CHAIR JAMES: I would like to turn our discussion now back to the National Opinion Research Center, and welcome you back today to discuss the patron survey. And I don’t know who is going to lead off our discussion, but I will turn it over to you, and you can make that decision.

DR. GERSTEIN: Thank you, Commissioner. I would just like to make an introduction. I’m not going to start this off, but since in the meeting in Chicago of the Commission I had the opportunity to introduce the key members of our study team, and we had one change in membership a couple of weeks after that.

The project director who is really the person who makes sure the rubber meets the road, if I can borrow a phrase, is here with me, Sally Murphy. Sarah is, in fact, formerly her name, is the person who does that, and has since last June.

And the patron survey has been one of the more interesting parts of what we have done, and she has shepherded this operation, as well as all our other operations, so I would like to turn the floor over to her to describe what we have done here.

Dr. Volberg was kind enough to volunteer to run our slides. And since we like to do these in a somewhat different order than presented here, we would just like to put them up on the screen again.

MS. MURPHY: Okay. I think it is important to start with -- .

CHAIR JAMES: I am going to ask you to pull that microphone real close.

MS. MURPHY: You bet. Is that better?

CHAIR JAMES: The closer the better, swallow it.
MS. MURPHY: Swallow it. Is that better? Okay.

I would like to start off by sort of reviewing what the purpose of the patron survey is. It was to supplement the adult RDD survey with an intercept sample on location at gambling facilities, so that the total number of gamblers interviewed from group C, D, and E, would be sufficient to support intra-group analyses, and inter-group comparisons.

This was demonstrated yesterday by the results of the economic analysis we did.

So what I would like to do is I would like to talk to you about some of the things, some of the demographics, and some of the amounts of cases that we completed, and where we completed them, so you will have some idea of how the patron survey went.

We were targeting to complete 505 cases, we actually in fact completed 530 cases. You will note that in the casinos in Nevada and New Jersey we exceeded our targeted amount.

This was because we did these in a short period of time, and we gave the field some targets to meet during their specified times at the casinos, and we actually exceeded what we had originally thought.

In terms of regional distribution, you can see that we represented all four quadrants of the country, across the 21 establishments we went to. Dean, I think you had a comment at this point.

DR. GERSTEIN: Yes, actually. Why don’t we put the right slide up? The -- if you were to compare this distribution to where the sites were, this isn’t the way the country as a whole looks. That is, in terms of where people live.
On the other hand, it isn’t clear if you were to try and take a national sample of patrons, what that would look like. In looking at this survey-- actually I wrote this out, there is another slide that spells out what we think is the case with regard to how the data that we are looking at compare to what might be a national sample.

One of the merits of electronic technology is you can do these quickly. Let me read this. The patron survey that we completed is small and clustered. That is, it is 500 cases, a national sample you would want more like a couple of thousand.

And it is clustered in that the number of sites at which we collected wasn’t what you would want to do when we do a national survey. We usually go to somewhere between 60 and 100 sites, that is what we call primary sampling units.

In this case we went to about 20. Therefore I would not say you could generalize the specific results that we got here with assurance to all of the gambling patrons.

Now, before we did this adult survey on the telephone there was no national frame of patrons of gambling facilities that we would be able to use to weight this sample, so it would be nationally representative.

Weighting means you ask how many people does every person that you interview represent. Weighting is one of the things that statisticians make a living doing.

And we haven’t had time to think about how these patron data, which we only completed collecting within the last three weeks, would weight up to a national sample, if that is something that we wanted to do.
And we have discussed this with the Commission, and it was clear when we collected this data to begin with, that our primary purpose is the one stated, namely to supplement the RDD, that is the telephone sample.

And we certainly can’t explore the possibility of weighting the patron survey as part of our comprehensive report to the Commission on February 28th. And we would be happy to have some discussion about that, if you would like.

I just want to make clear that this survey, because it is small and it is clustered, gives us an idea about what we might see, had we been able to go to 100 facilities, if that seemed the right number.

We didn’t draw a national sample of gaming facilities in which to do this particular survey, and that is why it is a supplement. And I think that is an important point I just wanted to emphasize here.

COMMISSIONER BIBLE: Just so I understand clearly, when we talked about the patron survey we had quite a bit of discussion over the telephone -- .

DR. GERSTEIN: Right.

COMMISSIONER BIBLE: -- it was a telephone conference about how we were going to use this data, and what importance we should attach to the data as we considered the various issues that are before us. And at least I had the impression we were not going to use the data to generalize, to a much broader data.

And if I read what you are proposing here is that somehow you are going to attach some weights to it, and somehow validate it into a data that would be nationally valid?
DR. GERSTEIN: I’m indicating we could explore that, but it is not something we have done to date, and I want to just make clear that this is a sample meant to supplement the national sample for particular purposes.

And what we want to run through today, because we had that discussion, and wanted to see what one could make of the data, our discussion today is designed to tell you what the characteristics of this sample are.

We have not done, and we can discuss whether you want us to try and compare it to our national frame, which the telephone survey is, and see to what extent this sample is reasonably generalizable, or not.

COMMISSIONER BIBLE: At least my concerns at the time that somehow the data would get intermingled with the other data, and would kind of disappear and lose its identity.

And specially I noticed yesterday you drew some conclusions, I believe, in the social cost study based upon the data, and I could not differentiate where the data was coming from to support your conclusions.

DR. GERSTEIN: Social, the economic analysis is the only one in which we have, to this point, used that data.

COMMISSIONER BIBLE: But that was not identified on your presentation yesterday, that there was a kind of blending, some coming from the telephone survey, and some from the patron survey. I couldn’t look at the data and -- .

DR. GERSTEIN: We didn’t -- .

COMMISSIONER BIBLE: -- and figure out which was coming from where.
DR. GERSTEIN: We didn’t break those data out separately for the two groups, that is correct.

