CHAIRPERSON JAMES:

Our agenda calls for a break at this point. I would love to keep moving along. But if we feel like we need one -- what's the pleasure of the Commission? Has everybody had their morning coffee? Why don't we see if we will get through the next agenda item and then maybe take a break there?

COMMISSIONER LOESCHER: Madam Chairman,

I'd like to ask that our staff transcribe the Senator's comments and make them available to the Commission members.

CHAIRPERSON JAMES: Absolutely.

COMMISSIONER LOESCHER: Thank you.

CHAIRPERSON JAMES: And let me say this; this is a good time to point that out. I would ask each of you to speak into the microphone. We do have someone who is over there, and she would very much appreciate that. It will make it far easier for her to hear and for staff to later transcribe these
Dr. Dobson?

COMMISSIONER DOBSON: Madam Chair, could Congressman Wolf's comments also be transcribed?

CHAIRPERSON JAMES: I would assume that meant both, and we are happy to do that.

For the record, all of these proceedings which are open, the transcripts will be available in the Commission Office, and they're available to any Commissioner at any time.

Having said that, I want to move to the next agenda item. And I would ask to come forward at this point the General Counsel's Office at GSA, which provides legal services to the Commission. I understand Jeff Hysen and Thedlus Thompson are here.

And, Mark, I'm going to ask you to go ahead and join them at the table, and we'll do our legal and administrative briefing at this point.

We need water. Can I have someone get some water for this table right here?

Chuck, please, anyone who is here who wants to present at this point, GSA has identified the
appropriate people from their staff to give us this briefing.

While most federal appointees have high ethical standards, the rules related to ethics and financial disclosure and the operations of advisory committees are extremely complicated. And I am committed to ensuring that each member of this Commission is provided all of the relevant information regarding these rules and staff assistance to complete all of the required information requests.

The Office of Management and Budget has determined that this Commission is a legislative branch commission. While that has little significance in most instances, it does have implications related to financial disclosure. As long as individual Commissioners do not exceed 60 days of work, each Commissioner will have to submit an abbreviated financial disclosure form.

From GSA's General Counsel, we are fortunate to have Jeff here today, who is the Assistant Regional Counsel, and Thedlus, who is the Assistant General Counsel, to discuss ethics and other
requirements. And I'd like to go ahead and open it up to them, and I think you said --

MR. HYSEN: Chuck Howton.

CHAIRPERSON JAMES: -- Chuck Howton. And I will let you all proceed.

And, Commissioners, if you have questions, this is the time to ask them. And they are the technical experts and are here to assist us.

MR. HYSEN: Thank you, Madam Chairman, members of the Commission.

I sympathize with you. It's not easy being in Washington in the summer. Washington is not a great place to be in the summer. More, it's a Friday, and you're in a windowless room. So again, I sympathize with you. So toward that end, I will do my best to be done in less than 15 minutes and make this as painless as possible.

Again, my name is Jeff Hysen. I'm an Assistant Regional Counsel with the National Capital Region. I'm not here as an attorney or counsel to the Commission. I'm here at Cal's request, because I have some expertise in the field of government ethics.
At the conclusion of our talk, you're going to receive a handout. I'm not giving it to you now because I know from experience how tempting it is to read it right away. It's an attractive document. I know you'll want to take it back to your hotel or read it on the plane, share it with your family.

But I don't want to give it to you now because, again, I know from experience you'll look at it now and won't pay attention to me. But you will get a handout which contains almost every federal rule on ethics. I'm not going to tell you every one of them, but they are all in that handout.

The rules, in general, come from the standards of conduct which are issued in the Federal Registry, and they come from the Office of Government Ethics. And criminal provisions are in the U.S. Code. Most are inapplicable to you. When I give this talk to government employees, it lasts 40 to 45 minutes and I show a half-hour videotape. You're going to be spared that because, again, most of the rules are inapplicable.

Rules pertaining to a federal employee
when he applies for a job at the private sector, or rules about federal employees when they want to give a gift to their supervisor, or accept a gift from a lower paid employee -- those don't apply to you, but some of them do.

One thing that applies to all federal employees are the 14 principles of ethical conduct. These are general rules, general guidelines, sort of a top 10 list of federal ethics, and they contain such rules as, "Federal employees shall not hold financial interests that conflict with their public duties. Federal employees shall not use public office for private gain. Federal employees shall act impartially and not give preferential treatment."

