things very rigidly and they have very tight
7 guidelines which they go by. An intergovernmental
8 commission, and I have now been director of two -- one
9 in Pennsylvania and one here. You are asked by public
10 officials to undertake very serious research in public
11 policy areas that can affect millions of lives and you
12 are given six months and usually never enough money.
13 And you have to come up with information and something
14 that these people can use very, very quickly. So I
15 guess in a way commissions like ourselves, and I know
16 that there are some people out here that are going to
17 cringe, but in effect we become like streetfighters in
18 the public arena, because we have to come up with
19 information quickly and we have to make it very
20 meaningful in a short period of time. We are not a
21 university. We are not an illustrious thinktank like
22 the National Research Council, which can take two

1 years, three years, or four years to do a very
2 scientific type of project. We have never had the
3 luxury of that kind of time. So I guess we would
4 approach obviously in a different philosophy. Where
5 they may require two years, we know we have to get it
6 done in six months and we do it.

7 COMMISSIONER BIBLE: But could you provide
8 us a list of your past research efforts?

9 MR. GRIFFITHS: I would be most happy to.

10 COMMISSIONER BIBLE: Maybe over the last
11 five years or ten years?

12 MR. GRIFFITHS: I would be most happy to.

13 COMMISSIONER BIBLE: And any type of
14 research efforts that you have provided for a
15 commission that would be similar to this in structure?

16 MR. GRIFFITHS: I would be most happy to.

17 CHAIRPERSON JAMES: John, did you have a
18 question? No? Leo?

19 COMMISSIONER MCCARTHY: When we first
20 talked on the telephone, you sent me a list of the
21 people that would be in the pool that you would turn
22 to, Mr. Griffiths.

1 MR. GRIFFITHS: Yes.

2 COMMISSIONER MCCARTHY: But what I
3 received, and I meant to mention this to you, was I
4 got just the names. It would be very helpful if you
5 could give that list of names and a little bit about
6 their background or their areas of research, at least
7 that part which would be most closely related to the
8 categories that we are discussing here. Then if you
9 could, are there two or three people in that pool that
10 you are thinking about for each of these categories?
11 Maybe there are four people. I am not sure. But
12 whatever it is, if you could be that specific, it
13 would be helpful. You don't have to answer that
14 question now. If you want to put it on paper --

15 MR. GRIFFITHS: I am going to say this,
16 because I was advised before I sat down here today
17 about my rights. Cal Snowden got to me too. Again,
18 those people were to represent a pool and those were
19 people that we had dealt with in the past and were
20 very helpful to me in trying to frame an approach that
21 we would use. They were very helpful in trying to
22 determine the kinds of estimated dollar amounts and

1 all of this. However, we will have to competitively
2 bid the research. I guess my hesitancy here is that
3 I don't want to do something that is going to be
4 considered biasing that process, which I have already
5 tainted to some extent by identifying people the way
6 you are saying here. That may be considered -- I will
7 have to check with legal counsel. But I would be more
8 than happy to supply it if there are no problems.

9 COMMISSIONER MCCARTHY: One final
10 question. As I look at these categories, and I have
11 listened to you describe the qualifications of those
12 that you would seek research help from, I particularly
13 wanted to ask you to think of what keeps occurring to
14 me about this research we have undertaken. Now it has
15 got several uses, but the only one I am going to
16 mention here is I am thinking of those thousands of
17 state and local officials, whether they are elected or
18 career officials or appointed officials, who in three
19 years or four years or five years will have before
20 them a proposal to initiate or expand or limit
21 gambling that may already exist, and they are looking
22 for what information is available out there that can

1 help them make up their mind. I am also thinking
2 about the public that would have access to this
3 information and could be in the public dialogue in
4 these decisions. Now if you would just look at
5 4(a)(2)(A) and 4(a)(2)(E), and I don't mean now --
6 think about what I have just said and tell me how you
7 see the research that the people you would like to
8 have do the research would be a practical use to all
9 of those state and local officials that I just
10 referred to.