COMMISSIONER BIBLE: Because I thought that was our understanding when we proceeded with this, it would be cited and identified in the – so you could draw your own conclusions if you looked at the data.

CHAIR JAMES: That certainly was the context and the content of our telephone conversation.

COMMISSIONER LEONE: Let me understand something. The cost information that you provided yesterday, the estimates of impact, were they from the telephone survey, or this direct survey, or -- .

DR. GERSTEIN: They are from both.

COMMISSIONER LEONE: They are from both. So you -- you must have done some weighting in that, or did you just simply aggregate the two?

DR. GERSTEIN: We aggregated the two, and that is why we -- that is why we felt that those data could be applied group by group, but we didn't attempt to weight those up to what they would be if you wanted to say how many billions of dollars, because in order to get from a person estimate to a national estimate, you have to ask how many people does that individual in the survey represent.

COMMISSIONER LEONE: Yes, that was the question I was going to ask you today, actually. I was trying to extrapolate a national number from it, and I realized that without the weighting -- .
DR. GERSTEIN: You have a wide range of uncertainty, and that is why we didn’t feel that it was a good idea to do that arithmetic at this point in time.

COMMISSIONER LEONE: I have one other question about the sample, then. Were these large number of casino patrons, lumping all the casino patrons together, and the not so large, but the other number of lottery patrons, was that selected so that the two groups would give you some level of reliability? I mean, obviously, some level of reliability, but how did you wind up with those -- .

DR. GERSTEIN: These proportions were selected to represent the expenditure as represented, particularly in the analysis that Gene Christiensen gave, we actually sort of represented the dollars.

COMMISSIONER LEONE: Those are revenues?

DR. GERSTEIN: The revenues, and this is a rough equivalent -- .

COMMISSIONER LEONE: -- not the people at all, just the opposite -- .

DR. GERSTEIN: Right, this is basically equivalent to dollars.

COMMISSIONER LEONE: Okay, that makes sense.

DR. GERSTEIN: Okay. Anything else?
MS. MURPHY: All right. I would like to continue to talk a bit about the response rates.

First I think it is a good idea to understand sort of how we set this up. We sent teams of interviewers to each establishment, and particularly at the larger facilities they had set hours of when they were to do the interviewing, between 3 and 5 in the afternoon, and 7 and 10 in the evening.

Then they had a sampling end, in which most of the facilities was every third patron. The questionnaire was a shortened version of the RDD questionnaire, so we had a lot of comparable items between the two.

Our response rates, as you can see, the lowest response rate is the pari-mutuel, and that is because at one establishment we had an inordinately high amount of refusals.

Most of the refusals were due to people not having enough time to stop and talk with us. The other areas we didn’t have as many problems, and we got fairly good response rates.

COMMISSIONER LEONE: That is sort of counter intuitive, made me wonder about the -- as I understand it, the problem with pari-mutuels is people have a lot of down time between races and things.

DR. GERSTEIN: They spend a lot of that downtime sitting in their seats. Our sample was designed -- I mean, this was what our agreement with the facilities was, is that our interviewers would stay in one place and stop people in traffic.

MS. MURPHY: That is right. We were at the door of the facility, so that the downtime - that is right, the down time was while they were sitting in their seats. And we caught them as they were leaving the facility.
Now I would like to give you some characteristics of the people we actually interviewed. As you can see we came up with more males, we had a higher than national percentage of blacks in the sample. The income was a bit higher than the national.

The marital status demographics were pretty close to what the national is. The professional gamblers, when we asked people to self-identify themselves as a professional gambler, is less than one percent of the population.

So that sort of gives you an overview of what the patrons looked like that we intercepted and talked with at the various facilities.

DR. GERSTEIN: The other note here is that they are a little older than typical. That is if you would look at, again, the population of the U.S., we can’t really speak to the population of patrons, per se because we don’t have the basis yet to do that.

But, for instance, in the U.S. as a whole about 15 percent of the population is 65 and older, of the patrons we spoke to 21 percent, generally the whole shift was upward.

But in other respects it looked like sort of America. The next one up I believe is are presentation that really gets to the core of the purpose of doing this, which is to get sufficient numbers of people whose behavior we could asses.

Again, this is what our sample looks like, and how this generalizes is something we can’t say with assurance, but we can’t say with assurance this is what our sample case looked like.
And it pretty much fulfilled what we had thought as a result of the pilot survey. We would see that as when you sample individuals who are in the gambling facilities, very few of them are type A, that is people who have never gambled.

There are a few of them, because they are accompanying someone else, or they are passing through. In this instance 3 out of 530 were folks who, again, we did not sample people at gaming stations, or placing bets.

Nonetheless, we did not, in essence, spend time interviewing people who did not gamble, so of course this distribution is nothing like a national prevalence level where we know, for example, that 14 percent of all the people in the country have not gambled at all in their lifetime, on any of the kinds of games that we have discussed.

The type B which is people who evidence no problems, the percentage is not all that different from what you would see in the country as a whole. Type C there are about twice as many people reporting that among the patrons. Type D about 5 times as many, type E about 10 times as many.

And, again, the point here is that in going to a facility and doing this kind of interview, you would expect that the people who gamble the most frequently, you would see more of them in this instance relative to what you would see in the population as a whole, and thereby generate a lot of cases, efficiently generate a lot of cases.

We were able to see, for example, among type E double the number of individuals that our entire adult survey, which itself was only one fifth as large, that is that the patron survey was only one fifth as large as.
So, again, this concentration of ten means that this method generated many more cases of the sort that we needed to do some of our analyses, and that is why we would like to view this as a successful sort of venture in supplementing the national sample.

The next slide is an indication looking at just the type D and E sample, because that is the one we focused on previously, as well.

