

1 P-R-O-C-E-E-D-I-N-G-S

2 8:40 a.m.

3 CHAIRMAN JAMES: Good morning and welcome
4 back to everyone who was here yesterday, and to those
5 of you who are joining us for the first time I'd like
6 to welcome you on behalf of the entire Commission.

7 The Research Subcommittee, including
8 Commissioners Dobson and Wilhelm, and chaired by
9 Commissioner McCarthy, has achieved a lot since
10 our last public meeting, and I look forward to your
11 report. I'm going to turn the chair over to Commissioner
12 McCarthy at this time for his report, at least turn the
13 microphone over to him.

14 COMMISSIONER McCARTHY: Thank you, Madam
15 Chair.

16 They are stapling one report that we'll
17 have to you in just a moment. I'm going to touch on
18 two brief subjects in the Research Committee report.
19 The first deals with the status of the RFPs sent out
20 to seven different people being invited to make
21 proposals for the national survey and the community
22 database research. You are receiving in front of you

1 the timetable for that going forward, which is the
2 main piece of information I want to focus you on. The
3 RFPs were mailed out Friday to seven groups that have
4 extensive experience in research and use of the
5 methodologies to get at the data that we're after to
6 answer all of the questions that were previously
7 approved by this Commission.

8 In the work on the RFP, I want to thank
9 Commissioners Dobson and Wilhelm. They put in a lot
10 of hours on this, and I want to thank Doctors Reuter
11 and Kelly, who put in a great number of hours on this,
12 and there were assorted others, including Charlotte
13 Rosen, our contract lawyer, and others as well. It's
14 a good piece of work, I think. There are a couple
15 areas of clarification that were raised by
16 Commissioner Wilhelm. Commissioner Dobson and I agree
17 that a letter will be sent to the seven contractors,
18 so that there's no ambiguity in the two sections in
19 the RFP.

20 I should mention, copies of the RFP were
21 sent to all commissioners on Friday, so that will be
22 there for you to peruse when you return home.

1 If you have that schedule in front of you
2 now, the survey database RFP timetable, this is what
3 it looks like, if there are any questions by members
4 of the Commission regarding that timetable I would
5 welcome there.

6 There are two points I want to make here.
7 As we go through this process, of course, we come back
8 to the Commission, they'll have a look at the contract
9 that will be negotiated, and they'll have a look and,
10 of course, we'll ask them to consider and, hopefully,
11 approve the budget estimates that we will present to
12 you.

13 At a late point in this, the contractor
14 chosen will develop a questionnaire, but that will be
15 done working with our research director, our principal
16 research consultant, and your three colleagues on the
17 research committee. Any members of the Commission
18 will have a chance to look at those questions that
19 will be posed in the national survey, and your
20 thoughts will be welcomed on that.

21 We hope to get all of this wrapped up, as
22 is indicated by the dates on this piece of paper we've

1 given in front of you, so we give a sufficient amount
2 of time to do the national survey and the community
3 database.

4 I would welcome any comments on the RFP
5 from either Commissioner Wilhelm or Commissioner
6 Dobson.

7 The second item that I wanted to touch was
8 on the review of economic impact literature. A letter
9 has gone out. Do we have that, those pages? Thank
10 you. A letter has gone out to nine or ten different
11 potential contractors who have research experience in
12 regional economies and the related methodologies that
13 we need to try to understand after we do a synthesis
14 of existing literature on the economic impact of
15 gambling, whether we then want to commission original
16 research or not. And, if you would look
17 through what we just handed you, you will see a copy
18 of the letter that went out and you will also see a
19 list of the group to whom the letter was sent.

20 This was spurred primarily by Commissioner
21 Wilhelm at the beginning, but it's something I've been
22 very interested in, as well as has Commissioner

1 Dobson, and other members of the Commission have
2 raised the need to do this vital research.

3 Again, if there are any comments by
4 Commissioner Dobson or Commissioner Wilhelm, I'd
5 welcome them at this point.

6 Both Doctor Reuter and Doctor Kelly are
7 here to answer questions, as I am, of course, on
8 either of these two points, the RFP or the economic
9 impact synthesis.