11 MR. GRIFFITHS: How the research would be
12 of use?

13 COMMISSIONER MCCARTHY: That is right. In those
14 two. Gambling and the levels of crime are more self
15 evident. Having a data base or a catalog of laws, I
16 would suspect a lot of people could probably do that
17 if the Commission finally decides that we have got
18 enough dollars within our research budget to include
19 that in it. But the other two are less obvious to me,
20 at least. If you could please --

21 MR. GRIFFITHS: Again, A and E?

22 COMMISSIONER MCCARTHY: That is right.

1 Okay.

2 CHAIRPERSON JAMES: Mr. Lanni?

3 COMMISSIONER LANNI: Thank you. On that
4 document that was just handed out to each of the
5 Commissioners, the reference on page 16 and 17 to the
6 listing of principle researchers, are these the
7 individuals, sir, that you had planned to utilize
8 before you learned that there had to be a competitive
9 bidding process?

10 MR. GRIFFITHS: These are the people that
11 I had readily identified initially, yes. Some of them
12 were at a later date. For instance, a group there
13 from the University of Indiana are very knowledgeable
14 in the area of riverboat gambling and have done a
15 number of studies in the midwest and were very
16 influential in providing that data to their state
17 legislators and so forth. That wasn't necessarily to
18 mean that this was the end of the pool. There are
19 other people who have been contacting us who we have
20 worked with for years. They would like to be a part
21 of it. As you can understand -- I am sure you are all
22 getting calls. I guess the NRC is getting calls. We

1 are certainly getting calls by a lot of people who
2 want to be very helpful. And they want to offer their
3 services and all of that, and you have to evaluate
4 what are those services and all that would be useful.
5 But a number of the people who are contacting us are
6 people who have worked with us in the past and are
7 only finding out about this now and want to work. So
8 I wouldn't guarantee that that was the end of the
9 list.

10 CHAIRPERSON JAMES: And the number for the
11 Commission Office is -- please direct your calls
12 there. Did you have a follow-up question, Terry?
13 Sure.

14 COMMISSIONER LANNI: Not necessarily
15 follow-up but relative to the questions that I had.
16 In this report that you are required to submit to us
17 within 15 months -- I think I heard you mention that
18 you have been responsible for submitting reports
19 within 6 months. What is the longest period of time
20 that you have had to submit a report to commissions in
21 the past that you can recall?

22 MR. GRIFFITHS: Well, I mean that -- I

1 have been asked to do it within 30 days. But I am not
2 going to tell you we will ever do this in 30 days. I
3 guess realistically 6 months is probably the bottom
4 line of where people have said, we need something and
5 we need it now and get it to me as best you can.
6 Obviously, you can do it in three months if you want
7 to sacrifice a lot of detail and you want to sacrifice
8 a lot of validity. It is beautiful if you have two
9 years to five years because then you can double-check
10 everything and validate everything. 15 months is --
11 I don't know where they picked that figure out of,
12 except it is probably backing up from when they wanted
13 to get the report out. It is better than 12 months.
14 12 months is better than 6 months and so forth. If
15 you say do it in 6 months and pay for it, somebody
16 will do it in 6 months and you will get what you pay
17 for. You will get the best they can do it in 6
18 months.

19 COMMISSIONER LANNI: I think my question
20 is do you feel comfortable with the 15 months?

21 MR. GRIFFITHS: What is the diplomatic way
22 of answering that. We can do a good job in 15 months.

1 We could have done a better job in 20 months. But as
2 I say, it is better than 12. I think having talked to
3 the people I have talked with and the experts I have
4 talked with that we can give you a credible assessment
5 of those tasks in 15 months.

6 COMMISSIONER LANNI: In accordance with
7 the law, there is a requirement to study all forms of
8 legalized gaming in the United States.

9 MR. GRIFFITHS: Correct.

10 COMMISSIONER LANNI: Did you take that
11 into account in your proposal?

12 MR. GRIFFITHS: Yes, I did. Obviously,
13 one of the things we were trying to tell you about,
14 and I think it is in the paper on field site visits --
15 one reason for that is that while you have a lot of
16 literature out there on gambling and a lot of it deals
17 with casinos, more so now on lotteries because we have
18 had some experience over the last 15 years -- but some
19 of the newer forms of gambling, there is very little
20 written and in order to do a research on all forms of
21 gambling requires that you do some original research.
22 Because there is not much written on some forms of

1 gambling. And it is just now becoming evident. Plus
2 the fact, on the newer forms of gambling, we don't
3 have a period of time to do longitudinal analysis. So
4 all you can say is this is the way things are on day
5 whatever it is at this time. We can't tell you whether
6 that is better or worse than it was five years ago
7 because we don't have the research or the time to do
8 that.