But there is one rule that is the most important. Many of the questions I get in legal cannot be resolved by reading the rules, because it falls between the cracks. But it can be resolved by looking at this one principle. "Federal employees shall avoid even the appearance of wrongdoing." Even the appearance of wrongdoing is enough to violate federal rules on ethics.
And if you take one thing away from my talk, I hope it's that. "Federal employees shall avoid even the appearance of wrongdoing."

Now, a federal employee cannot participate in any action where he has a personal conflict. Now, what do I mean by a personal conflict? An employee may not participate in any matter which will have an effect on his or her personal financial interest. And I say his or her financial interest -- let's expand that.

You are responsible for the financial interest of your spouse, your minor children, and the companies or organizations you work for. So if a matter comes before the committee and could affect the financial interests of your spouse, your minor children, or the companies that you work for, you must not be involved in it because you have a conflicting financial interest.

This includes the financial interests of not only companies that you work for but organizations or entities where the employee serves as an officer, director, trustee, or general partner.
Let's go even further, as if that's not enough. You cannot even participate in a matter if it will give the appearance of a conflict between your duties on the Commission and your private financial interests. So even the appearance of a conflict between your private sector duties and your duties to the Commission is enough to violate the rules.

You may also have a financial conflict with a company with which you have an arrangement for future employment. So, again, you cannot participate in any matter where you have a conflicting financial interest.

You cannot participate in a matter if persons with knowledge of the relevant facts would question your impartiality in the matter. So keep that in mind as you go through the business of the Commission.

CHAIRPERSON JAMES: Excuse me. I just have one question at that point. If a Commissioner perceives that they have a financial conflict of interest, what would be the appropriate course of action?
MR. HYSEN: To recuse himself -- that is, step away from that particular matter. You would have to get clearance. I understand that there is still discussions about where these questions would go, but I would say go to an attorney, probably the General Counsel's Office, and advise them of this conflict and recuse yourself from the vote.

A federal employee cannot accept a gift from a prohibited source. What is a prohibited source? It's someone who seeks action by the government. It's someone who does business or seeks to do business with the government or has activities regulated by the government. With an exception that I'm going to tell you in a moment, you cannot accept a gift from a prohibited source.

Also, you cannot disclose any proprietary information, as it was stated before.

Those are a lot of negatives, a lot of can't do's. Now, some of what you can do.

The rules on gifts say what you cannot accept. Again, you can't accept a gift from a party which is doing business with the government, or wants
to do business with the government. However, nothing in the rules requires you to decline everything offered to you during these occasions.

And the next part of what I'm going to say may seem obvious, but a few years ago a federal employee could accept nothing. I recall an instance where some colleagues were looking at various sites for a possible building, and it was 100 degrees. It was another lovely Washington summer. It was 100 degrees, and the landowners were offering them soda because these people were sweltering. And they could not accept even a soda because at that time a federal employee could not accept anything from the private sector. The rules have opened up to some extent.

If you're asked to speak at a public function, or to meet with the private sector in order to discuss in the course of the business of this Commission, you might be offered an item having some monetary value. During a meeting, you are allowed to accept coffee, soda, or other small food items. Again, that is new to us.

You may take a small item such as a
greeting card, or a ceremonial item, such as a plaque.
In the old days, you couldn't do that.
If someone offers you something that is available to all federal employees, it may be accepted. A discount to all federal employees may be accepted, because it is to a large class of people.
Also, you may accept something if you pay market value for the item, because it's not a gift. You're paying market value.
In the course of your dealings, and in the handout I'll give you, you may hear something about the $20 rule. I said before you cannot take a gift from a prohibited source, but there is a $20 exception to that which I'd like to tell you about. And as convoluted as this may seem, this is the rule that federal employees have to abide by.
A federal employee may accept an unsolicited gift of up to $20 in value, not to exceed over $50 in the course of the calendar year, from any one source. Up to $20 at one time, not to exceed $50 over the course of the calendar year, from any one source.
If it costs $30, can you pay the difference? Well, we have a $20 rule. Can I pay $10 and we're square? No, you can't. You have to either decline the gift because it's worth more than $20, or pay the entire amount.

None of these rules prevent you from accepting gifts which are given because of a personal relationship instead of your position with the Commission. When determining whether or not a personal relationship is motivating the gift and not your official position, we look at the history of your relationship and whether the family member or friend personally paid for the gift.