There are some differences between the results for the type D and E relative to what the adult sample showed. Here we do see a difference between men and women, that is we see about twice as many men and women, and this is somewhat similar to the older set of results that previous studies had seen, although when you look at people in their homes, where in essence their chances of being counted are much more equal, as opposed to people in a gaming facility, where their chances of being counted are more dependent on how often they go to gaming facilities, you see some difference.

We do see here, as we did in the adult survey, a tendency for there to be higher proportions among these two groups of non-hispanic, blacks, and hispanics, and of other categories within the population.

These figures are lower in the population of the U.S. as a whole, and among type D and E gamblers in the adult survey. We find roughly the same, that is not statistically significantly different proportions by age group, except that there are a lower proportion of this group who were 65 and older, although that group was certainly well represented among the patrons at large.
But relatively speaking, fewer of them reported that they were in the type D and E range.

The differences in income vary but not in a way that we could sort of be too systematic about. But since the latter, the bottom two groups there are the people making 50 to 100,000 or above really do not differ, those figures 8 and 10 percent are not - are within each other's range of confidence.

It would appear that type D and E tends to-- gamblers tend to be more frequent among those with lower incomes than higher incomes.

COMMISSIONER BIBLE: But if I understand the data, just so I'm sure, if you take the numbers, you are talking here about breaking down 73 respondents that you located, that have identified as being -- .

DR. GERSTEIN: That is roughly right, that is roughly right.

COMMISSIONER BIBLE: And half of those people are self-identified that they are a professional gambler?

DR. GERSTEIN: Half of the professional gamblers identify themselves as type D and E.

COMMISSIONER BIBLE: Half of the type D and E identify as being professional gamblers if I read the chart correctly.

DR. GERSTEIN: I'm sorry, I'm looking at this chart. Type D and E gamblers among each of these groups, among the males 17 percent were type D and E, among the females 9 percent were type D and E.

COMMISSIONER LEONE: In other words, there were roughly 20 professional gamblers, ten of them said they were the D and E question?
DR. GERSTEIN: The denominator here are the categories, and we are looking at the proportion of type D and E among each of these categories.

Again, many of these numbers that are different here, are not different statistically because the denominator is not that large.

And, again, it looks as though people that are married, we have a lower proportion of them who reportedly are type D and E, than people who are not married, whether they be divorced, separated, never married, or in some other categories that we have here, like widowed, and people are cohabiting.

And then the interesting finding, that among those who identify themselves as professional gamblers, half of them turn out to qualify under the criteria for type D and E. And this does speak to the question of to what extent, when you are looking at people who are professional gamblers, the DSM screen is an accurate portrayal in the sense that not that it is impossible to be a type D and E gambler, if you are professional, because clearly that is the case.

In some respects the question here is, and I will just use the metaphor that is closest to understanding this. If you look at someone who is a bartender, and ask can a bartender be an alcoholic? The answer is certainly. But whether the questions you would ask of a bartender, particularly about how often, say, are you around or have to think about drinking, might not give you quite the same discriminatory ability.

And that is really what this is saying, there may be some over estimation here of type D and E among professional...
gamblers, because some of these questions may be part of, so to speak, doing the business.

This is really the same comparison, looking at type D and E among the past year, rather than the lifetime numbers. And the only point I will make here is we see a similar pattern, namely that when you go to people who are in a place where they are there for the most part there to gamble, again, very few people are there who say, I haven’t gambled in the past year, most of them have.

And, again, you see a concentration of people who are type D and E relative to the general population. And, again, to the extent that gambling a lot goes along with having more a likelihood of having problems, this is pretty much the prediction, and the ratios here are fairly similar in terms of the relative concentration.

Final point is that as part of the last discussion we had about the patron survey, the Commission asked that we be willing to take as a quality control measure that we take provision for an independent observer who was hired by the Commission to observe our field procedures, in a variety of instances. In this case all three of the observations were made at casino sites, and we just received this observer’s report on the work that was done.

I thought, again, in view of the fact that the Commission had specifically asked that this be done, that we just quote from the conclusions.

The observer said that the NORC conducted the study following the procedures specified in our training manual as well as general standard interviewing procedures. That there were no
deviations from generally accepted survey practice, that each of
the observed times the interviewers wore their ID badges, sampled
every third patient as specified, used the introductory scripts
that were apart of the training, and did verify that patrons
qualified for the study, including the exclusions we discussed
previously, of not sampling individuals who were employees.

And, finally, and I should say this observer was not a
shrinking violet, but stood shoulder to shoulder with our
interviewers to literally watch every single thing that happened.

Questions were asked in the appropriate order, and
skipped, that is to say, at the appropriate times as called for
in the questionnaire protocol. Probes were used to clarify the
answers, all the questions were asked, the answers were
accurately reported, the interviewers were friendly and
responsive to patrons.

In all these respects, our intention of doing this in
as an unobtrusive and high quality a way as we could, do seem to
have been borne out as the observer’s conclusions about how the
work was done.

So I guess just because that is kind of a gold star I
felt that it would be worth while to cite these conclusions.
CHAIR JAMES: With that I would like to open it up for discussion among Commissioners, and Commissioner McCarthy you are the last one I’m going to recognize, because we are just going to have a conversation after that, and we will flow.

COMMISSIONER MCCARTHY: Dr. Gerstein, your numbers show for lifetime it is 14 percent for type D and E, 9 percent for pathological gamblers, 5 or more, and another 5 percent for those with 3 and 4 adverse effects. And then for the past year it is 11 percent. It stays at 5 for type D, but it goes from 9 percent to 6 percent for type E, the pathological gambler category.

How -- what would it take, harkening back to your earlier comment, what would it take for us to expand the size of a patron survey? I think you made, you mentioned 2,000 interviews, or something. But have you thought about that, what would it take to see whether these numbers would bear out on a national scale?