9 CHAIRPERSON JAMES: John?

10 COMMISSIONER WILHELM: Let me ask the
11 Chair a question and then let me ask him a question if
12 I may. Did I understand you to say before that
13 somebody is going to talk to us about this bidding
14 notion?

15 CHAIRPERSON JAMES: No, that it will come
16 up tomorrow during our discussion on contracting
17 rules.

18 COMMISSIONER WILHELM: All right. I have
19 a series of questions that are related to that
20 concept. I share Richard Leone's puzzlement about how
21 that would actually work. My questions are these.
22 One, who gave you that advice? Two, with respect to

1 the mandate to our Commission in our law related to
2 your commission, if I read it right, it is mandatory
3 that we contract with you for a thorough review,
4 cataloging, et cetera, and then you are supposed to
5 assist us with respect to the rest of these issues.
6 So in that connection, is it your understanding that
7 this advice about bidding applies to both parts of
8 that or only to one part? And finally, what is your
9 understanding if you have to bid all of this about why
10 that is? In other words, is that a function of the
11 fact that your money is going to come from this
12 Commission, or is it a function of your commission?
13 And finally -- this is my second finally, I guess.
14 Sorry about that. Finally, have you ever functioned
15 with this bidding procedure before?

16 MR. GRIFFITHS: We are a federal
17 commission as you are a federal commission. We are
18 all covered under the federal procurement laws. The
19 federal procurement laws, which no one wants to have
20 to read except GSA, are very cumbersome and lengthy,
21 but they also, I guess, boil down to the issue that if
22 you release money to a subcontractor that is not a

1 federal agency -- we did a lot of contracts for other
2 federal agencies. There is no procurement laws that
3 are involved in that. We can take your money and you
4 can take our money.

5 COMMISSIONER WILHELM: When you had your
6 own staff sort of?

7 MR. GRIFFITHS: Well, yes. ACIR did
8 \$200,000.00 or \$300,000.00 a year of interagency
9 contracting with other federal agencies studying
10 various issues of some kind and there were no federal
11 procurement laws that governed that transfer of funds.
12 If you transfer funds to a non-federal entity, then
13 the procurement laws become applicable, and of course
14 there are procurement laws dealing with the private
15 sector or the non-profit sector and so forth. There
16 are different rules and regulations. I was told that
17 -- I thought one of the things we could do because of
18 the shortness of time here -- I heard you all this
19 morning. You want to get this done. You want your
20 information quickly. You want to get on with your
21 business. And I thought, all right, one of the
22 justifications then that we could use for sole

1 sourcing would be that we just don't have the time to
2 go out and do the competitive bidding. But Calvin
3 Snowden made it very clear to me that that is not an
4 excuse, you can't use that, which kind of popped my
5 balloon on that one.

6 There are procedures, I am sure you will
7 hear tomorrow -- and I am not the expert -- but there
8 are procedures where you can speed up the procurement
9 process based on the amount of the award. Awards
10 under a certain amount can be, for instance, done
11 under three bids and not have to go out to the world
12 and advertise it. You can pick three qualified groups
13 and allow them to bid. You have to justify why you
14 picked them, but there are ways to speed the process
15 up. I think under a quarter of a million dollars, you
16 can expedite the process.

17 So Calvin and I and I suspect Calvin and
18 you all will be sitting down and going through all of
19 this as to exactly what has to be involved. You see,
20 I forgot your final, final. I think I answered the
21 second final but not the final, final.

22 COMMISSIONER WILHELM: Whether you ever

1 operated under this procedure before.

2 MR. GRIFFITHS: Well, yes. As I said, we
3 are a federal commission. Under real small amounts --
4 and sometimes our contracting was for a single
5 professor or a lawyer or whatever to do a very
6 specific job and we were able to do this by getting
7 three voice bids. We didn't have to go out and do an
8 elaborate process because the amount of money was so
9 small. But, yes, we went through the procurement
10 process wherever the amounts were large enough to
11 require it. I mean, we are a federal agency just like
12 everybody else.

13 CHAIRPERSON JAMES: Let me be very clear
14 about this in terms of we will abide by the federal
15 procurement laws. That is the end of that story. The
16 bottom line is that whatever that is and whatever the
17 advice is that we get from the experts in that field,
18 that is what we will do. Is it annoying? Yes. Is it
19 cumbersome? Yes. Would we prefer not to have to deal
20 with it? Yes. Is it going to slow us down? Yes.
21 Will we abide by the law? Yes. So whatever we find
22 -- I completely -- I know that you have dealt with

1 these issues before. ACIR is an expert in this area
2 of getting work done and of doing research, and I
3 trust you, Mr. Griffiths, as you go through this
4 process that you will figure out exactly how to get it
5 done within the confines and the letter and the spirit
6 of the law. That is all this Commission can ask of
7 you. Terry?