So if someone who seeks to do business or has an interest with the Commission is also a personal friend, we look to see if the friendship or personal relationship is motivating the gift and not their interest in you because of your job here.

Let me add a brief note of caution. As you are aware, federal employees must try to avoid even the appearance of impropriety. Toward that end, I suggest that if a party wishes to discuss the
business of the Commission with you, a meeting on this
topic take place with other officials present. This
can avoid the appearance of wrongdoing.

CHAIRPERSON JAMES: Could you explain
that one just --

MR. HYSEN: Well, I would say private
meetings between someone who has an interest in the
Commission could look bad. If someone wants to meet
with you and it's not out in the open, if it's dealt
with in a private capacity, questions could be raised.
So I always suggest that it be dealt with in public or
with other officials present.

You have a duty to report a violation of
any of these rules. Please keep that in mind. And if
you have any questions about anything, please tell the
counsel to the Commission, the head of the Commission.
Don't keep it to yourself. I'd rather that you ask
and find out that what you want to do is right than
find out later you didn't ask and we find out you did
something wrong.

So I hope that helps you. Thank you very
much for this opportunity.
CHAIRPERSON JAMES: Are there any questions on any of these issues? Yes, Mr. McCarthy?

COMMISSIONER McCARTHY: On the last issue, and I'm not sure I understood clearly what you were saying about any separate meetings, if people would want to meet with me, I'd say, "Fine, but I want you to summarize in writing what you're talking about, so I can share that with the other members of the Commission." Now, does that handle the situation you're talking about?

If they want to talk about -- it's giving information from their point of view. We're not at the point where there's any discussion on any recommendations before the Commission itself, so usually it's attempting to familiarize you with whatever activity they're engaged in.

MR. HYSEN: So you say a written record, something that you'd share. I think that's fine. To me, that's fine. I'm not speaking as the counsel to the Committee, but I would think that's acceptable because you're sharing it with others.

COMMISSIONER McCARTHY: Okay. Thank you.
CHAIRPERSON JAMES: There is some question, and I am asking GSA to look at that, particularly on the financial disclosure piece for potential conflict of interest. When I served in Federal Government, it was always rather embarrassing for me on conflict of interest because every page just said, did not apply, did not apply, did not apply, had no interest.

But I realize that that can be complicated, and I think we should address that at the front end of this rather than before we get in and have someone in a perceived conflict of interest position. So we need to take a look at that.

Who is going to be providing those financial disclosure forms to the Commission? Where do they come from?

MR. SNOWDEN: My office will provide you those. We'll give them to Mark, and Mark will provide those to the Commissioners.

You will not be filing the public financial disclosure form. You will be filing a short form. Because you will not meet more than 60 calendar
days, you don't have to file the most onerous form, which is that 15-page financial disclosure form. It's a short form. And it will be kept in the office of the Commission and is not available to the public.

CHAIRPERSON JAMES: It's only available to --

MR. SNOWDEN: The Chair of the Commission.

CHAIRPERSON JAMES: That's it.

COMMISSIONER WILHELM: Is that 60 days in total or per year?

MR. SNOWDEN: Per year. Per year.

CHAIRPERSON JAMES: I think as later we discuss our workplan and how often we meet, it's good to have that information.

COMMISSIONER LANNI: Madam Chair?

CHAIRPERSON JAMES: Yes?

COMMISSIONER LANNI: I have a question. Jeff had mentioned in his presentation that there was some question about who the General Counsel would be if there would be a General Counsel for the Commission. What is the status of that?

MR. SNOWDEN: The General Services
Administration will be providing general counsel services, legal services on administrative law issues. Thedlus Thompson will be your General Counsel in that area.

There is a question about the standards of conduct, since we are asking that you adopt the executive branch standards of conduct to operate on, since it is difficult to get the House or Senate office that's responsible for the matters to step forward. So Thedlus will be advising you on the standards of conduct, as Jeff has outlined.

COMMISSIONER LANNI: And we'll be provided with her telephone numbers and --

CHAIRPERSON JAMES: Oh, absolutely.

MR. SNOWDEN: Certainly. You will have all of the pertinent telephone numbers.

COMMISSIONER LANNI: Thank you.

COMMISSIONER DOBSON: Madam Chair?

CHAIRPERSON JAMES: Yes?