10 Madam Chair?

11 CHAIRMAN JAMES: Yes.

12 COMMISSIONER BIBLE: A question on the RFP,
13 how were the seven organizations selected?

14 COMMISSIONER McCARTHY: Doctor Reuter or
15 Doctor Kelly?

16 CHAIRMAN JAMES: Why don't I have Doctor
17 Reuter and Doctor Kelly join us over here, because
18 there may be questions from the Commissioners and
19 either of you can feel free to answer. Thank you.

20 DOCTOR KELLY: Good morning. We checked
21 with some of our consultants, especially Nancy
22 Mathiowetz, who is a very well-known survey

1 consultant, does work consulting with a lot of the
2 major organizations that we're talking about actually
3 when they have issues that they need addressed.

4 We asked her to draw up a list of the top
5 national companies that are, (A) very well recognized
6 in the field, so that their work would be respected,
7 like a Gallup organization for instance, but that, (B)
8 would have the in-house resources to do all that we
9 want them to accomplish in the RFP. In other words,
10 we did not want to contract with a small organization
11 that would end up subcontracting out major portions of
12 this work, the reason being two fold. One is that we
13 feel that by having someone who has their own
14 resources in house they have the type of expertise
15 that we're likely to need. It's going to be a very
16 creative and fast-moving process, and secondly, by
17 having the in-house resources we are much more
18 confident that they will be able to respond in a
19 flexible and timely manner to the type of work that we
20 need to have accomplished in short order here.

21 So, for those reasons we gave her those
22 criteria, she generated the list, there were eight

1 organizations that ended up on that list, one of which
2 withdrew, that was Rand, and that left seven, so we
3 actually sent it out to the seven, but I do have the
4 discussion of these criteria actually in a series of
5 memos. If you are interested, I would be glad to show
6 you.

7 COMMISSIONER BIBLE: You had some objective
8 method there, a rank and score for certain
9 capabilities?

10 DOCTOR KELLY: They weren't ranked, but it
11 was basically through our consultants that they were
12 selected in this manner.

13 COMMISSIONER BIBLE: If another
14 organization submitted a proposal would we consider
15 it?

16 DOCTOR KELLY: I suppose we would consider
17 it if another organization submitted a proposal,
18 although this is something that we were discussing
19 just this morning.

20 COMMISSIONER McCARTHY: It would have to be
21 immediate, and as long as an additional organization,
22 at the same professional standards as were required of

1 the first group it would be considered, but given the
2 timetable we are talking about here, the number of
3 weeks we are giving these groups to complete their
4 proposal if they choose to do so, adding any
5 additional organization, assuming Charlotte Rosen says
6 that there are no legal issues raised by doing that,
7 that would have to be done immediately.

8 COMMISSIONER BIBLE: Are you and Doctor
9 Reuter comfortable that we've captured the top
10 organizations you feel?

11 DOCTOR KELLY: Yes, no question.

12 CHAIRMAN JAMES: Any further questions from
13 any of the other commissioners?

14 COMMISSIONER LANNI: Madam Chair, I, too,
15 want to compliment the research committee or
16 subcommittee, whatever the correct terminology is, on
17 its work. It's done a great deal of work in this
18 regard.

19 However, I want to note something that I
20 shared with the chairman of that committee, Leo
21 McCarthy, is that I firmly believe that in any event
22 that there is a matter of importance to any one of the

1 three members of that subcommittee, and if there's a
2 difference, for example, we'll say, for example, in
3 the definition and exact detail of the questionnaires,
4 if there is less than a unanimous position on the
5 verbiage in those questionnaires I think that matter
6 should be brought to the entire Commission for
7 consideration.

8 I don't want to see personally substantive
9 matters on a 2/1 vote. I would hate to see Jim
10 Dobson's views, if they differed from Leo McCarthy's,
11 and John's, from being brought before us, and it
12 should be discussed at the full Commission.

13 I'd like to go on record as so requesting
14 that.

15 COMMISSIONER WILHELM: Speaking as a member
16 of the research committee, I support that. I would be
17 likewise uncomfortable. It's my understanding that a
18 proposed contractor will come to the Commission
19 anyway, under our rules, to the full Commission, and
20 likewise, as Leo has indicated, the questionnaire as
21 well. But, I agree with Terry's point of view on
22 this.