8 COMMISSIONER LANNI: One more question, if
9 I may. Relative to the \$1.4 million proposed budget,
10 the question I have is how much of that is purely
11 administrative and how much have you set aside for
12 research in that amount?

13 MR. GRIFFITHS: Approximately -- for ACIR,
14 \$500,000.00. The rest of it was all subcontracted.
15 But that includes us, who are doing the research as
16 well. I mean, if you subtracted our salaries from our
17 research role, I am not sure exactly what that would
18 come to. Probably \$300,000.00 -- I don't know. Maybe
19 \$300,000.00 pure administrative. I am not sure. I
20 would have to research that and give you a figure.

21 CHAIRPERSON JAMES: Mr. Griffiths, how
22 many people are on ACIR's staff today?

1 MR. GRIFFITHS: We have four people, two
2 of which are part-time.

3 CHAIRPERSON JAMES: So you only have two
4 full-time people?

5 MR. GRIFFITHS: Full-time staff at this
6 point. We obviously are doing just what you are
7 doing. We are waiting to see what you do before we
8 decide what we are going to do. But one thing we
9 didn't want to do was bring on a lot of people and
10 then have to support a lot of people on a lesser
11 budget. So we decided we would just wait and see what
12 you do. But we have people we could bring on if the
13 money is there.

14 CHAIRPERSON JAMES: Any other questions
15 from Commissioners? Mr. Griffiths, thank you so much
16 for being here today and for answering the questions
17 from the Commission. We have a lot before us to think
18 about and to deliberate on. Before we talk about the
19 contracts in general, I would like to go ahead and
20 move and have NRC make their presentation and have
21 some questions and discussion with the Commission.

22 They are charged with conducting research

1 on pathological problem gambling and its impact as
2 well as providing assistance to the Commission in
3 other areas. They are responsible to report to the
4 Commission by September of 1998, and joining us today
5 from NRC are Carol Petrie, the Director of the
6 Committee on Law and Justice, Barbara Torrey, the
7 Executive Director of the Commission on Behavioral and
8 Social Sciences and Education, and Dr. Faith Mitchell,
9 the Director of the Social and Economic Studies
10 Division. Thank you all for coming today, and we will
11 turn it over to you and let you decide what order you
12 would like to speak in.

13 MS. TORREY: I am Barbara Torrey, the
14 Director of the Commission on Behavioral and Social
15 Science. And what I will do is simply turn it over to
16 Carol, who actually has been doing all of the legwork
17 on this and then be available to answer your
18 questions.

19 MS. PETRIE: Thank you, Madam Chair. It
20 is a great pleasure for us to be here today to present
21 the National Research Council's proposal for a study
22 of pathological gambling to you and your colleagues on

1 the Commission.

2 We would like to begin by first telling
3 you something about the National Research Council and
4 its study process, and then briefly outline the major
5 issues to be addressed by our proposed study on
6 pathological gambling. We want to leave plenty of
7 time at the end of our presentation for questions from
8 Commission members.

9 To begin, the National Academy of Sciences
10 was established by Congress in 1863. Its charter was
11 signed by President Lincoln, and its stated purpose is
12 to provide advice to the nation on scientific and
13 technological matters. Four distinguished
14 organizations make up what is known as the Academy
15 complex. Three are membership organizations of
16 distinguished scientists from around the country and
17 these are the National Academy of Sciences, the
18 National Academy of Engineering, and the Institute of
19 Medicine. The fourth, the National Research Council,
20 is the operating arm of the Academy. It provides
21 staff and support to the standing commissions and
22 boards and to the various study committees of the

1 Institution.

2 The study procedures of the National
3 Research Council are designed to insure the highest
4 levels of scientific competence, to protect against
5 bias, and to preserve the independence of the
6 committee process. For most NRC studies, a committee
7 of between 10 and 20 members with a diverse range of
8 expertise and perspectives is convened to address a
9 particular question.

10 The scientific diversity supported by this
11 process is particularly important when an issue has
12 multidisciplinary dimensions that must be considered,
13 as is the case with pathological gambling.