COMMISSIONER DOBSON: I'd like a clarification of the point that you made about conflict of interest. Obviously, there are members of
this Commission who are very closely affiliated with the gambling interests, financially and otherwise. You talk about recusing yourself on a particular vote, but the entire Commission in its mandate deals with that. What are the limits of that kind of conflict?

MR. HYSEN: The copout answer is to say we'll decide that on a case-by-case basis. But I think every issue -- if there is a vote that comes up here which, again, I'm not as familiar with the business of this Commission as others, but I could see a possible instance where there could be a vote that arises where somebody might find that their financial interest, their private sector job, their company, their personal financial interest could be impacted, and they have to decide that on their own.

But they should be aware that if that does come up and their duties to this Commission could conflict with that financial interest, they should not participate in the vote. It's hard to answer.

COMMISSIONER DOBSON: In the vote, or in the Commission? I mean, it's not a particular issue. It's the theme of the whole Commission to examine the
impact of gambling.

CHAIRPERSON JAMES: I recognize Mr. Snowden.

MR. SNOWDEN: Let me address that. Congress, in its infinite wisdom when it brought together this body, realized that it was bringing together, as it is in other commissions, people of different interests and perspectives. And understand that these rules, these rules of conflict of interest, do apply, but allow you some leeway in your deliberations upon this Board.

Clearly, it is understood that your membership, if you represent a particular perspective, needs to be heard on this Board. So it was envisioned when this Commission was created, as in other commissions, that there would be these areas of conflict. As long as we openly acknowledge that these exist, we can conduct the business of the Commission.

So there are certain areas where if you really feel that you are in jeopardy, ask us and we will give you a ruling. But in no way would you be limited from participation in the deliberations of
In other words, Congress superseded the usual regulations that we were just hearing.

Gives us some flexibility.

Well --

If I could just add also that our office is aware of this issue, and we are in the process of resolving and looking at this. So we will be back with you as quickly as possible.

So it's an open question, then.

We're still reviewing it right now.

Do you make a distinction between a study committee and a rulemaking body?

Yes. This particular Commission is advisory, and it is within the legislative history in terms of the diversity of membership. We are looking at that particular issue, and we will be getting back to you in terms of
CHAIRPERSON JAMES: I'm sorry. The Chair recognizes Mr. Wilhelm.

COMMISSIONER WILHELM: Thank you.

When you formulate that advisory opinion, I hope that you'll be taking into account not simply, for example, someone who is an executive of a gambling company, but also the diverse theoretical potential for conflict on the part of lots of us.

I represent a union whose members work in part in the gambling industry. Dr. Dobson sells radio shows that, in part, deal with gambling issues. And I'm just using examples. There may be many of us who are not executives with gambling companies. So I hope you will consider all of that in the course of your advisory opinion, because obviously we all want to know what the rules are.

MS. THOMPSON: Right. We are, and we're looking right now at just the procedures necessary to resolve this.

COMMISSIONER WILHELM: Thank you.

CHAIRPERSON JAMES: I think what's
important is when you look at the legislation, we are tasked with looking at the financial and the social impact of gambling. What is most important, I think -- and I am no attorney and wait with great anticipation to see whatever it is, and we will abide by whatever General Services tells us is the correct thing to do.

The question that is of most concern in my mind is the financial conflict of interest. As an example, you heard Senator Simon say a little earlier today that perhaps he wanted us to look at a tax on casinos. What are the implications of a vote on a recommendation on taxing a casino, if you have a financial interest in a casino? Is that not a conflict of interest? Is it a perceived conflict of interest?

I don't know the answer to that question. But I know that every Commissioner here is anxious to do the right thing. And I think we can have -- once we get some information back and we can have some discussions, we will do whatever is the right thing.

Dr. Dobson?
COMMISSIONER DOBSON: Madam Chair, I just want to correct what was just said by Mr. Wilhelm. I don't sell radio shows. Focus on the Family is a nonprofit 501(c)(3) organization from which I take no salary, so I have no financial stake whatsoever in Focus on the Family or anything else related to this subject.

CHAIRPERSON JAMES: Thank you.

COMMISSIONER LANNI: Madam Chair, on Senator Simon's remarks, I think when the transcript is provided, it may have been intended, but I don't think he explicitly stated where the per capita grants would be forthcoming. So I think the record should be corrected there.

