UNITED STATES OF AMERICA

NATIONAL GAMBLING IMPACT STUDY COMMISSION

REPORT SUBCOMMITTEE

MEETING

THURSDAY,

MARCH 18, 1999

The Subcommittee met in the William Penn Room at the Wyndham Bristol Hotel, 2430 Pennsylvania Avenue, Washington, D.C. at 7:00 a.m., KAY C. JAMES, Chair of the Commission, presiding.

COMMISSIONERS PRESENT:

KAY C. JAMES, Chair
J. TERRENCE LANNI
RICHARD C. LEONE
PAUL H. MOORE
CHAIRPERSON JAMES: I don’t know about you, but I’m a little exhausted after today, very long day.

What I’ve asked John to do is sort of give us an update in terms of where we are in the process. And if he could speak to us about that.

Unfortunately, this is one of those: What comes first: the chicken or the eggs? All of us would have preferred to have had the information from NRC and NORC much sooner and maybe ACIR as well so that we would have the time to process that and figure out how to incorporate into the report.

I think all of us would like the opportunity to delve into that a little bit more and to continue to correspond with our chief writer in terms of how we can do that.

John, I’m going to turn it over to you and let you brief us on where you are in the process and --

MR. SHOSKY: Great. Well, there are really four things to talk about. The first is I’d like to just simply mention that with the draft chapters that we currently have out -- and that includes the overview, the internet, advertising, sports wagering, bibliography, glossary, resources that we’re getting comments in.

The comments are mostly in the form of additions that people would like to add. They’re really thoughtful. The vast majority of what we’ve received I think can be accommodated. We’re still waiting to get a few things, but the process seems to be working pretty well.

What I had in mind when I put the chapters out was to give a sort of bare bones skeletal outline and --

CHAIRPERSON JAMES: Let me stop right here for the benefit of those of you who are here sort of observing this
process. We have gotten requests from members of the press and some from constituent organizations and advocacy organizations asking for draft chapters.

My predisposition would be not to release first draft chapters until Commissioners have had the opportunity to review them, to debate them. And at a particular point in time when we have gone through that process, we are going to put out the entire draft before it’s in final form for comment.

So I have instructed the staff not to send out in piecemeal fashion first rough cut drafts of chapters, but Commissioners will be receiving them and working them. And when we have something that comes close to a final draft, we will put all of that together. And there will be ample opportunity for comment on those.

MR. SHOSKY: Thank you very much.

One thing that has happened with the material that has been coming back that is very positive and incredibly helpful for us is if someone wants a particular article or viewpoint added, some people have sent us that entire article and indicated what language they thought was most interesting.

And that has just been great when we get material like that. It saves us having to go out and find it. But what it does is it makes that overlap between what the reviewer is thinking and what we are understanding from those comments more complete.

In fact, the simpler the comments, the more straightforward, the less chance there is for error. And so with --
COMMISSIONER LEONE: Who are the reviewers? Oh, you’re talking about us. The way you were talking about in the abstract, I thought maybe there was another group.


COMMISSIONER LEONE: Oh, okay.

CHAIRPERSON JAMES: Us guys.

MR. SHOSKY: Yes, right. But that has been very helpful. And when the comments are very, very specific, that is very helpful, too. There is just the more specific they are, the less chance there is to be misunderstood.

CHAIRPERSON JAMES: The other thing that I’ve asked is that to the extent possible, that Commissioners do what you all have been doing, which is to put your comments in writing so they can be shared with the other members of the Research Subcommittee. And John has been very good about circulating that so that we all know where we are at that particular point.

MR. SHOSKY: So the process seems to be working pretty well. The material we’re getting is adding flesh to the bones. And I’m pretty happy so far with what we have been getting back.

The second agenda item is to talk about upcoming draft chapters. The next --

CHAIRPERSON JAMES: Let me just ask this: The overview, the internet, advertising, sports wagering, bibliography, glossary, and resources are now in the hands of the Subcommittee?

MR. SHOSKY: Yes.

CHAIRPERSON JAMES: So check if you are missing any of those pieces. Check when you get back to your office.
MR. SHOSKY: The next big date on our timetable is March the 22nd, next Monday.