14 Study committee members serve without
15 reimbursement except for their expenses. Most
16 projects originate from requests made from outside
17 sponsors, especially Congress as this one has or
18 federal agencies. In reaching conclusions, the
19 committee members meet periodically to evaluate
20 published research and hear invited scientific
21 testimony. The charge to the study committee, that is
22 its task, is the formal statement of the problem, that

1 in this case begins at the bottom of page 3 of the
2 prospectus that you have in front of you.

3 Committee members for this study will be
4 nominated by members of the National Research
5 Council's Commission on the Behavioral and Social
6 Sciences and Education, the members of its Board on
7 Behavioral, Cognitive, and Sensory Science, and the
8 members of its Committee on Law and Justice.

9 Sponsors, that is all of you, may also
10 suggest candidates for consideration. Committee
11 member nominations are reviewed and approved by the
12 members of the Commission on the Behavioral and Social
13 Sciences and Education and by the President of the
14 National Academy of Sciences, who is responsible for
15 appointing the study committee members.

16 Each committee is assisted in its work by
17 highly qualified professional staff members who bring
18 substantive expertise and interdisciplinary interest
19 to the management of the committee process. It is the
20 responsibility of staff to create the dispassionate
21 and objective atmosphere in which the National
22 Research Council's deliberative process takes place.

1 The committee itself, however, bears the
2 responsibility for designing and conducting the study
3 and writing the final report.

4 Once the study is completed and a report
5 has been written, it goes through a rigorous review
6 process. This review is confidential. Anonymous
7 experts who have not participated in the study
8 committee review and critique the report. The report
9 resulting from the work of the committee will be
10 prepared in sufficient quantity to insure its
11 distribution to the Commission, to committee and panel
12 members, and other relevant parties in accordance with
13 Academy policy -- for example, members of Congress.
14 Reports are made available to the public without
15 restriction -- that is, NRC disseminates its reports
16 as widely as possible.

17 Before the report is officially released
18 by the Academy, staff and committee members may
19 discuss only the scope of the project, the name of the
20 sponsor and the study cost, and the make-up of the
21 committee, including the names and affiliations of the
22 members.

1 Now as all of you know, when the National
2 Gambling Impact Study Commission was established, the
3 law included a provision for an assessment of
4 pathological or problem gambling and its impact on
5 individuals, families, businesses, social
6 institutions, and the economy. The Act further states
7 that the National Research Council shall assist the
8 Gambling Commission in carrying out this part of the
9 study. The NRC was included in the legislation to
10 study pathological gambling because there is some
11 controversy surrounding its definition, its causes,
12 its prevalence, and its treatment, and because there
13 are some questions about how existing data and
14 information on pathological gambling should be
15 interpreted. Thus the Congress, and from what we
16 understand both the Gaming Industry and the anti-
17 gambling community wanted an objective and scientific
18 review of the research that exists on pathological
19 gambling.

20 Despite existing controversies, it is
21 broadly accepted that pathological gambling differs
22 from the social gambling of most adults. It has long

1 been classified by all concerned as deviant and is
2 highly linked to serious behavioral, social, and
3 health problems. Pathological gambling was first
4 described as a mental health problem in 1980, when it
5 was included in the Diagnostic and Statistical Manual
6 of Mental Health Disorders, Third Edition. When I say
7 first described, I mean first officially described.
8 Actually, it was recognized as a disorder in the
9 treatment community before that. There it was defined
10 as a chronic and progressive failure to resist
11 impulses to gamble. Symptoms ranged from the
12 relatively mild, borrowing money from family or
13 friends, which many social gamblers might do, to
14 losing time at work, which is more serious and
15 limited, to the other extreme of being arrested for
16 offenses committed to support gambling. This
17 definition, which has been updated somewhat in the
18 Fourth Edition to reflect new information, is widely
19 accepted in the mental health treatment community, but
20 pathological gambling is nevertheless still
21 controversial as a medical problem even among research
22 psychologists and many sociologists. Thus the

1 theories and definitions with respect to the nature
2 and causes of pathological gambling remain a source of
3 debate in these circles and in other policy circles as
4 well.

5 An example can be found of this in the
6 authorizing legislation for the Commission where it
7 calls for an examination of pathological or problem
8 gambling. These terms are used interchangeably, but
9 there are questions as to the similarities in these
10 behaviors. For example, over when a person crosses
11 over from social gambling to frequent gambling to
12 problem gambling, or when problem gambling becomes the
13 uncontrollable state that is more narrowly defined as
14 pathological gambling in the mental health literature.