Secondly, I'd like to add a point on the agreement that was entered into and signed by Madam Chair with GSA. I'd like to correct one aspect under Roman Numeral number II, Legal Authority, and it pertains to the earlier comments. It says that "GSA and the National Gambling Impact Policy Commission enter into," and it should be "Study Commission." And I'd like to have that contract corrected, with Madam
CHAIRPERSON JAMES: That's fine.

COMMISSIONER LOESCHER: Madam Chairman?

CHAIRPERSON JAMES: Mr. Loescher?

COMMISSIONER LOESCHER: Madam Chairman,
I'd like to reserve later in the agenda the discussion
about general counsel to this Commission, and the role
of attorneys. I'd really like to have a discussion of
that later.

CHAIRPERSON JAMES: That's fine, at your
pleasure. We can either hold that discussion now, or
we can postpone it until later. If you would prefer
later, that's fine.

COMMISSIONER LANNI: Madam Chair, one
other question on a procedural matter. I notice that
we have appointment affidavits. Do we need to
complete these now, or at what point?

MR. SNOWDEN: Yes, we need -- Mark is
going to speak to that, but we'll need to have you
sign them before the conclusion of this meeting, and
we'll pick them up.

CHAIRPERSON JAMES: Thank you.
Who is next? Chuck?

MR. HOWTON: Good morning, Madam Chair, members of the Commission, ladies and gentlemen. I am Charles Howton. I'm a Committee Management Specialist from the General Services Administration's Office of Government-wide Policy, specifically a statutory unit known as the Committee Management Secretariat.

And it's my purpose this morning to provide you with a brief, and very brief I might add, overview of the Federal Advisory Committee Act of 1972, for which my office is responsible, and to discuss that in the context of a small orange brochure, which you've already been provided, which I might add probably will do that much more eloquently and in greater detail than I'll do this morning.

But in any case, let me speak to the Federal Advisory Committee Act itself. This is a relatively new piece of legislation, albeit 25 years old, but a government commission certainly is not. There were many commissions, obviously, operating in the government long before FACA, as we call it, was enacted. GSA itself owes its existence to the
recommendations of a very well known commission. In fact, there were two of them -- the Hoover Commissions, in the '40s and early '50s.

It's also interesting to note that over the years such well-known commissions in the minds of the public -- Three Mile Island comes to mind, Space Shuttle Challenger investigation, commissions like this that make front-page news -- are well known to members of the American public. These commissions have operated in the post-1972 era under the Federal Advisory Committee Act.

This Act is basically a procedural statute enacted along with a series of legislation, if you look back on it that way, starting in 1967 with the Freedom of Information Act. In fact, FACA itself incorporates provisions of FOIA in terms of the availability of the Commission's documents to the public. Although predating it by a few years, FACA also incorporates the provisions of the government in the Sunshine Act, which provides for the open meeting that we're conducting today, and also for any closed portions that may be required based on the exemptions
Examples of those exemptions are the discussion of Class V defense information, proprietary information, information of a personal privacy nature. This will be happening later on this morning, in terms of the Commission's discussion of personnel matters and the hiring of staff positions. And several other laws popularly known as access laws.

They are found in Title V of the United States Code, and they work basically in tandem with each other, the central focus of which is to provide for public access to federal documents, information, and, in the case of FACA, as we speak this morning, contemporaneous access to the deliberations of federal boards and commissions.

It reflected Congress's concern at that time -- and, of course, that is still evident -- of the number and costs of such bodies as this. Management controls are contained in the Federal Advisory Committee Act, in terms of how commissions should operate.

Ultimately, there are certain reporting
requirements that come to the General Services Administration, as well as the Office of Management and Budget, the most visible one being the preparation by the President of the United States of an annual report of the various boards and commissions of the Federal Government. Our office prepares that report for consideration of the Administrator and the President prior to its transmittal to the Congress.

This function on our end comes under committees of jurisdiction like everybody else. Those would be the Senate Committee on Governmental Affairs and has been for many years under the sponsorship of Senator Glenn, and the House Committee on Government Operations.

Let me just speak to some of the things that we've already done to get to the point of this meeting today. Again, this is a procedural law. Lots of staff work is done. One of the requirements that provide for the openness and the public accountability is the Commission's charter.

This document, in essence, for a Commission such as this where the statute itself has
set the charge, and the parameters, the charter incorporates those provisions, and has been filed with the General Services Administration and will be provided to the Library of Congress and congressional committees of jurisdiction in the House and Senate for this particular piece of legislation under which you are operating.