1 I can report that with the clarifications
2 that the research committee discussed and agreed upon
3 this morning, which will be sent by letter to the
4 contractors that the committee is unanimous with
5 respect to the RFP.

6 CHAIRMAN JAMES: I would concur with
7 Commissioner Lanni to the point that I want the
8 commissioners to know that I have instructed the
9 staff, particularly, Doctor Kelly, that in dealing on
10 these important issues that it's very important to me
11 that he, as we go through this process, get -- and I
12 would beg your indulgence, I know how busy all of this
13 Commission is -- but that it's important for him to
14 speak to me personally to be sure that when he reports
15 back that he can say that all commissioners are in
16 complete agreement, because that's the first question
17 I'm going to ask, and I need to know that because it
18 will help, I think, in the decision-making process.

19 The Chair recognizes Doctor Dobson.

20 COMMISSIONER DOBSON: I would just like to
21 assure the rest of the Commission regarding the
22 implications of Mr. Lanni's comments, that there's

1 been remarkable unanimity in the research committee.
2 There have not been contentious issues. We've been
3 able to come to agreement on everything, and part of
4 that is due to the skill of the chairman. But, what
5 you are seeing is something we all have signed on to.

6 COMMISSIONER LANNI: Madam Chair?

7 CHAIRMAN JAMES: The Chair recognizes
8 Commissioner Lanni.

9 COMMISSIONER LANNI: I don't want
10 Commissioner Dobson to be too sensitive on this
11 subject. There was no indication on my part, and if
12 there was some inference that there was -- I was under
13 the impression that there is strong unanimity on the
14 part of the subcommittee and I congratulate the
15 subcommittee for that, I was merely speaking into the
16 future.

17 COMMISSIONER DOBSON: I understand.

18 CHAIRMAN JAMES: Commissioner Leone.

19 COMMISSIONER LEONE: I just have a question
20 that's similar to the question Bill asked, only about
21 the economic impact, and really, because only two of
22 these names are at all familiar to me I just wonder,

1 I'd like just people to talk a little bit about how
2 that will work.

3 DOCTOR REUTER: The scrutiny here was less
4 sharp than for the contractors for the RFP. I tried
5 to sort of call everybody I knew who was likely to be
6 able to identify good quality regional development
7 economists that might be appropriate for this, and
8 that's the list that I put together.

9 In fact, it's not intended by any means to
10 be exclusive, and I would be delighted to have
11 additional names for that list.

12 COMMISSIONER LEONE: Did you think at all
13 about -- I mean, this is not a plum assignment, did
14 you think at all that some of the institutes and other
15 places where there might be -- it might make more
16 sense for people to, you know --

17 DOCTOR REUTER: Oh, I mean, not all of
18 these are academics.

19 COMMISSIONER LEONE: -- present their
20 ongoing activity, the Leavy Institute in New York, or
21 people like that?

22 DOCTOR REUTER: There are at least two

1 institutes that are on this list, the Upjohn Institute
2 in Kalamazoo, Michigan, and the California Institute,
3 which I think is in the Bay area, and I mean I'd be
4 happy to have additional suggestions.

5 CHAIRMAN JAMES: Commissioner Wilhelm.

6 COMMISSIONER WILHELM: We discussed that
7 very issue this morning in the research committee
8 meeting prior to this meeting. Because of the burden
9 on the staff to get the RFP out and get this meeting
10 put together and all the rest of this, we had a small
11 communications glitch here which is easily
12 rectifiable, and, particularly, in your case, Richard,
13 because you have knowledge of the field, but in the
14 case of any commissioner, I'm sure that if there are
15 additional suggestions, I have a couple, as to whom
16 this letter should be sent, we'll certainly do that,
17 and, of course, Peter, the timetable will have to
18 slide slightly in order to accommodate that.