COMMISSIONER LEONE: See, I have one question about the first agenda item.

MR. SHOSKY: Yes, sir.

COMMISSIONER LEONE: Once you have all of the comments from your members, -- I don’t know where you stand on that -- will you do a new draft that is sent out again of these chapters before the whole draft is done or are you going to wait until everything is done before sending?

MR. SHOSKY: Well, I could do it either way. And we’ve prepared, really, to do it either way. What I was thinking was that there will be so much material coming out over the next few weeks that if you didn’t want to see another draft, you wouldn’t have to until everything is put together for the draft of the final report.

But if you directed me to have a second draft, we could accommodate that.

COMMISSIONER LEONE: I think it would be better to keep it coming or we’re going to get this whole lump at the end.

MR. SHOSKY: Sure.

COMMISSIONER LEONE: And then they will have a bottleneck as we --

MR. SHOSKY: Well, it’s no problem because we’ve got a process underway that as soon as we get your material, we start the research, we start integrating it in. And we can turn out second drafts relatively easy. It’s not that it’s effortless, but we’re prepared to accommodate that request.
CHAIRPERSON JAMES: And I am really relying upon you gentlemen when you get the suggestions from another committee member, if there is a huge issue.

And I’ve told John if it’s grammatical, if it’s stylistic, if it’s technical, if it’s accuracy to incorporate it without question; if it is a substantive policy issue that needs to be brought up for debate or discussion, to highlight that, and we will figure out a venue to make that happen.

At this point, I have not heard too much of that. And we have been able to accommodate most of the concerns that Commissioners have raised to this date.

COMMISSIONER LANNI: On substantive issues, I have only seen the overview. And we had a meeting on that. And there were some I think what I perceive to be substantive issues there.

I haven’t seen any other Commissioners’ thoughts on these other chapters yet, but I have on the overview.

MR. SHOSKY: Yes. I can give all of those to you, but a lot of them --

COMMISSIONER LANNI: I’m not suggesting that.

MR. SHOSKY: I’m sorry.

COMMISSIONER LANNI: I’m just saying I hadn’t seen them. That’s why I’m suggesting that if we have at least the redraft, that would be very helpful.

MR. SHOSKY: Great.

CHAIRPERSON JAMES: And the redraft will be in the form that we talked about, where you can see the underline, you can see the italics, --

COMMISSIONER LANNI: Right.

CHAIRPERSON JAMES: -- you can see what’s been taken out of them.
MR. SHOSKY: Great. Okay. The only thing that is up in the air would be when to turn that around. And if I may make a suggestion a little bit later that might be able to accommodate that, give you a specific thing?

The second agenda item is the discussion of the upcoming draft chapters. There are five for March the 22nd. And, as the Chair just indicated, some of these chapters and the dates were predicated upon the fact that studies would be available, but we’re working around that the best way we can.

The upcoming chapters are lotteries, casinos, regulatory, pari-mutuel. And we have made a change from the original timetable, where we would have had a fifth chapter that would have concerned Indian gambling, but, by request, we have been asked to give that chapter a little more time for the subcommittee to work on it.

And so what we have done is we have shifted the deadline on that fifth chapter to the May 10th deadline. And we have bumped up one of the chapters for the May 10th deadline to March 22nd. And that chapter we have bumped up is the future research chapter.

If I may, I would like to talk about that chapter first. What I was hoping was to treat the future research chapter in much the same way that we treated the bibliography, the glossary, and the resource section, which is to provide some material as a springboard but then to circulate it so every area that people wanted to have under consideration for future study might be put down and catalogued. And then the chapter would really be a work in progress over a period of time, instead of treated like, say, for the chapter on lotteries.
CHAIRPERSON JAMES: Can I ask that you would, as you suggest, do this the same way by sending it out not only to Commissioners but that particular chapter, just like we did the bibliography, should go to constituent groups as well and our researchers to look at that for additional suggestions and comment.

MR. SHOSKY: Great.

CHAIRPERSON JAMES: So that chapter I would ask that you send out.