DR. GERSTEIN: Well, as a rule of thumb, when one does a national household survey, where the frame is well understood, in a sense where it has been done over, and over again, such as a household survey, which people have been doing for a long time, or telephone survey, a national sample that is able to look pretty well at the kind of subgroups that one ordinarily is interested in, generally is about 1,500 cases.

I think because there are different kinds of facilities here, and there probably would be an interest in being able to do some gross comparisons, that the sample size for a national survey that was fully representative would probably need to be closer to the size of our telephone survey, in the neighborhood of 2,500.
To some extent the question of sample size is one of what kinds of differences do you want to detect with a certainty that you have reached it. And I would, on this one, make the sort of general guess, and we would have to look more specifically at, you know, some questions that we, you know haven’t had a chance to look at yet, that a survey somewhere between 2 and 3,000 would probably give you sufficient power for most of the questions that one would ask here in a patron survey.

COMMISSIONER WILHELM: As you are aware, as the Commissioners are aware, I have long been a skeptic on the patron survey. In your material on the screen, though not in your handout, you have partially addressed one of the reasons that I was skeptic and that is, in your handout in the screen, I’m sorry, in your slide on the screen, though not in your handout you inserted the comment that the percentages that are being cited here cannot be generalized to the nation as a whole.

I want to be sure I understood that comment on the slide. So let me say what I understood it to mean, and then tell me whether I have it right or wrong. I understood it to mean that we could not, from this particular study, at this time say that if you had a representative sample of gambling establishment patrons nationwide, that 9 percent of them would be type E, or that 5 percent of them would be type D.

Is that an accurate interpretation of what you said?

DR. GERSTEIN: Yes, it is. I don’t see that we can yet make a national, and again, with precision that we can make a national estimate based on what we have done today.

COMMISSIONER WILHELM: I point that out, I appreciate your including the slide. I pointed it out in part because it is
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not in the handout, and in part because I’m hoping that those who
follow these proceedings understand that point.

As you know there is a long history within this
research subcommittee, and the Commission as a whole, and the
famous telephone meeting of --  CHAIR JAMES: Infamous.

COMMISSIONER WILHELM: Infamous, thank you. I wouldn’t
have wanted to say that, you chaired it. But if it was infamous
I’m probably to blame.

But I was troubled, as Commissioner Bible and the Chair
pointed out, that we had a rather explicit understanding in that
conference call, and I joined them in their recollection of it,
that you wouldn’t take the patron survey data and the telephone
data and lump it together, which is exactly of course what you
did in the social cost thing.

And I think the social cost thing, you know, has the
problem that most people who are not statisticians would try to
do what Commissioner Leone described that he tried to do.

So I’m disappointed that what we specifically agreed
would not be done was done. And I would, respectfully, suggest
to Commissioner McCarthy, the Chair of the research subcommittee,
and to the Chair of the Commission, as well as to my fellow
Commissioners, that I think it would be highly unwise at this
late stage to try to take Dean up on his suggestion that it might
be possible.

Of course he stated, in fairness, that he doesn’t know
yet, but that it might be possible to somehow weight this
impartial non-representative sample to come up with something
that could be nationally representative.
Because if he is invited to do that, we are going to have to revisit all of the issues that I and others raised in the first place. Just as one example, I continue to believe, based on my understanding of how this survey was conducted, that it is impossible, logistically and physically impossible, for the interviewers to have visited with a sample that would be representative.

I have used the example, previously, of the inaccessibility of high rollers in full-blown casinos, whether they be commercial or Native American casinos, to these interviewers. And I -- using that example, and there are many others, I really hope that we don’t try to go down this road, because if we do, we are going to have to revisit all of the various issues that it raises.

To the extent that the purpose of doing the patron survey was agreed upon by the Commission to be, and I agree with the characterization on the first slide, on the front of the handout, the purpose as I understood it, as voted by the Commission was to try to find a larger number of individual cases who had various kinds of gambling characteristics, so as to better understand some of the things that go with that.

To try to go beyond that, in my view, would be a lengthy process in terms of debate and discussions. Thank you.

COMMISSIONER DOBSON: Is there any reason to suspect, or feel that these data with regard to D and E results either overstates or understates the number of problem in pathological gamblers?

DR. GERSTEIN: Well, you know, it is the flip side of the question. We have taken two different samples, one in the pilot, and one in the main study, and the results have
come out fairly similar, and it is certainly possible, as a result, that if we did this and answered everyone of the completely sort of valid and sensible reservations that Commissioner Wilhelm has stated, it is quite possible we would end up with exactly the same number, because none of those reservations turned out to have an effect on the data.

At this point I would say we don’t have a reason to think, in my opinion, that we -- that these numbers overstate or understate, but as a working scientist I’m not in a position to say with certainty that they are accurate, that they fall within a narrow margin so that we could say, you know, it is 9 percent this, it could be 5 percent, it could be 20 percent, we don’t have the precision.

But as to whether the estimate is biased, I have no particular reason, based on what we have seen, to think it is biased.

COMMISSIONER DOBSON:  Yesterday we agreed that the numbers we got were probably a lower bound estimate for a number of reasons.  Today we are not making that assumption about these numbers, either positive or negative, right?

Neither does it lean more toward being upper bound than lower bound.

DR. GERSTEIN:  I think yesterday we were discussing the question of how you would characterize the screen itself.  And I think it is fair to say that the screen represents, in a sense, a raising of the bar, such that probably in terms of coverage it would be fair to think of it as more likely to be a lower bound.

And I think that probably is still true of the screen itself.  With respect to its coverage of this population, it is
hard to say for sure. The --again, the question of which way it
is biased, I think that the coverage here is not as certain.

We don’t know, for example, boy you ask tough
questions. I would say, for instance, that one of the issues of
coverage that applied, and we discussed yesterday, is what about
people who are in prisons.

If you are trying to characterize people as to whether
they fall in a lifetime basis in group D or E, being in prison
doesn’t have much effect upon whether your lifetime diagnosis is
you are a problem or pathological gambler.