15 The National Research Council's review,
16 therefore, must attempt to sort out some of these
17 definitions and relationships. I won't cite
18 statistics on pathological gambling here because I
19 know you will hear these from many other people who
20 will testify in front of you. However, at this point
21 I would like to highlight some of the major issues
22 that the study might address, with the understanding

1 that many sub-issues and questions will be addressed
2 by the study committee and certainly many more than I
3 can mention here or think of.

4 One of the most important will be the
5 question, has the prevalence of pathological gambling
6 increased as gambling has become more socially
7 acceptable. Though there are no national prevalence
8 studies, there are quite a few studies that examine
9 prevalence by studying treatment populations, and the
10 more recent literature on overall prevalence. For
11 example, there is a 1988 National Institutes of Mental
12 Health prevalence study that was conducted in five
13 states. That study and a subsequent effort improving
14 on the methodology for the State of Maryland both
15 concluded that pathological gambling prevalence had
16 doubled in Maryland over the past 20 years, that is,
17 since the last gambling commission studied the issue.
18 So we see that the issue of prevalence will be a
19 critical one for the study committee to examine.

20 The National Research Council committee
21 will review the quality of the prevalence data on
22 pathological gambling and provide an assessment of

1 what conclusions may reasonably be drawn from existing
2 prevalence information.

3 The committee will also review the data on
4 teen prevalence and whether it has increased as well
5 as prevalence for other subgroups described as
6 vulnerable in the literature, especially minority
7 groups and the elderly.

8 A second issue to be addressed would be
9 what are the causes of pathological gambling.
10 Research indicates that the causes may be complex. So
11 among other things the committee might examine will be
12 risk factors, decision making processes related to
13 pathological gambling, and individual differences,
14 especially again whether certain groups have special
15 vulnerability such as teenagers.

16 A third major issue is what is the
17 relationship between pathological gambling and other
18 disorders -- for example, drug abuse, alcoholism, and
19 depression. And to the extent possible, the committee
20 will examine comparative studies of the severity and
21 prevalence of these disorders. Reviewing this
22 literature will help the committee to describe some of

1 the behavioral and health-related contexts that should
2 be considered in studying pathological gambling.

3 A fourth issue is what are the social and
4 economic costs of pathological gambling. Related
5 studies on crime, delinquency, Welfare, personal
6 indebtedness and bankruptcy, lost productivity,
7 disrupted families and compromised family physical and
8 mental health will all be examined.

9 Next is the issue of the impact of the new
10 gambling technologies on the development and
11 progression of pathological gambling. Of particular
12 interest here are the impact on motivation and
13 behavior of video technologies and the likely impact
14 of the availability of gambling on the Internet. I
15 really can't tell you how much we will be able to do
16 on that because there is no published literature on
17 that.

18 Finally, the study committee will
19 determine what treatment is available and its impact
20 and will examine what related research principles can
21 be applied to the design of prevention programs.

22 A preliminary search of social science and

1 health data bases that we performed to develop this
2 study prospectus identified over 700 studies involving
3 some aspect of pathological gambling. The size and
4 scope of this information base in fact surprised us.
5 So you can understand that this is not a small task.
6 However, a review of this information base is expected
7 to provide new information on a range of issues
8 including the links between pathological gambling and
9 the incidence of crime, the level of damage families
10 experience from pathological gambling, whether
11 pathological gambling along with its associated
12 disorders is substantially higher in communities with
13 a major gambling presence, whether some forms of
14 gambling are particularly strongly linked to
15 pathological behavior, and whether it is possible to
16 determine the proportion of gaming revenues that come
17 from pathological gamblers.

18 Because of the multidisciplinary nature of
19 the pathological gambling issue, a wide range of
20 expertise is required for this study. The study will
21 draw on experts from mental health and psychiatry,
22 social psychology, biostatistics and survey

1 statistics, criminology, sociology, constitutional and
2 regulatory law, economics, epidemiology, public
3 policy, and finance and marketing. The committee will
4 review quantitative data and documents from a variety
5 of governmental and non-governmental sources, will
6 review theoretical, ethnographic, and case study
7 information on pathological gambling, and will
8 interview subject matter experts in order to evaluate
9 the range of research and statistical information
10 available on pathological gambling and its multiple
11 impacts.

12 The committee also will select other
13 experts from this range of academic disciplines as
14 well as from professional treatment settings to
15 participate in project activities which will include
16 commission papers and two workshops.