MR. SHOSKY: Okay. Great. The regulatory chapter was hopefully going to be designed around material from ACIR. And that material won’t be ready by the 22nd.

So what I would like to do if it’s all right with you is we have been kind of preparing for that eventuality. And we have collected a lot of material, particularly from the states.

CHAIRPERSON JAMES: Do you have all the compacts?

MR. SHOSKY: We have almost all of the laws on gambling from the individual states. And we estimated today we could within a week get out of the Federal Register all the compacts.

CHAIRPERSON JAMES: No. But, see, we’re like paying $600,000 for them to do that.

MR. SHOSKY: I know.

CHAIRPERSON JAMES: Two forty? Well, okay.

COMMISSIONER LANNI: Much better.

MR. SHOSKY: Well, Madam Chair, as you know, when I’ve got to do the draft, I’ve got to work with what I’ve got. So what I could do if I could have a few more days on that
particular chapter -- and I’m really just talking about two or three more days.

I think I could have something presentable that obviously would benefit from the material that hopefully we’ll get at the end of the month but would at least give us a chance to circulate some ideas around, get some reactions, and at least get going on that chapter.

CHAIRPERSON JAMES: What date?

MR. SHOSKY: The 25th at the latest, --

CHAIRPERSON JAMES: Twenty-fifth?

MR. SHOSKY: -- instead of the 22nd.

CHAIRPERSON JAMES: Any problem with that?

COMMISSIONER LANNI: I understand the limitations.

CHAIRPERSON JAMES: Okay. The 25th.

MR. SHOSKY: Great. Thank you.

So those are the five chapters coming up.

CHAIRPERSON JAMES: Now, I would caution Commissioners again to please bear with the staff on this. It really is going to require our close attention because a great deal of the information that we want to incorporate from the research, these chapters will be in very rough form with the opportunity to edit and add as the research becomes available and we have further debate and discussion.

COMMISSIONER LEONE: What I am a little concerned about is both on a couple of the chapters that we have already seen first drafts of and on these chapters is that we have time where we can talk about them.

Even if that results in news stories about what we’re talking about because we would be talking in public, I still think there are basic constructive processes for our group
to try to persuade each other of the wisdom of our particular
approach to this or that and the changes we want to have. And
it’s hard to do simply by writing up comments.

I mean, it shouldn’t be too onerous because if we’re
disciplined, we can confine those discussions to matters, real
substance, where we can have the disagreement.

CHAIRPERSON JAMES: And that’s what I’m hoping we’ll
do.

COMMISSIONER LEONE: Okay.

CHAIRPERSON JAMES: And that’s why I’ve asked when
-- we’ve had surprises. We haven’t hit that just yet in the ones
that we have before us. Now, as you get back and get into that,
some of that in the sports wagering and advertising, I think some
of that will begin to surface. But as of yet, it hasn’t.

And I would remind Commissioners, too, that the
change in the time line from having the public comment period, we
captured an entire day for nothing but discussion on the final
report. And to be able to debate issues because we’re going to
receive those public comments in writing, as opposed to holding a
hearing. That gives us that additional time to do that as well.

John?

MR. SHOSKY: Great. Thank you.

The third agenda item is the discussion of the
timetable. And, as I say, the next landmark for us is Monday,
the 22nd. After that, there are additional chapters that we will
be producing by April the 10th. If you don’t mind, I’d just like
to talk about that for a moment.

The chapters on the schedule for production by April
the 10th are the Indian gambling chapter, the chapter on
adolescent gambling. There’s a chapter scheduled for
pathological gambling, -- I’ll talk more about that in a moment
-- crime, economic development, neighborhood and convenience
gambling. And also there would be an acknowledgement section.

Two of these things I would like to talk about at
the moment. One is the chapter on pathological gambling.
Commissioner McCarthy asked if I wouldn’t share an outline that
he has prepared, just a series of ideas that he wanted to have
under consideration for the draft outline.

I’ve made some Xerox copies. I’ve given you copies.
And I don’t want to presume to speak for him, but he asked that I
make this available to you.

CHAIRPERSON JAMES: Thank you.