But it certainly does have an effect upon your ability
to spend money in a casino. And in that sense I don’t think we
have quite the same problem in terms of missing a segment of the
population that is a significant part of the patronage, because
people who are in prison are not part of the patronage in a given
year, they are in prison, they can’t possibly -- .

COMMISSIONER LANNI: Dean, do you happen to have with
you the pilot survey results? Because I didn’t recall that they
were really very close to these.

Do you have those available?

DR. GERSTEIN: In my current file I don’t. I think the
pilot survey, because we had so few cases relative to this, we
had about a sixth the number of cases, we couldn’t get a very
good estimate of the type D and E.

COMMISSIONER LANNI: But even if you multiplied the
results, as I have pulled them before this session, and I noted
that in the past year, from the 86 total responses, and the pilot
patron survey there were indications of 3 to 4 occurrences,
because they didn’t have the A, B, C, D and E, as you know,
because you hadn’t created NODS, at our expense I might add, before that. We own the rights to that.

That the 3 to 4 were one instance, none in the 5 for the past year, lifetime was one instance of 3 to 4 hits, and 2 in the 5 or more.

DR. GERSTEIN: The comparison that I would make is between the combination of C, D, and E in the two surveys. So if you add up those three groups in each survey, because the sheer numbers in the pilots were so small, they are not that different.

COMMISSIONER LANNI: But rather than speculate I would ask that maybe we could, in your final report include the pilot as it references itself to this particular survey. Would you be able to do that?

DR. GERSTEIN: Sure.

COMMISSIONER LEONE: Let me try to clarify something, because John said something earlier about a comment I made, but I’m not sure John and I mean the same thing. So I want to find out if we do.

When I said you couldn’t extrapolate because the sample wasn’t weighted, because you hadn’t weighted the sample to reflect the national population, I didn’t mean the patron survey, I meant the other survey.

Well, but it seems to me that there is a distinction here that is very important. You could weight the overall survey, telephone survey, to reflect better the national numbers if you don’t feel you have captured that, as opposed to the patrons.

Within the national survey, the 1.9 percent, I think that is the right number, who are in the D and E category, it
would be appropriate to take the additional information about social costs you gathered from the patron survey in reaching your understanding of what is happening to that 1.9 percent.

A separate exercise. And then assuming the telephone survey were nationalized, it would not be wildly inappropriate to extrapolate from the national survey some notion of the national cost.

DR. GERSTEIN: I would agree. The one reservation which would need to be met, and that we will look at in our report, but only to the extent to meet this particular item, and if we want to go further that is really a question of what the Commission wants, is that we would want to compare the type D and E group in the national, the telephone survey, with the type D and E group in the patrons.

And to the extent that it is feasible, because the numbers in both groups aren’t that large, make sure they appear to be drawn from the same populations.

If they appear to be really quite different, then joining them together and multiplying by weights, which is what we would do, really the weights are those of the national survey, would give me pause.

COMMISSIONER MCCARTHY: I am not sure I would agree with my friend Terry Lanni’s suggestion to combine the pilot 86 interviews -- .

COMMISSIONER LANNI: No, I wasn’t suggesting combining. I said, could we just get the numbers and take a look at them as how they compare to.

CHAIR JAMES: Side by side?
COMMISSIONER LANNI: Yes, exactly. I wasn’t expecting to combine them.

COMMISSIONER MCCARTHY: I really want to emphasize what I said during the series of traumatic discussions on that. Those numbers, as released, never had validity. They were only 86 interviews, and this at least has the beginning of some validity. And I hear what Dean has suggested, that it really needs to be a much larger sample for people to have confidence in the numbers.

But the 86 interviews have very limited -- .

COMMISSIONER WILHELM: Maybe we should leave that to the individual interpreter.

COMMISSIONER MOORE: Would it be fair to assume that you would expect the patron percentage of D and E to be a great deal higher than the telephone survey of all over these United States?

DR. GERSTEIN: Well, I think logically --oh, you are -- I thought you were asking me, I’m sorry.

COMMISSIONER MOORE: Yes, you.

DR. GERSTEIN: Well, I would say it would be like going to a bar and looking for alcoholics as compared to coming to Regent University and looking for alcoholics.

COMMISSIONER BIBLE: And I was going to point out, if you are going to go survey the prison population, we ought to survey the population that is in seminaries, and other places. They may not have telephones readily available.

COMMISSIONER LANNI: Dean, I have another question, if I may. You have in this information, and I might add, by the way, I would like to say one thing, is that I was a critic of the
process of the pilot survey. As much as I was a critic of that, and definitively a supporter of having an outside entity observe it, from the conversations I have had with people that I know within the industry, the observations of the outside entity were right on course, that what you performed was an excellent service. So I want to compliment you on that.

Having said that, I would like you to put up the chart, if you will for a moment, on the – I think it is the past year type A, B, C, D, and E, for the past year.

I'm going to assume that this was a rounding error, but if you take the percentage on the points of three, the 75, 14, 5, and 6, add up to 103 percent, not 100 percent.

Now, if that is a rounding error, that is one thing. If all of that three percent is in 5 or D or E, I think it should be reflected accordingly.

And the other question I do have, other than correcting that, would be the issue of -- .

CHAIR JAMES: Let me see if there is any initial reaction to that -- COMMISSIONER LANNI: It is 103.

DR. GERSTEIN: Well, I mean, it probably is a rounding error. I mean, 15 over 530 looks like 3 percent, 31 over 530 looks like 6 percent, 26 looks like 5 percent, 74 looks like 14.

But probably that 384 over 530 is -- that looks like about three quarters.

COMMISSIONER LANNI: But whatever, rounding error or not, I'm sure you will correct that. I have a question, though, as far as the breakdown, you have lumped together on your chart showing the patron survey casinos in Nevada and New Jersey,
riverboats, tribal casinos, lottery, VLTs, pari-mutuel for a total. And that is the 530.