17 A final report will synthesize the
18 research review, discussions, and papers presented and
19 the report will be submitted to the Commission and
20 made available to the public.

21 The estimated cost of the 15-month study
22 to review the extensive data and information base on

1 this topic and to produce and disseminate the final
2 report is \$620,000.00. This amount supports the
3 salaries of the project and supervisory staff, the
4 travel and meeting expenses of the committee and the
5 other participants in the study including workshop
6 participants, and the research activities including
7 the cost of extensive data searches and research
8 reviews and commission papers. And while we recognize
9 that this is a sizeable percentage of the Commission's
10 research budget, we believe that the scope of the
11 literature to be reviewed and the importance of
12 producing an authoritative, highly credible, and
13 thoughtful study of pathological gambling warrant the
14 expense and will move the field forward in meaningful
15 ways.

16 My colleagues and I will be happy to
17 answer any questions you have.

18 CHAIRPERSON JAMES: Mr. Leone?

19 COMMISSIONER MCCARTHY: I should have
20 pointed out before Carol Petrie began her presentation
21 that in the -- in this thing that I left in front of
22 all the members that are not on the subcommittee on

1 research is included this prospectus. If you wouldn't
2 mind pulling that out, it has in it a plan of action
3 which you've really just heard laid out in even more
4 detail. If you wouldn't mind just taking a look at
5 that, it might be helpful. Thank you.

6 Madam Chair, I would simply say that we
7 had an opportunity to have an exchange with Carol
8 Petrie for two and a half hours as I think I mentioned
9 earlier at the Denver Airport, Conference Room A. I
10 think we were -- we knew something about the National
11 Research Council before that meeting, of course. I
12 don't know what caused Congress to include them for
13 this part of the research, but I am happy Congress did
14 because I think their standing professional competence
15 will get us a good report. I asked the question that
16 I ask everywhere, how will lay people making these
17 decisions at state governments and local governments
18 -- what will they have from this research to look at?
19 And I think you have just heard a list of the subject
20 areas that are going to go in, and we will know what
21 the costs are to government of providing for whatever
22 the measure of damage is that comes from pathological

1 gambling or any seriously disordered gamblers in this
2 field. And I think those economic judgments as well
3 as social judgments should be in the public dialogue.
4 I think this could be a very valuable piece of
5 information for the public to have. I don't know if
6 my colleagues want to make any comments.

7 CHAIRPERSON JAMES: Terry?

8 COMMISSIONER LANNI: Thank you. A couple
9 of thoughts. One, I am aware of the prestige that
10 surrounds your particular organization and I would
11 assume that gambling is a new venture for your
12 particular association, and I would suggest that you
13 might want to take a look at some of the statistics
14 that you have compiled in your report that was
15 included in our package. Because gaming, I think you
16 refer to, or gambling -- some people refer to it as
17 gaming but some others refer to it as gambling -- so
18 gambling is indicated that it is allowed commercially
19 you are reporting in 9 states. It is actually 10
20 states that have commercial gaming. In addition, 22
21 states have some form of Native American casino
22 gaming. Your reference to the aspect of the situation

1 for Native American gaming -- you should note that
2 that is subjected to two other factors which you
3 didn't include in there. One is entering into a
4 compact with the governor of the particular state in
5 which the tribe finds its reservation bounded by or
6 within that area. And in turn, the requirement of
7 federal recognition. If a Native American tribe is
8 not federally recognized, it doesn't fall under the
9 Indian Gaming Act of 1988. In addition, unless I have
10 missed something, Georgia does not authorize video
11 slot machines. So I think some of your research to
12 date in the area of gambling should be maybe a little
13 more intense.

14 CHAIRPERSON JAMES: Did you want to be
15 recognized, Mr. Loescher?

16 COMMISSIONER LOESCHER: Yes, Madam
17 Chairman. I support your agency and your proposal,
18 and this is the kind of proposal, I think, that we
19 should be entertaining in all of the other areas that
20 Congress charged. I think it is laid out here and the
21 approach is good and we know what the outputs are
22 going to be and the process and the schedule, and I

1 would be hopeful that the other segments of our work
2 could be proposed in this manner.

3 I honestly believe that the Chair and the
4 Executive Director should be able to negotiate a
5 contract rather quickly based upon this initial
6 proposal. So I just want to go on record as endorsing
7 this approach.