COMMISSIONER LANNI: John, could you repeat those
again? I had Indian, adolescent, pathological. Crime?

MR. SHOSKY: Yes. Let me go through them again.

Indian gambling. I think I mentioned secondly adolescent.

COMMISSIONER LANNI: Right.

MR. SHOSKY: Right. Pathological. Crime is the
third [sic.]. Economic development should be the fifth.

Neighborhood convenience gambling should be the sixth. And the
acknowledgement section is the seventh. That was actually the
other chapter I wanted to talk about. The --

CHAIRPERSON JAMES: Some may notice that at one
point -- I think it was the last Report Subcommittee meeting --
we talked about a chapter that originally was called "Unions."
Then it was called "Employment." And then the decision was made
that it would be incorporated. It’s called "Jobs" by John
Wilhelm.
We will incorporate that into the economic chapter, which is where it fits, and any other place that we deem appropriate.

MR. SHOSKY: Great. Thank you.

The other chapter I wanted to talk about was the acknowledgement section. Here again this can be perceived as a work in progress. What we have done is we have prepared some language at the beginning for an acknowledgement section and then thank you’s that fall into four categories.

Essentially what we are trying to do is list all of the people who testified in front of the Commission; all of the people who came to the subcommittees; all of the people who submitted written material that they wanted the Commissioners to read; and then, of course, a listing of the staff, too.

What I would like to do is circulate this as early as we get it finished and let everybody have a chance to think about all of the people that we should be thanking and get that out and make that a work in progress, too, if that sounds okay to you.

CHAIRPERSON JAMES: There’s one other piece that I think it’s important to have, and that’s an introduction. And I thought about this today, Terry, after we had that conversation about some of the housekeeping-type items that we may want to include in the report, things like acknowledging that every commissioner may not agree with every piece of the research or some sort of disclaimers or just a place to put that sort of thing.

I don’t know what else could go there, but that’s a good catch-all place for any of the housekeeping or explanations or that we would --
COMMISSIONER LEONE: I presume we’re going to have an executive summary or --

CHAIRPERSON JAMES: Yes.

MR. SHOSKY: Right. The next date after --

COMMISSIONER LEONE: -- stating the findings.

CHAIRPERSON JAMES: Right.

MR. SHOSKY: Yes, sir. The next date after April the 10th is May the 1st. And there were three items, now four, that would be finished for that. One would be the introduction that was just discussed. One would be a conclusion. One is a transmittal letter. And then an executive summary would be the fourth item. And that’s May the 1st.

The fourth agenda item is a discussion that -- well, I just simply wanted to mention something about integrating the recommendations. On a staff level, we have had quite a number of discussions about how best to integrate the material that we’re getting from the different research projects that are out there and how best to handle the mound of recommendations that we’re getting.

One thing that we did at the direction of the Chair was to compile all of the recommendations that we had received so far into a mega document. The document was to be nothing more than just simply "Here is what we have heard." And hopefully that would be helpful. And that material is part of your briefing material in the briefing book.

This is a work in progress as well. As we hear things, we just keep adding to it. And if there is something that you would like us to do along these lines or any other way of processing the information that would be helpful to you in terms of recommendations, we’d love to do it.
In my own limited way, I can’t think of anything other than just to catalogue them at the moment. But if there is something that would be helpful, we stand ready to do that.

COMMISSIONER MOORE: Will the recommendation, John, follow necessarily at the end of the chapter, like Indian gaming?

MR. SHOSKY: Right.

COMMISSIONER MOORE: Will the recommendations on that be at the end of that chapter or will they be at the end of the report with all the other recommendations?

MR. SHOSKY: We talked about this a couple of meetings ago. And I mentioned at that time that that’s sort of the art of report writing. You can do it any way you want, but the decision that you make really does color the report one way or the other.

At the moment, what we’re doing is after the discussion within the chapter, we’ve got a section called "Findings." And then after the section of findings is the section on recommendations. That has advantages and disadvantages. It sets everything out so people can’t miss it, but the flow of the discussion sometimes gets interrupted.