19 COMMISSIONER LEONE: Yes, right.

20 COMMISSIONER WILHELM: But, I think
21 additional suggestions would be helpful.

22 CHAIRMAN JAMES: Is this for the RFP?

1 COMMISSIONER WILHELM: For the economic
2 piece, I'm not talking about the RFP.

3 Richard, you had suggested before that
4 regional economics is not a gigantic field, in terms
5 of the number of participants, but if or anybody else
6 has thoughts I think it would be very helpful, even
7 though this is a small budget item, I consider it to
8 be extremely important.

9 COMMISSIONER LEONE: Well, I will just say,
10 because I've talked about this before, when I started
11 talking about this subject of economics in gambling,
12 I knew a number of distinguished economists who had
13 spoken to me because I was named to the Commission and
14 indicated their interest in the topic, and we talked
15 about how little work was done. And, since
16 subsequently going back to them, I haven't found any
17 of them who are willing to change the focus of their
18 ongoing research and writing and get into this field.
19 And so, I've been rather disappointed in one or two
20 cases particularly, where people led me to believe
21 they had a strong interest and I thought that we might
22 get some very interesting things.

1 DOCTOR REUTER: I think some younger
2 economists may decide that this is a nice way of
3 getting into a field which is going to be somewhat
4 significant, and I hope that we'll get good quality
5 applications.

6 COMMISSIONER McCARTHY: If any commissioner
7 has additional names, Madam Chair, if they would
8 please give them to Doctor Kelly immediately, say
9 within the next 72 hours, that would be very helpful.

10 COMMISSIONER LANNI: Madam Chair?

11 CHAIRMAN JAMES: The Chair recognizes
12 Commissioner Lanni.

13 COMMISSIONER LANNI: I have a question,
14 actually, of Mr. McCarthy. On the third or the last
15 page of the document that was just distributed this
16 morning, there's a reference to the name of a David
17 Craybill, without an affiliation, am I to assume
18 that's the Rand Corporation?

19 DOCTOR REUTER: No, no, no, that's not, and
20 I, frankly, just don't know what the affiliation is.
21 I didn't have that on my list, I'm sorry, I just don't
22 have that.

1 COMMISSIONER LANNI: But, he is an
2 individual that we have sent to?

3 DOCTOR REUTER: Yes, I'm sorry, I just
4 don't have that.

5 COMMISSIONER LANNI: I'm sure the
6 affiliation is known, but I --

7 DOCTOR REUTER: The name stands by itself,
8 according to Commissioner McCarthy.

9 COMMISSIONER LANNI: -- unfortunately, it's
10 a name that's maybe famous in the Craybill family, but
11 not in the Lanni family, it's among the missing.

12 I would, as one Commissioner, like to have
13 a little bit more definition as to the affiliation at
14 some point.

15 DOCTOR REUTER: We will be happy to provide
16 that.

17 COMMISSIONER LANNI: Thank you, Doctor.

18 COMMISSIONER BIBLE: What's going to be the
19 criteria for selection?

20 DOCTOR REUTER: The quality of the -- I
21 mean, at this stage nothing more than the quality of
22 the proposal and the qualifications of the applicant.

1 COMMISSIONER BIBLE: Are you going to
2 develop some sort of an objective ranking system?

3 DOCTOR REUTER: We will have to develop an
4 objective ranking system. This is a modest contract,
5 but I agree that there will have to be some formal
6 assessment.

7 CHAIRMAN JAMES: Would you explain, for the
8 benefit of the commissioners, what the process will
9 be, because I think that would be helpful, in terms of
10 the ranking, and once that's done the selection
11 process, how it will be brought back?

12 DOCTOR KELLY: Why don't I do it for the
13 RFP and, perhaps, you could do it for the economic
14 work.

15 In fact, it might help if I could back up
16 just a bit to call everybody's attention to the
17 handout from yesterday morning. This is what we are
18 referring to, the little package that came out
19 yesterday morning with a handwritten note from me that
20 said, "Add to Tab 12." Actually, it should have been
21 add to Tab 7, I'm sorry, 8, Research Progress Report.
22 So, I just want to call your attention to that little

1 package of goods that were handed to you yesterday
2 morning, it should be added into your Tab 8 with the
3 Research Progress Report.

4 The progress report, by the way, which I
5 will do for each meeting, is just a brief summary of
6 the same types of things that Commissioner McCarthy
7 ran through, and I'd be glad to answer any questions
8 if there are any about that.