And the determination that A, B, C, D, and E categories are in the combined basis. Is it available, and I presume it will be available, in the final report, the breakdown into each of these categories as to A, B, C, D, and E hits, if you will?

DR. GERSTEIN: If you would like us to do that, I don’t see any reason why we can’t provide that.

COMMISSIONER LANNI: I think it might be, you know, it might -- it would be helpful to me, regardless of what the outcome is, to see what those particular numbers are.

Is there a heavier percentage in one category as compared to another?

DR. GERSTEIN: We can certainly do that. I should just say that the caveat that these 500 area subsample because they are only 21 sites, when you break those down even further into, you know, 8 or 10, I forget what the exact numbers say of all casinos, or even just a handful, or fewer of a particular type, that the extent to which you can say, well this is statistically reliable number just gets worse and worse, the smaller the group. But we can certainly say these are the numbers with an appropriate caveat as far as how one can generalize from them.

COMMISSIONER LANNI: I have no problem with you including whatever caveat NORC would want to put in there, but I might still reserve judgement for myself on how I interpret it.

What level of confidence do you have in each of these categories? And when you get to these smaller ones, for example, maybe 56 completed responses in pari-mutuel, and I understand
there was about a 25 percent hit ratio, if you will, which was your lowest. The others were closer to 50, or slightly above 50?

DR. GERSTEIN: Well, one of the things that generally happens in surveys in which you stratify, which is what the technical term for taking so much from each kind is, is that the stratification is designed to assure that your proportions, when they add up to the whole, add up to something that looks kind of like the whole.

But often times it is at the cost within each stratum, of not having nearly the accuracy for the stratum. I did a survey some time ago in the state of California of substance abuse treatment, and we took a sample of 16 counties, which represented most of the population of California, and got a result that I thought was good for California.

And then every county wanted to know, how do we compare with the state. And I simply had to say, I can’t do that. I think that applies here as well, that I would be reluctant to say that any given small group that adds up necessarily that small group is well represented, what you get is kind of a canceling errors phenomenon when you add up a bunch of small ones.

And in a sense I’m therefore more confident about our ability to speak to what our sample represents as a whole if the sample were substantially larger. We have been able to do some of the comparisons with the adult sample. We get closer to thinking that we had a good idea about the country as a whole.

I think it is fair to say that no one has ever done -- it is not only fair to say, no one has ever done a national sample of patrons of gaming facilities. And what the Commission has produced here is sort of a first step toward knowing a great
deal more by having an intercept approach alongside of the household based approach, and in that sense these are the best data there are, it would be wonderful to have better data.

COMMISSIONER LANNI: No, I appreciate that, but if you would just indulge me with the raw data, if you would, I would appreciate it, with whatever caveats you would like to add.

DR. GERSTEIN: We would be happy to do that.

COMMISSIONER LANNI: Thank you.

COMMISSIONER BIBLE: What sort of confidence intervals would a survey of 530 adults have compared to in the total United States population?

DR. GERSTEIN: Now you know not what you ask in terms of the complexity of calculating variances and confidence estimates.

Those are a product of two things, one of them being the size of the sample, and the other being the clustering of the sample. The calculation of standard errors when you have a clustering effect requires a substantial amount of statistical work that we haven’t yet performed.

Now, in a completely randomized sample, like the adult, in which you don’t cluster cases, they are not clustered in a few area codes, for example, ordinarily a sample of 500 has a sampling error for most numbers that are in the middle range of numbers, because that is the other thing, the sampling error, if you have a 50 percent estimate is different from the error if you have a 5 percent estimate out of the same base.

Generally sampling errors are in the range of plus or minus 4 or 5 percent for a number that is at 50 percent. You
have a number like 5 percent, the sampling error for that number
is usually 1 or 2 percent.

And the sample of the size 500 that is unclustered.
This is a clustered sample, however. And, again, you are putting
your finger on why, without further ado, I wouldn’t say this can
be reliably generalized to the whole country.

COMMISSIONER BIBLE: But can you work the math
backwards and indicate what kind of a confidence interval you
would have on a sample of 500?

DR. GERSTEIN: We can -- see, we can use the standard
paradigms in this and see what they tell us, yes.

COMMISSIONER BIBLE: What is the confidence interval in
a telephone survey that was what, 2,400 adults and 500
adolescents, somewhere in that neighborhood?

DR. GERSTEIN: Our standard errors for most of those
numbers are in the range of, again, if an estimate is 25 percent
of the sample, the standard error tends to be less than 2
percent, the confidence interval would be plus or minus something
like 1 to 2 percent if we say 25 percent of that sample is the
following.

And we will provide all of those confidence intervals
with the comprehensive report. We have calculated them all, and
we have tried to make sure that anything we present here we have
not, in the overview, presented material in which the confidence
intervals for the national prevalence estimates are not of
publishable quality.

We will provide all of that detail.

COMMISSIONER BIBLE: At least I supported this
particular phase of the Commission study, and I did with the
understanding that the information, I felt, would be useful, would be helpful. I think we have to recognize it for what it is, and what you’ve indicated, it may not necessarily be generalized to the population of the United States as a whole, but it gives you a glimpse of some people who do have some problems dealing with gaming in a responsible manner, the same as if you went into McDonald’s, I guess, and surveyed people about their cholesterol problems.

COMMISSIONER LEONE: I thought what it did was to give us a larger sample of the critical categories we were interested in so that we could find out more of the information about those people, potentially, income and other things, demographics, than we would have had out of the big sample.

DR. GERSTEIN: That is exactly the way we have used it.

COMMISSIONER LEONE: I mean, if you only wanted to know about D and E you would, obviously, do a lot of sampling at places where people can gamble.