Let me give you a case in point. Let’s say that you have a finding that’s related to a recommendation. If you have the finding just sitting by itself, it may not be clear to the reader that Finding Number 1 relates to Recommendation Number 1.

And, of course, we can do a lot of internal cross-referencing and things like that to make that work well, but there is another way of doing it, which is to have the finding and the recommendation together, you know, finding/recommendation, finding/recommendation, finding/recommendation, like that.
And there are even some people who do reports where they take all of the recommendations and they don’t have them in the chapters but they just put them someplace else.

And I was thinking that one way that you might want to consider doing this is to have a summary of all of the recommendations in the executive summary. You know, you have your dialogue in the executive summary but also a summary of all the recommendations in the report, and then parallel that with the recommendations related to each chapter that would be relevant to each chapter. I think that might look very nice.

CHAIRPERSON JAMES: John, explain the term "findings."

MR. SHOSKY: Well, findings are statements people make that "As a Commission, here is what we have heard." So it’s not a recommendation. It’s a statement of fact. "As a Commission, here is what we have heard."

And we have received some comments from people that are just like that, from Commissioners, "Here is what we have heard." It’s important to say this. And then the recommendations would segue out of that or be implied by that particular fact. And that’s the relationship between finding and recommendation that I was mentioning.

CHAIRPERSON JAMES: It may be just as difficult to agree upon the facts as it is to agree upon the recommendation.

MR. SHOSKY: Agreed. But we can do it any way you want. As I say, this gets us into the art of report writing.

COMMISSIONER LEONE: Yes. I would think the finding is where the conclusions would draw from the evidence, not the evidence, and that based on the conclusions we draw from the evidence, we may go forward and recommend certain things.
The only recommendation as far as I know that the Commission has addressed so far is the ban on internet gambling. But our findings in that area would be that we conclude that gambling is rapidly increasing. It’s uncontrollable by any state or local entity. And, therefore, we come to the conclusion that there should be a federal regulation.

The piece that is missing is because of the particular character, what sort of regulatory regime we recommend, because our finding would be that hortatory statement about banning internet gambling is of probably not much use to legislators or to the Congress.

And while we don’t set ourselves up as experts, I think we can take the conversation a little further and find, for example, that 30-some nations have signed onto an international encryption treaty as far as the internet and computers go.

And so it has turned out to be possible to get more international cooperation to deal with what is perceived to be a problem in the new technology that might otherwise be -- and so, therefore, we recommend that the Commerce Department be directed to seek a similar sort of international -- I’m making this up as I go along, although the part about the encryption is true.

I mean, I think the sequence is that we had this evidence put before us that sounded coined to be factual. Some of it was impressionistic. Our judgment, our finding is that overwhelmingly the evidence suggests the sky is blue on a sunny day if you look at the right angle. And, therefore, we propose the following.

I assume that would be the logic of our recommendations, but I think John is right. This is an art form.
In fact, the only thing, I just want to write the press release. I guess that’s the art form. That’s the lead.

CHAIRPERSON JAMES: That’s the lead. Let me also remind us that tomorrow, if you look at the agenda, particularly as it exists right now and even more so after I had the opportunity to tweak it a little bit this evening, I think we only have one panel presentation in the morning. And the idea is that the rest of the day we spend giving the report writers some direction about where we would like to go on some of these substantive issues so that if we lay an issue on the table, if we talk about lotteries, what I’m expecting to hear and hoping to hear just using that as an example is someone will raise a proposition that will spark some discussion or debate. And then we can sort of get a consensus or get a feel for where the Commission wants to go on that particular subject. So, quite honestly, that process should begin tomorrow.

Any other questions, concerns, things?

COMMISSIONER LANNI: Not a question or a concern but just a comment. When Commissioner Dobson raised the issue relative to certain aspects of the NORC report that he didn’t feel comfortable with and the idea of endorsing it, I noted to you and to him separately that at the end of the NRC report, they have a disclaimer, basically saying it’s their responsibility, they created it, this and that. It does not necessarily reflect the understanding or the ideas of commission members or others.

It’s a very good disclaimer. And I suggested to you and to him that that might be a way to resolve his concerns --

CHAIRPERSON JAMES: Right.

