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

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

COMMISSIONER McCARTHY: Thank you, Madam Chair.

They are stapling one report that we'll have to you in just a moment. I'm going to touch on two brief subjects in the Research Committee report. The first deals with the status of the RFPs sent out to seven different people being invited to make proposals for the national survey and the community database research. You are receiving in front of you
the timetable for that going forward, which is the
main piece of information I want to focus you on. The
RFPs were mailed out Friday to seven groups that have
extensive experience in research and use of the
methodologies to get at the data that we're after to
answer all of the questions that were previously
approved by this Commission.

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

I should mention, copies of the RFP were
sent to all commissioners on Friday, so that will be
there for you to peruse when you return home.
If you have that schedule in front of you now, the survey database RFP timetable, this is what it looks like, if there are any questions by members of the Commission regarding that timetable I would welcome there.

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

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

We hope to get all of this wrapped up, as is indicated by the dates on this piece of paper we've
given in front of you, so we give a sufficient amount
of time to do the national survey and the community
database.

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

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

This was spurred primarily by Commissioner
Wilhelm at the beginning, but it's something I've been
very interested in, as well as has Commissioner
Dobson, and other members of the Commission have raised the need to do this vital research.

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

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

Madam Chair?

CHAIRMAN JAMES: Yes.

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

COMMISSIONER McCARTHY: Doctor Reuter or Doctor Kelly?

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

DOCTOR KELLY: Good morning. We checked with some of our consultants, especially Nancy Mathiowetz, who is a very well-known survey
consultant, does work consulting with a lot of the 
major organizations that we're talking about actually 
when they have issues that they need addressed. 

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

So, for those reasons we gave her those 
criteria, she generated the list, there were eight
organizations that ended up on that list, one of which withdrew, that was Rand, and that left seven, so we actually sent it out to the seven, but I do have the discussion of these criteria actually in a series of memos. If you are interested, I would be glad to show you.

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

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

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

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

COMMISSIONER McCARTHY: It would have to be immediate, and as long as an additional organization, at the same professional standards as were required of
the first group it would be considered, but given the
timetable we are talking about here, the number of
weeks we are giving these groups to complete their
proposal if they choose to do so, adding any
additional organization, assuming Charlotte Rosen says
that there are no legal issues raised by doing that,
that would have to be done immediately.

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

DOCTOR KELLY: Yes, no question.

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

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

However, I want to note something that I
shared with the chairman of that committee, Leo
McCarthy, is that I firmly believe that in any event
that there is a matter of importance to any one of the
three members of that subcommittee, and if there's a
difference, for example, we'll say, for example, in
the definition and exact detail of the questionnaires,
if there is less than a unanimous position on the
verbiage in those questionnaires I think that matter
should be brought to the entire Commission for
consideration.

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

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

COMMISSIONER WILHELM: Speaking as a member
of the research committee, I support that. I would be
likewise uncomfortable. It's my understanding that a
proposed contractor will come to the Commission
anyway, under our rules, to the full Commission, and
likewise, as Leo has indicated, the questionnaire as
well. But, I agree with Terry's point of view on
this.
I can report that with the clarifications
that the research committee discussed and agreed upon
this morning, which will be sent by letter to the
contractors that the committee is unanimous with
respect to the RFP.

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

The Chair recognizes Doctor Dobson.

COMMISSIONER DOBSON:  I would just like to
assure the rest of the Commission regarding the
implications of Mr. Lanni's comments, that there's
been remarkable unanimity in the research committee.

There have not been contentious issues. We've been able to come to agreement on everything, and part of that is due to the skill of the chairman. But, what you are seeing is something we all have signed on to.

COMMISSIONER LANNI: Madam Chair?

CHAIRMAN JAMES: The Chair recognizes Commissioner Lanni.

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

COMMISSIONER DOBSON: I understand.

CHAIRMAN JAMES: Commissioner Leone.

COMMISSIONER LEONE: I just have a question that's similar to the question Bill asked, only about the economic impact, and really, because only two of these names are at all familiar to me I just wonder,
I'd like just people to talk a little bit about how
that will work.

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

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

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

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

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

DOCTOR REUTER: There are at least two
institutes that are on this list, the Upjohn Institute in Kalamazoo, Michigan, and the California Institute, which I think is in the Bay area, and I mean I'd be happy to have additional suggestions.

CHAIRMAN JAMES: Commissioner Wilhelm.

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

COMMISSIONER LEONE: Yes, right.

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

CHAIRMAN JAMES: Is this for the RFP?
COMMISSIONER WILHELM: For the economic piece, I'm not talking about the RFP.