COMMISSIONER BIBLE: Sure, 73 observations there.

COMMISSIONER LEONE: So I still think this is a valuable exercise for that in terms of what we can know about Ds and Es, I guess what they are going to call them, probably. Maybe I will modify the NOD and come up with some new names. It is a brave new world.

COMMISSIONER MCCARTHY: When we talk about generalizing these numbers, I thought of them in terms of generalizing it into the patron population of the United States, not to the entire adult population of the United States.

COMMISSIONER WILHELM: But he is saying he can’t do that either.
COMMISSIONER MCCARTHY: No, I appreciate that, but Bill mentioned generalizing them to the general, to the total adult population, I think, is what I heard. Maybe I didn’t hear it correctly. We are never going to be able to do that.

COMMISSIONER BIBLE: I think we are talking about both.

COMMISSIONER MCCARTHY: Well, I don’t think we have ever suggested or thought that we could really generalize it to the entire adult population. But I don’t know, maybe I didn’t understand, Dean.

I thought we were trying to get at, or accurately a reflection of patrons coming out of all of these kinds of facilities, nationwide.

CHAIR JAMES: I have heard both from the conversation.

COMMISSIONER BIBLE: I did too.

COMMISSIONER MCCARTHY: Well, it would --we have, as we look at your numbers of completed interviews, I see we have two large numbers here. One are the casino numbers, and the other are the lottery numbers.

DR. GERSTEIN: Right.

COMMISSIONER MCCARTHY: Do you have any breakout for the second largest number of interviews, the lottery numbers?

DR. GERSTEIN: We haven’t broken these out by groups. That is we have done this analysis on the entire sample, we haven’t done subgroups except to the extent of asking ourselves what are the proportions of various subgroups within these 530, we haven’t said, all right, were those proportions within the 160 lottery patrons or anything else in particular.
COMMISSIONER LANNI: That is what I asked to be provided to the Commission, the breakouts.

COMMISSIONER MCCARTHY: Right. Well, I guess my feeling is, and I’m not an expert in survey variances, but I wouldn’t have much confidence in how much stock I would put in 56 pari-mutuel interviews versus 193 lottery interviews.

At least I think the 193 gives you some basis for understanding, you know, for having some level of confidence, even though it should be five times larger than that.

So I at least want to make sure that I see the lottery breakout, and the consolidated casino --no, I appreciate what you want. And the consolidated casino breakout, all three categories of casino interviews that you have there.

COMMISSIONER WILHELM: Why consolidated? I don’t understand.

COMMISSIONER MCCARTHY: Well, because I think that is a large enough set of interviews to, you know, have a modest level of confidence.

COMMISSIONER WILHELM: I am confused by the concept of a modest level of confidence. I mean, I’m not a statistician, but -- .

COMMISSIONER MCCARTHY: I don’t want you to have confidence, here, I just want me to have confidence.

COMMISSIONER LANNI: Therefore I once again request individual -- .

COMMISSIONER MCCARTHY: I’m only suggesting, for my own understanding, I would like to see the breakout -- .

COMMISSIONER WILHELM: I don’t have any problem in either of your breakouts, but perhaps this is an overly
simpleminded way of looking at it, but in terms of the question
whether you can generalize the patron population as a whole, I
understand the purpose that Dick was just more accurately
describing it, than I tried to describe it previously, that is to
understand more about people who have this problem, which was our
original stated purpose.

But -- and for that reason I think that this is of some
use. But --  .

COMMISSIONER MCCARTHY: I agree, John, if this would
help clarify what I’m trying to say. I agree with what Dean said
earlier. What I would really like to see is this Commission say,
okay we are going to come up with the money now to do 2,000 to
2,500 interviews so that we will all be a lot more confident
about these numbers.

COMMISSIONER BIBLE: We would need the money and
another year.

COMMISSIONER WILHELM: Is that a threat?

COMMISSIONER DOBSON: For what it is worth, the most
sophisticated medical journals in this country support their
findings with cases of fewer than 75. Most of the publications
they rarely get above 100, except in the bigger longitudinal
studies. So you draw all kinds of information from these numbers.

I don’t know that we necessarily have to have 25,000 in
order to draw meaning from it. Obviously you just have to
interpret the -- 2,500. You have to interpret the data according
to what you have.

DR. KELLY: I believe Dean can do everything that is
being requested. Commissioner Lanni asked him to breakout A, B,
C, D, E by each of these categories, you want him to cluster the three casino type categories together.

I believe you could do all of the above, and include confidence levels for all of the above, so that then the Commissioners can make their own interpretations, because it -- .

COMMISSIONER LEONE: Tim, let me say something that is troubling me.

This Commission didn’t collect the data that I needed to answer all of my questions. And everyone of us could say that. And we can try to tease answers, or indications, out of the data we actually do have in order to try and answer some of our questions, about lottery, bettors versus other bettors, or -- but I think the great danger in that, and the reason this segregation of information is so important, is that if we go far enough in that direction, and the information kind of spills out in tomorrow’s press account, or tonight’s, or in the selective use of information, which we are all going to do, because the information that I can tell already is the best is that that supports my biases, when I walked in here.

The danger is that we will discredit the whole enterprise, which is an important enterprise, because it is not only the first time it has been done, and not only did we spend a lot of money on it, but some of the baseline information is very important.

And I even think some of the indications of what the cost might be are going to turn out to be significant or important.

So we just ought to make sure that as we do this, there is kind of a category A, which is what our research showed, and a
category B, which is speculations by individual Commissioners, a
group of Commissioners, having looked at the data about what some
other indications might be in areas for future research, because
I don’t think we could -- among the group of us with our
different points of view, probably find ways to make this all
useless, except as more cannon fodder.

COMMISSIONER MCCARTHY: I promise not to publish the
answers given to me that I have asked for.