That also is a document that serves as a public notice, along with the legislation itself that such a Commission has been formed. There are other procedural requirements in FACA. Federal Register notices must be published in advance of meetings such as this, and these were. Meetings must be held in the open, unless closed under the Sunshine Act. This meeting is partially closed, and that determination has been made by the General Services Administration, Office of General Counsel, and issued appropriately before this meeting.

I speak to all of these in-box items, if you will so that you are aware of them, but also to let you know that I represent just one of a number of offices in GSA that will be working with your Chair
and your staff over the course of your two years to, if you will, handle those kinds of things.

This Commission is not unique -- earlier today we were speaking to previous commissions -- but it is one of the smaller subsets of this type of federal advisory committee. If you read through our brochure, you'll see that a lot of this is directed to federal agencies.

Federal agencies themselves operate the bulk of these commissions. We like to say, and are very close in that count, that there are about a thousand of these commissions operating on any given day in the Federal Government. The bulk of these commissions are lodged, of course, in the line departments and agencies. Many of them would not be well known by name. They may be well known by function.

There are quite a few in the scientific and medical areas, certainly to say the larger agencies have many committees. There are committees, though, that cover more than 60 agencies of the Federal Government.
The subset to which I referred here is the fact that this Commission is not operating under the sponsorship of a line federal agency. This is what we have defined in our GSA regulations as an independent presidential federal advisory committee. The presidential aspect comes from the provision in your organic legislation where in addition to the Congress and the governors and tribes and other recipients, the provision of advice from this Commission will also go to the President of the United States.

So taking FACA as both a procedural statute and an access or openness statute, in addition to the plain language of FACA itself, GSA has issued a regulation found in the CFR which provides guidance to federal agencies and chairpersons of independent commissions on how to operate under the procedures and requirements of FACA.

We will be doing this hand in glove with Mark Bogdan -- we've done that already with Cal Snowden's office and with our general counsel folks -- to ensure that those matters are handled on a daily basis, if you will, and are not those things that
would impede the substantive work that this Commission has to do.

From my perspective, the Commission staff and its offices is another temporary federal agency that we provide service and support to from GSA's end. Your staff will be in very good company. We will ask them to participate in a number of sessions with federal agency committee management officers who do this on a full-time basis. That is one of the roles in the Federal Advisory Committee Act that's required. We fully intend to have Mark become the Commission's committee management officer.

There is another role in the Advisory Committee Act -- the designated federal officer. Mark is acting in that role today until such time as the Commission hires additional staff.

We will handle the paperwork, if you will, with them. You may or may not see that. You may not have to see that. But certainly, if you have any questions on this, please direct them to Mark or your Executive Director, and we'll be happy to answer those questions as fast as we can.
Let me close by saying that the intent of FACA is not to restrict in any way the operations of the Commission. Although FACA requires advance notice of public meetings, the provision of meetings in places that are accessible to the public, all of the federal recordkeeping provisions -- and, of course, we defer to the Archives people on that -- apply.

But that is not to say that the Commission's business cannot be conducted the way it needs to do that. As I spoke earlier, there are provisions in the government in the Sunshine Act for executive sessions if you will, to use the popular term. We would defer to the Commission's decision on when they need to do that.

There are, in the GSA regulations -- I might invite you if you get a chance to take a look at one of those particular sections. We call it 1004(k), and I can identify that. In fact, we've already provided this to Mark.

GSA, over the 20-some years that it has had responsibility for this Act, has provided a set of exclusions from the openness of fact within its
regulation based on judicial precedence. Some of these are fairly obvious. There is no preclusion -- there is no requirement, for instance, to have an open meeting for a one-on-one discussion.

There are also provisions in there where, in GSA's opinion, the Commission may engage in fact finding and exchanges of information that are not otherwise subject to the openness of the plenary session here.

Again, these are pat statements. They are situationally determined. We would like the opportunity to stay abreast of the Commission's agenda, and review those needs with you, and also enable you to do what it is you need to do.

I can answer questions if you would like. Otherwise, you'll have our office's phone number as well.

Thank you very much.

CHAIRPERSON JAMES: Any questions from the Commissioners on that particular presentation?

COMMISSIONER McCARTHY: I will have a question later, Madam Chair, as to what the cost of
GSA's services, in whatever form they might take, will be, so that we can try to figure out how we spend out budget.