COMMISSIONER LANNI: -- if NORC would put a similar disclaimer in there so anyone reading it would understand. This
is the work that we asked them to provide us, but it’s their conclusions which we then have to evaluate to see what we want to accept or not accept, how we want to recommend or not recommend as a result of that. It might be a nice way to have closure on that if NORC would be so interested that the Commission would want to have them write a similar disclaimer.

CHAIRPERSON JAMES: I would. And I would ask you to tell to NORC about doing that, but --

COMMISSIONER LANNI: I don’t want to ask them because they never do anything I ask them.

CHAIRPERSON JAMES: Well, ACIR never does anything I ask them.

COMMISSIONER LANNI: They have no idea what they’re doing, period. That’s a separate issue.

CHAIRPERSON JAMES: But that is also --

COMMISSIONER LEONE: They are not even worth suing.

(Laughter.) COMMISSIONER LANNI: I was only wanting to sue NORC to get the money back for the screen that they have created as a result of our money. I was trying to look for --

CHAIRPERSON JAMES: That they are giving way.

COMMISSIONER LANNI: Exactly. That’s all.

CHAIRPERSON JAMES: Terry, that’s a great idea. And that’s also what I hoped would be as sort of a general disclaimer that we put in the introduction about all of the research that we have commissioned.

So whether NORC does it or not, we can ourselves do it in the introduction to the entire document, where we as a Commission can make the statement that we have worked with several researchers, from Rhodes to NORC to ACIR and we have had
several different levels of confidence in the type of research that was done.

COMMISSIONER LANNI: One other point. And, Richard, I may agree with 90 percent or even 100 percent of what you had suggested relative to the internet, but I don’t think we have actually reached that conclusion as a Commission yet that you have indicated.

COMMISSIONER LEONE: I’m sorry. I should have been more precise. The committee, the subcommittee, has reached that conclusion and is going to recommend that the full Commission -- I’m not on the committee, but I heard the -- I mean, that’s the only recommendation I’m sure somebody is going to make. I have some guesses, after all, about it.

COMMISSIONER LANNI: I’m sure you do.

COMMISSIONER LEONE: This outline, by the way, is a useful tool. It’s made me think of three or four things that I think ought to be in here. And maybe outlines, even if they’re skimpier than this, might provoke us to think in advance and save some time later on.

I mean, I’ll just jot a few of these down and send a note.

CHAIRPERSON JAMES: I would ask you -- and we talked about this at some point -- whether it would be helpful to you if you want to send us out an outline prior to drafting the entire chapter. And we can respond to that.

COMMISSIONER LEONE: That would be great.

CHAIRPERSON JAMES: That may speed up that process a little.

MR. SHOSKY: I’d be glad to do that.

CHAIRPERSON JAMES: Doug?
MR. SEAY: Just a piece of information to inform you the decision of the April 22nd draft chapters. Two additional sources of information coming in that you may not be fully aware of. One is the NORC casino questionnaire, which is due on April 1st, just so you know that.

And the other is that last night at the Research Subcommittee meeting, Mr. McCarthy proposed a limited survey on convenience gambling of the governors. And both Dr. Dobson and Commissioner Wilhelm felt that that would be a good idea.

CHAIRPERSON JAMES: I have no doubt but that on the June 20th press conference, Leo is going to be suggesting another survey that could go out. And if we get it back by fax, we could get it back in time for the document.

MR. SEAY: Well, I haven’t had a chance to talk with you. I just wanted you to be aware that information --

CHAIRPERSON JAMES: Yes.

MR. SEAY: -- will at some point be coming in. Hopefully we’ll put a report to deliver.

CHAIRPERSON JAMES: Thank you, Doug.

Any other issues to come before this Subcommittee this evening?

(No response.)

CHAIRPERSON JAMES: I would ask your help, particularly the Report Subcommittee members, tomorrow as various topics come up to help drive the conversation toward some direction for the writing staff so that issues are raised, so that we can debate those, so that we can have some open discussion. And so I would appreciate that.

With that, thank you very much. And we’ll see you in the morning.