9 But, in that same package, which included
10 also a list of the RFP recipients, here are the seven
11 recipients of the RFP, it also had in there this RFP
12 timetable. So, the timetable is what we are talking
13 about now, how we are going to go through this
14 process, and I'll just walk us through this quickly
15 and see if there are any questions.

16 Basically, we gave the contractors, as
17 you'll see, one week to come back with written
18 questions, which is a typical strategy, for them to,
19 for instance, if Gallup has some confusion about some
20 of the language they can write in and we will respond,
21 both to them and to all of the contractors.

22 Then, in two weeks into the period here,

1 January 29th, we have a mandatory pre-proposal
2 conference, where we sit down with all of the
3 interested contractors and make sure that we are on
4 the same wavelength, so to speak.

5 Then, on February 17th, one month after the
6 contract was released, I mean after the RFP was
7 released, excuse me, the proposals are due back to the
8 office, and then at that point we are going to pull
9 together a technical review panel, a review panel
10 which would consist of myself, Doctor Reuter and other
11 contract, survey and research experts that we will
12 pull together there in the Washington area, and we're
13 giving ourselves one week, you can see, to do the type
14 of ranking and rating that Commissioner Bible was
15 speaking of.

16 CHAIRMAN JAMES: Doctor Kelly, could you
17 give us some examples of what kinds of people would be
18 included on that panel?

19 DOCTOR KELLY: Well, for instance, we might
20 well look to someone who is a specialist in contract
21 law, so we might see if Charlotte Rosen would be
22 available, or we might see if, I believe, Nancy

1 Mathiowetz is not available for this particular task,
2 but someone like that, who is an expert in survey
3 methodology. So, that person, for instance, would
4 help us to evaluate those components of the proposal
5 that would have to do with how they say they are going
6 to accomplish the survey part of the work.

7 And, we might want to get someone on there
8 who has done a lot of field work with the publicly-
9 available information that's included in our community
10 database portion of this contract, we'd want them
11 there to help us then look over the proposal
12 specifics. For instance, if one of the organizations
13 says we are going to rely on the Uniform Crime Report,
14 and we know that that is going to give us everything
15 we need, an expert would tell us, no, that's going to
16 be more difficult than that, and that expert would
17 then rank that accordingly, as to how credible and how
18 comprehensive the proposal would be in that area.
19 That's the type of people we'll be looking for.

20 CHAIRMAN JAMES: Commissioner Bible.

21 COMMISSIONER BIBLE: Well, it seems to me,
22 just in order to make the final work product as

1 defensible as possible, you need to develop a very
2 objective ranking system, you need to have that
3 documented fairly rigorously, so that as results get
4 released, you know, people sometimes attack, not the
5 results, but the people that conduct those sort of
6 research items or that sort of survey, so at least we
7 are in a position to defend the selection process.

8 DOCTOR KELLY: Yes, and, Commissioner
9 Bible, that's a timely reminder. Having come from
10 state government, where procurement is often a
11 difficult issue to deal with, I can tell you, I'm very
12 sensitive to that and will be very careful to document
13 everything, even though we are not technically subject
14 to FAR acquisition regulations, we are going to stay
15 as close to that as we possibly can reasonably, and
16 that means, indeed, we will have the criteria
17 documented and we will be very careful to march
18 according to those criteria.

19 COMMISSIONER LANNI: A minor point, but has
20 this letter gone out to the individuals already, the
21 proposed letter?

22 DOCTOR REUTER: Yes, it has, the economic

1 letter, yes.

2 COMMISSIONER LANNI: Just as a matter of
3 note, I think that you are technically incorrect with
4 the date which this Commission was established, it was
5 established, I think, with the signature of the
6 President, and that, if I'm not mistaken, was August
7 3rd of 1997, not the June date on which Congress
8 passes the bill.

9 DOCTOR KELLY: Let me just complete the
10 process on the RFP time line if you'd like, and then
11 I'll turn the microphone over to Peter to talk about
12 the process for the economic work. Okay?