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

COMMISSIONER LEONE: Well, I will just say, because I've talked about this before, when I started talking about this subject of economics in gambling, I knew a number of distinguished economists who had spoken to me because I was named to the Commission and indicated their interest in the topic, and we talked about how little work was done. And, since subsequently going back to them, I haven't found any of them who are willing to change the focus of their ongoing research and writing and get into this field. And so, I've been rather disappointed in one or two cases particularly, where people led me to believe they had a strong interest and I thought that we might get some very interesting things.
DOCTOR REUTER: I think some younger economists may decide that this is a nice way of getting into a field which is going to be somewhat significant, and I hope that we'll get good quality applications.

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

COMMISSIONER LANNI: Madam Chair?

CHAIRMAN JAMES: The Chair recognizes Commissioner Lanni.

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

DOCTOR REUTER: No, no, no, that's not, and I, frankly, just don't know what the affiliation is. I didn't have that on my list, I'm sorry, I just don't have that.
COMMISSIONER LANNI: But, he is an
individual that we have sent to?

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

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

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

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

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

DOCTOR REUTER: We will be happy to provide
that.

COMMISSIONER LANNI: Thank you, Doctor.

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

DOCTOR REUTER: The quality of the -- I
mean, at this stage nothing more than the quality of
the proposal and the qualifications of the applicant.
COMMISSIONER BIBLE: Are you going to develop some sort of an objective ranking system?

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

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

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

In fact, it might help if I could back up just a bit to call everybody's attention to the handout from yesterday morning. This is what we are referring to, the little package that came out yesterday morning with a handwritten note from me that said, "Add to Tab 12." Actually, it should have been add to Tab 7, I'm sorry, 8, Research Progress Report. So, I just want to call your attention to that little
package of goods that were handed to you yesterday morning, it should be added into your Tab 8 with the Research Progress Report.

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

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

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

Then, in two weeks into the period here,
January 29th, we have a mandatory pre-proposal conference, where we sit down with all of the interested contractors and make sure that we are on the same wavelength, so to speak.

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

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

DOCTOR KELLY: Well, for instance, we might well look to someone who is a specialist in contract law, so we might see if Charlotte Rosen would be available, or we might see if, I believe, Nancy
Mathiowetz is not available for this particular task, but someone like that, who is an expert in survey methodology. So, that person, for instance, would help us to evaluate those components of the proposal that would have to do with how they say they are going to accomplish the survey part of the work.

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

CHAIRMAN JAMES: Commissioner Bible.

COMMISSIONER BIBLE: Well, it seems to me,
defensible as possible, you need to develop a very
objective ranking system, you need to have that
documented fairly rigorously, so that as results get
released, you know, people sometimes attack, not the
results, but the people that conduct those sort of
research items or that sort of survey, so at least we
are in a position to defend the selection process.

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

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

DOCTOR REUTER: Yes, it has, the economic
letter, yes.

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

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

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

DOCTOR KELLY: The next item, you'll notice we have a few days set aside for contract negotiations, so we do contemplate going back to what I'm calling the finalists, the strongest proposals, and trying to get, basically, the best deal we can with them, so we'll have a few days of contract negotiations, and then we will come back for a meeting of the research subcommittee, and I believe after
discussion this morning that date is probably going to
shift a few days, it will probably be a few days
later, but whenever the research subcommittee can meet
we will review the finalists and the research
subcommittee with the chair will recommend the final
selection, which will then go to all the commissioners
for their review and input.

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

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

I'll stop there unless there are any
questions.

CHAIRMAN JAMES: Any questions on the time
line?

Can we move to the --
DOCTOR REUTER: As I understood the question, it concerned what would be the evaluation criteria for the economic proposals, and I have not developed an evaluation form, but will do so before reviewing the proposals. I simply don't know at this stage what it will be.

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

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

COMMISSIONER McCARTHY: That concludes the report, Madam Chair.

CHAIRMAN JAMES: Well, again -- oh,

Commissioner Wilhelm.

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

COMMISSIONER McCARTHY: We have a research committee uniform.

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

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

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

COMMISSIONER McCARTHY: Thank you.

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

Our first panelists today are among the top researchers in their fields, and we are very grateful to them for coming to Atlantic City to speak to us today. They are Doctor Rachel Volberg, President of
Gemini Research in Roaring Springs, Pennsylvania.

There you are, good morning. Doctor Howard Shaffer, Director of the Center for Addiction Studies at Harvard Medical School, where is Doctor Shaffer.

There you are, okay, good morning, and Doctor Henry Lesieur from the Institute for Problem Gambling from Rhode Island. Each researcher will speak for 25 minutes, and I ask that you allow time within that for possible questions from the Commissioners if you would. To assist you in keeping track of your time, I've directed our timer over here to give you some help and some guidelines in that capacity.

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

DOCTOR SHAFFER: I'm fine.

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

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

DOCTOR VOLBERG: Thank you very much.

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