COMMISSIONER LANNI: Let me add one point, if I may,
and this is more of a comment than a question of anyone, it is
that it is clear that whatever studies are done we are never
going to ascertain the exact number of people who have problem in
pathological gambling parts of their lives.

There is no one at this table, and I would be the first
to say it, I’ve said it many times, I said it early on, there are
certain numbers of people who have problems, and are pathological
gamblers.

I don’t think we will ever, with all due respect to
NORC and any other people with a limited budget we gave them, we
are never going to be able to ascertain that.

The real issue is what can we do to recommend a helping
process to heal this particular aspect of life. That is what we
should be spending our time at, rather than arguing over
percentages here, there, or anywhere, because I don’t think we
are ever going to agree to that.

But I think we can agree, I really do believe we can
agree as to how to make recommendations to deal with this very
difficult situation.

COMMISSIONER MCCARTHY: May I comment on that, briefly?
I really appreciate the tone and the substance of what you just said. The reason why I think this is critical, and I will give you one example here.

States have not exhibited taking, outside of maybe 6 states, have not exhibited too much accountability for finding a way to get money into treatment activities, or into educational materials, whatever the best way may be to reach the general population.

Some casinos have, I think it is a limited number so far, and I’m trying to compile that number, we have gotten some information from the Center for Responsible Gambling Publication, we are trying to pull it in from others. I have made a series of phone calls in the last week to do that.

But on the whole nor have casinos provided much, there are a handful that have, and the general population is not -- I’m not aware that any other segments of industry, starting with pari-mutuel funds, have done much of anything, truly anything, outside of publish some predatory kinds of comments.

These numbers, I think, are important. In the final analysis it is going to be good will, appropriate attitude, corporate citizenship that will be the core of any kind of decent response.

But these numbers, at least, put some kind of framework on the reality of what exists out there, that is why they are important, I think.

COMMISSIONER LANNI: I think the numbers are important, I’m not saying they are not. I’m saying I don’t think we should get bogged down in trying to determine which end of the spectrum
the numbers are, if they are at the lower end, or the higher end, or someplace in between.

I just don’t think we will ever get anywhere doing that. And that is not disrespectful to the numbers, I think it is valuable having it. I’m just saying there is a problem, let’s accept there is a problem, and decide how people should participate in the curing of that problem.

And we will never know, my opinion regardless, the exact number of people.

COMMISSIONER MCCARTHY: If I had confidence that all CEO, Chairman of the Board leaders would have your attitude, and react that way, and really share this, I guess I would be -- I would worry less about having numbers to help define this problem.

I think some people need more. I think the state government leaders almost -- most of them across the country, need numbers to say, wow, we are a part of this problem, we are reducing it. So we have some responsibility here.

I think a lot of people need numbers, in public and private sector.

COMMISSIONER LOESCHER: Madam Chair, I asked the same thing yesterday, that I’m going to ask today, rhetorically. So what? I can’t figure out from this deliberation, yesterday and today, where we draw the final analysis and conclusions.

And let me tell you what I think, I read all the papers and I listened to this presentation, and what not, and I’m underwhelmed by this effort.
It has questionable validity and application, we are going to try to recommend public policy, direction, and I can’t for the life of me grasp what it all means in empirical terms.

You know, we made an attempt, we spent 1.2 million dollars on this exercise, and I’m not convinced, by the data that I have here, you talk about a CEO, and I’m a CEO. If I was running a business based on this information I would throw you out of the room, because it doesn’t have any depth, it is underwhelming, it is not convincing.

I go with Mr. Lanni, we have a problem, we heard testimony all over America about this problem, we have had individuals come forward, we had the groups that are working on this, they have great recommendations on how to do. I think that is what we should be focused on, is their recommendations on how to solve this problem.

But I’m not convinced that the academic exercise that we have gone through here is much help to substantiate whatever we are trying to substantiate.

I think the other testimony that we received so far across America is more convincing to me about how we should go forward with this business.

But I just want to suggest to you at some point we have to ask, so what? Where, what is it that we are trying to get after spending all this money and time, and to have a credible set of recommendations to give to America.

I just want you to know that I’m sitting over here pondering this, and I’m not convinced that there is anything here to work with.
COMMISSIONER WILHELM: Although we were cautioned, again today, as we have been previously, against using anything anecdotal, I’m going to venture out in that limb, anyway, just to add to Leo’s comments.

A moment ago, while the evidence is anecdotal, I think it is fair to say that the members of the Indian Gambling Subcommittee of the Commission are persuaded by the Hearings that we held that a significant number of the Indian casinos have made substantial efforts with respect to attempting to deal with the problem gambling issue, and I think that should be noted.

COMMISSIONER DOBSON: Bob, in response to your comment, we have been discussing this for a couple of days now, and my recollection of all that discussion is that it dealt with methodology, meaning of the data, in terms of how they were generated and so on, and not one minute, so far, on the interpretation of the data.

We haven’t discussed that at all, and we need to do that. Obviously we need to sit down and say what meaning do we draw from this, and we won’t know what we have until we have a chance to think about that.

I saw some of this last night, for the first time. So I think it is premature to say what we don’t know, or what we haven’t concluded from this, because we haven’t discussed conclusions yet.

CHAIR JAMES: And I think it is also worthy of note that this is preliminary, and that was made very clear to us when we asked NORC to come and present their preliminary findings to us.
And I, for one, was not underwhelmed, but somewhat overwhelmed with the information, and the potential to use it to have a better understanding of particularly the D and E categories, and how we might use that, from the patron survey.

With that, please let’s go on. Any other discussion at this point? (No response.)

CHAIR JAMES: If not I’m going to make a suggestion. We are running a little bit ahead of schedule, is that we take a short break here and set up the room for our next round of presentations, and go right in.

We may even buy ourselves a little time for the end of the day. And, once again, thank you very much for your time and effort, it is very much appreciated.