13 COMMISSIONER LANNI: Excuse me, that was
14 August 6th.

15 DOCTOR KELLY: The next item, you'll notice
16 we have a few days set aside for contract
17 negotiations, so we do contemplate going back to what
18 I'm calling the finalists, the strongest proposals,
19 and trying to get, basically, the best deal we can
20 with them, so we'll have a few days of contract
21 negotiations, and then we will come back for a meeting
22 of the research subcommittee, and I believe after

1 discussion this morning that date is probably going to
2 shift a few days, it will probably be a few days
3 later, but whenever the research subcommittee can meet
4 we will review the finalists and the research
5 subcommittee with the chair will recommend the final
6 selection, which will then go to all the commissioners
7 for their review and input.

8 We're hoping to be able to actually award
9 the contract, it will be a little later than March 6th
10 now, it will probably be, perhaps, the following week,
11 maybe 9th or 10th, something like that.

12 And, after that, a very important last
13 point, please note, that is when then we will start
14 work on the questionnaire development, and, of course,
15 you will all be in that process per the discussion
16 this morning, and that's what this last comment is
17 about.

18 I'll stop there unless there are any
19 questions.

20 CHAIRMAN JAMES: Any questions on the time
21 line?

22 Can we move to the --

1 DOCTOR REUTER: As I understood the
2 question, it concerned what would be the evaluation
3 criteria for the economic proposals, and I have not
4 developed an evaluation form, but will do so before
5 reviewing the proposals. I simply don't know at this
6 stage what it will be.

7 We have asked for relatively short
8 proposals. I suspect that qualifications will be
9 probably as important as any in making the choice,
10 given that there's not a lot of research design to be
11 done at this stage in the proposal that we are asking
12 for.

13 CHAIRMAN JAMES: Any further questions for
14 the Research Subcommittee or for the staff?

15 COMMISSIONER McCARTHY: That concludes the
16 report, Madam Chair.

17 CHAIRMAN JAMES: Well, again -- oh,
18 Commissioner Wilhelm.

19 COMMISSIONER WILHELM: I just want to
20 associate myself with Jim's remarks about the job that
21 Leo has done. Leo has put a vast amount of time in
22 this, and he even was able to get Jim and I to wear

1 the same suit today.

2 COMMISSIONER McCARTHY: We have a research
3 committee uniform.

4 COMMISSIONER WILHELM: Same kind of suit,
5 but not necessarily the same suit.

6 CHAIRMAN JAMES: And, again, thank you very
7 much, and we appreciate your work. And, again, I want
8 to personally thank Leo, the leadership that he's
9 shown in this area has been absolutely incredible and
10 the amount of time that he has put in.

11 I dare say he has done just a phenomenal
12 job and the entire Commission is in his debt.

13 COMMISSIONER McCARTHY: Thank you.

14 CHAIRMAN JAMES: Well, we are a little
15 ahead of schedule, but that's a good thing because I
16 think it's going to be important with the panels that
17 we have coming before us right now to try to allow as
18 much time as we possibly can.

19 Our first panelists today are among the top
20 researchers in their fields, and we are very grateful
21 to them for coming to Atlantic City to speak to us
22 today. They are Doctor Rachel Volberg, President of

1 Gemini Research in Roaring Springs, Pennsylvania.
2 There you are, good morning. Doctor Howard Shaffer,
3 Director of the Center for Addiction Studies at
4 Harvard Medical School, where is Doctor Shaffer.
5 There you are, okay, good morning, and Doctor Henry
6 Lesieur from the Institute for Problem Gambling from
7 Rhode Island. Each researcher will speak for 25
8 minutes, and I ask that you allow time within that for
9 possible questions from the Commissioners if you
10 would. To assist you in keeping track of your time,
11 I've directed our timer over here to give you some
12 help and some guidelines in that capacity.

13 Doctor Shaffer, I understand you have a
14 plane to catch, is that, in fact, the case?

15 DOCTOR SHAFFER: I'm fine.

16 CHAIRMAN JAMES: Are you fine? Well,
17 please, this is very informal, please feel free to
18 leave if you need to.

19 With that, I'll turn it over to you.

20 DOCTOR VOLBERG: Thank you very much.

21 I have, I believe, copies of the testimony
22 that I'm going to present this morning have been