I'll really want to know how much money we will have to do outside contracting. If Mr. Lanni suggests that we should hire Mr. Goodman from the University of Massachusetts to do some serious research, I want to make sure that we have the money to please Mr. Lanni in his endeavor to do that.

But we want to make sure that we have a lot of choices as to where we can go to get a very broad perspective on the nature of the growth of gambling in the United States, and its social and economic consequences. So I'm trying to figure out in my mind how much of our budget will be to GSA and any other federal agency, and how much we're really going to have to spend outside to do research. We don't have to get into that in any length now, but I really would appreciate some thought on that when we get to discussing our budget.

CHAIRPERSON JAMES: Well, first of all, I'd say that in terms of legal services from General
Services Administration, they are probably the best bargain in town. If you look at the memorandum of understanding -- I'm not sure if the figures are actually in there -- but it's $100.

(Laughter.)

COMMISSIONER McCARTHY: That's for a full year's services?

CHAIRPERSON JAMES: To the end of the fiscal year.

COMMISSIONER McCARTHY: To the end of the fiscal year? That's very reasonable.

MR. SNOWDEN: You can't beat that anywhere.

MR. HOWTON: That's our motto, "You Can't Beat GSA."

MR. SNOWDEN: You can't beat GSA. In fact, that is our motto, "You Can't Beat GSA."

CHAIRPERSON JAMES: I've asked Mr. Snowden if he would address, just in brief terms, where we are in the budgetary process, just to give you that. And this Commission is going to spend, I would suspect, an enormous amount of time on budget and looking at it.
But there are some preliminary things that necessarily need to be done.

MR. SNOWDEN: Thank you, Madam Chair.

We have entered into a memorandum of agreement for all of these experts that have come before you today. For the next three months, it will only cost you roughly $12,000, and you can't beat GSA.

We also are working with -- you have been appropriated $4 million. We're in the process of working with the staff to look at your budget and give you some guidance in terms of how to structure that budget. And you have the maximum flexibility possible in your budgeting.

The only requirement that you have and that Congress has placed upon you is that you not exceed your allotment of $4 million. I understand that there's a possibility that there might be the availability of an additional million dollars, and we are in the process of talking with OMB to find out where that is, if that's going to happen. So you might have $5 million, but it's clear you have the maximum flexibility possible.
And next year we will be entering into another memorandum of agreement, but you can be assured that you can't beat GSA. 

(Laughter.)

CHAIRPERSON JAMES: Mr. Bible?

COMMISSIONER BIBLE: Do those come through the mandatory contract?

MR. SNOWDEN: No. Do you mean does the $4 million —

COMMISSIONER BIBLE: The $4 million.

MR. SNOWDEN: Yes, does anticipate the mandatory contract.

COMMISSIONER BIBLE: So there will be a payment for services for those two contracts from the $4 million?

MR. SNOWDEN: There will be contracts let from that $4 million, yes.

CHAIRPERSON JAMES: And I know that there is a great deal of interest in that subject, and I also know that we have some expertise on the Commission in that area. And it is certainly the Chair's desire that those Commissioners who have that
interest be fully involved in the process, and perhaps
we'll even form a subcommittee to work on that, so
that we can present a budget to this Commission and
work through those issues together.

Mr. Leone?

COMMISSIONER LEONE: I just was going to
raise the same point that you just made, Kay, which is
I think that -- and I think this is what Leo McCarthy
was getting at -- that the process by which we develop
the budget is one of the crucial sets of decisions we
have to make, and I hope that it's a process that
involves the membership.

If we, in fact, get out into the country,
and if we, in fact, commission original research, this
is not -- not everybody operates at GSA rates or at
GSA efficiency. And so I think it's important that we
actually structure a process where members can
participate in how we allocate the scarce resources
that we have.

CHAIRPERSON JAMES: Well, Mr. Leone,
$4 million or $5 million is certainly a trust that the
American people and Congress has put in us, and I do
believe that we have to handle those resources in a responsible way. And we do have a great deal of expertise on this Commission, and several of you have already expressed an interest in that.

What I would suggest is that we let the staff do the initial work, not -- you know, the decisions will be made. It is a staff function, not a policy discussion. The policy discussions of how the money will be spent will be made by this Commission, and we can talk a little bit later about exactly how we go through that process.

Ms. Thompson, did you have some comments for us?

MS. THOMPSON: No. I was going to defer to Mark. I believe he --

CHAIRPERSON JAMES: Okay. Thank you.