8 CHAIRPERSON JAMES: Jim?

9 COMMISSIONER DOBSON: Madam Chairman, I
10 would like to call the attention of the Commission to
11 the fact that we don't yet have a budget. So we don't
12 know how much money we have. We listed 50 questions
13 today that we wanted to answer. This one deals with
14 one of them. We have got to spread the money around
15 somehow in that group. You have a research committee
16 that has been appointed to look at this. I would
17 certainly hope in both of these instances that you
18 would allow us to do our initial work and come back
19 with a recommendation instead of making a decision
20 today that would lock us into anything that is at best
21 a preliminary judgment without knowing what kind of
22 funds we have.

1 CHAIRPERSON JAMES: Richard?

2 COMMISSIONER LEONE: I have a question that
3 relates to the timing. Because I think Jim is right.
4 We can't do much about the budget yet, although the
5 numbers keep adding up as people keep talking. We've
6 sort of backed up all of these from the date the
7 report is due or has to be written in effect. We
8 haven't really backed them up from a date we might
9 pick that would be designed to bring all the research
10 in, let's say, in 12 months and give the Commission 3
11 months or more to deliberate about what it all means.
12 Now obviously something is lost when you cut time from
13 the process, and just as long as we have this panel
14 here, I thought I might ask them about it.

15 In a rationale world, again, one might
16 want to approach it that way and say we wouldn't want
17 to write our collective judgment without having had a
18 chance to digest all of this presumably expensive and
19 valuable information that we have caused to be
20 developed.

21 CHAIRPERSON JAMES: This is another one of
22 those chicken and egg questions, and it is a very

1 difficult one, but not one that didn't go
2 undeliberated or discussed as we thought about it.
3 And tomorrow, when we have that workplan discussion,
4 that is exactly the kind of discussion that we need to
5 have in terms of when we would like to see the
6 information brought to the Commission, what we will do
7 with it at that point in terms of having the ability
8 to analyze it, and to comment on it. And again, the
9 question is raised again about the budget and whether
10 or not -- you know, what kind of money is available
11 for that. The one thing we do know is what Congress
12 appropriated. We do know that. And I think while it
13 is difficult, it is important to recognize that we do
14 need to have some idea of what our contractors are
15 telling us they believe is necessary. So that,
16 Richard, as you sit down with the staff at GSA, you
17 will have the benefit of that information in
18 developing and going over a budget with us. So it is
19 not a pretty prospect of which goes first and how do
20 we do it and do we decide this first or second. It is
21 cumbersome any way you look at it, but all of that
22 information is important in coming up with the

1 process. John?

2 COMMISSIONER WILHELM: I would like to
3 urge us to move on the National Research Council
4 proposal as quickly as possible. On the one hand, I
5 understand the points made by Jim and Richard with
6 respect to the budget process. On the other hand, the
7 law that established the Commission does require in a
8 mandatory way that we contract with the NRC. Now it
9 is true that one can try to sort of slice and dice
10 exactly what it is that we might contract with the NRC
11 about, I suppose, because it talks about assistance.
12 But it seems to me that the proposal put forward by
13 the NRC is precisely responsive to what the law says
14 we shall contract with them about.

15 CHAIRPERSON JAMES: John, can I interrupt
16 for just a minute to suggest that we see if we have
17 any additional questions for this panel and then we
18 begin our discussion about the contracts and the
19 contract process.

20 COMMISSIONER WILHELM: Fine.

21 CHAIRPERSON JAMES: Because while we
22 deliberate that, I hate to have them have to sit at

1 the table while we go through that process. Yes,
2 Bill?

3 COMMISSIONER BIBLE: Is your price capable
4 of negotiation? It was suggested that maybe
5 negotiating would lower the price?

6 MS. TORREY: Our price is sort of what --
7 for the kinds of activities we laid out for you. So
8 what we would have to do is we would have to take some
9 of those activities off the table. We have -- one of
10 our big problems and one of our real expenses is our
11 review process and it goes into the question of time
12 that somebody raised. It is -- we have such an
13 extensive review by outside scientists of our work
14 that it really -- it reduces our degrees of freedom in
15 negotiating.

16 COMMISSIONER BIBLE: Which I guess then
17 you are suggesting that if the price were reduced that
18 the quality of the work product may not be the same?

19 MS. TORREY: I have to tell you that is
20 true.

21 COMMISSIONER BIBLE: Okay. Thank you.

22 CHAIRPERSON JAMES: Do we have any other