CHAIRPERSON JAMES:

Any other old business for the Commission?

I think we do have our, I think I skipped over our research report from our research director under old business.

Dr. Kelly.

DR. KELLY: Thank you, Madam Chair, Commissioners.

I just handed out a couple of minutes ago a few documents for you to take a look at. I'm just going to walk us through them briefly right now. And then they can be added to your Tab 9, the research tab, together with the report that was also generated by the Research Subcommittee.

And basically what I'm trying to do is just basically supplement the information and data that have been provided by the Research Subcommittee and they will be provided.
So if I could just briefly walk through this. What you have is the report itself, and then, I have just a two page progress report that came in from the NRC, the National Research Council, that I thought you'd be interested in. That's the next document. Behind that is a list of members that they have chosen to constitute the committee to do our work. And behind that is an unrelated document, a one pager, that was requested last time. That is just a clarification or a definition of the terms that we're using when we talk about pathological or disordered gambling.

With that, let me note then that the national survey, economic research, and lottery research is being covered by the Research Subcommittee. So I won't go into that.

A brief word on where we are on the National Research Council. The NRC has completed the membership of the committee that will guide the research for the NGISC. And the membership list is attached as I just noted.
I want to call your attention to the fact that the first committee meeting is scheduled for April 9, 1998 at the National Academy of Sciences, they're in Washington, D.C. And call to your attention the fact that the meeting is certainly open for yourselves or your staff if you are interested. If you are interested in attending, please just contact me or someone else at the office and we'll be sure to link you up with the time and place to be.

Secondly, where are we with ACIR, The Advisory Commission on Intergovernmental Relations. The Research Subcommittee has decided not to move ahead at this time with the $475,000 proposal that you reviewed last time from ACIR. So instead, Commission staff have been asked to solicit competitive proposals from other research organizations in order to evaluate the reasonableness of the ACIR proposal.

ACIR, aware of our feelings about it, and the hesitancy to move ahead with their current proposal, intends to seek Congressional permission to
seek other contracts. Currently, as it is explained to me by the Executive Director of ACIR, the NGISC project is the only one that they're allowed to pursue, that is why their cost is so high. They basically are passing on to us in their proposal a hundred percent of their overhead costs regardless of the scope of the work that we're requiring. If however, Congress were to permit them to move ahead with other projects, and to move toward self-sufficiency, then they state, Mr. Gifford states, that they would likely be able to re-bid the work in the range of $250,000. So they're pursuing that, even as we speak and we will certainly be in touch with you once we hear from them one way or the other.

COMMISSIONER LANNI: Madam Chair?

CHAIRPERSON JAMES: Commissioner Lanni.

COMMISSIONER LANNI: I have a question. Under Section 7, Tim, the National Gambling Impact Study Commission Act, I read that as we are required to enter into an agreement with the Advisory Commission on
Intergovernmental Relations. I don't think it's an option. So what threat do we, so what support do we have for any threat that we want to make?

DR. KELLY: Well, of course we're not dealing in threats at this point in time. We're just dealing with a hesitancy to sign a contract for $475,000. So my hope is that out of this might come a more reasonable proposal from ACIR.

COMMISSIONER LANNI: But isn't your hope for more reasonable proposal based upon them getting other contracts?

DR. KELLY: Yes.

COMMISSIONER LANNI: And if they're unsuccessful, what choice do we have is my questions?

DR. KELLY: If they're unsuccessful then we're back where we are today.

COMMISSIONER LANNI: Which means we have no choice?

DR. KELLY: Well, I'm not sure of that.

COMMISSIONER LANNI: Okay.
MR. TERWILLIGER: If you'd like, I looked at this because it was raised as an issue. The statute requires the Commission to enter into a contract with ACIR. And obviously a contract requires a meeting of the minds and some agreement. If for some reason there, we should just be unable to agree, I'm not sure what happens to the work. I haven't carried it that far in terms of that they are specifically earmarked to do that task. But I don't think Congress can or intended to sort of dictate the terms of a contract by saying that this work shall be done.

And I think what the Commission staff has done, Commissioner Lanni, in terms of approaching this is if I heard what Dr. Kelly just said, he would get competing proposals in order to evaluate the reasonableness of their proposal. I don't think anyone could ask more of the Commission than to take those steps which may be designed to reach a reasonable offer in a meeting of the minds.
COMMISSIONER LANNI: I'm not opposed to develop the logic of that. I would just like to be sure that we are traveling within the limits of the law. So if that is your interpretation, as one Commissioner, I'd appreciate that being entered into the record at such point as you can render such an opinion.

MR. TERWILLIGER: Okay.

COMMISSIONER LOESCHER: Madam Chairman?

CHAIRPERSON JAMES: Commissioner Loescher.

COMMISSIONER LOESCHER: Another approach and I of course commented at an earlier meeting about the idea of going back to Congress, we did get some money from them, but also it's not beyond us to go back and ask them about their direction. I honestly feel on this issue, you know, these folks are dragging us out and costing us money and you know, we ought to get on with our business here.

And I would like to ask the Chair to consider having herself and counsel go to the
authorizing committee and the sponsors of this legislation and seeing if we couldn't get a waiver of this provision. Or if necessary a resolution or an amendment to get out of this requirement. It doesn't make any sense they way we're doing this.

So, my attitude is, I know Senator Stevens I can go and ask him to fix it.

CHAIRPERSON JAMES: It may be a little premature for that. I'd like to see a good faith effort as we continue to negotiate with ACIR if we can come to some conclusion. If we reach an impasse, then we will consider some other options at that point in time.

You know, I find it difficult to believe that Congress intended that we have a contract with ACIR at whatever price they decide. And so it is important for us to do our due diligence to figure out what is reasonable and to be involved in a good faith negotiation effort at this point in time. And I'm not prepared at this point to say that we've reached an
impasse and it just can't be done. If that should happen then we, I think, legitimately need to ask the question what are the legal implications of our not being able to enter into a contract with ACIR and what was the intent of Congress and perhaps go back.

Commissioner Lanni.

COMMISSIONER LANNI: One other question may be, Tim, as far as the issue of pricing I understand, and I understand what the Chair just said, and I certainly support that approach. I think that a number of us were underwhelmed at best, with the presentation by that particular entity. Do we have any further belief that there is quality beyond the presentation from your committee's standpoint?

DR. KELLY: Maybe the best way to answer that is that your being underwhelmed is understandable. I think we all were. It's important to keep in mind that the ACIR at this point is constituted by just a skeleton staff of administrators. Basically what they would do is subcontract for the
research that we would require. So they do not have
researchers on the staff who would do the direct
research for us, it would be more or less a pass
through.

COMMISSIONER LANNI: And would we have any
influence, involvement in that subcontracting as far as
selection process?

DR. KELLY: Oh yes.

COMMISSIONER LANNI: Thank you.

CHAIRPERSON JAMES: But of course it raises
the question if they're going to subcontract why can't
we. Save the taxpayers some money. We do care about
that.

COMMISSIONER LOESCHER: Madam Chairman,
just one other suggestion. On this issue, the
statutory requirement to research laws, regulations and
ordinances, I was in receipt of a book earlier last
year, a book that was prepared by the National
Association of Attorney Generals and that's a good
place to start. They already have this work already
done. And it's a matter of just looking at what isn't there, and determining what needs to be added and sought after. But I would make a suggestion to staff and to the Chair that that's a good alternative on this subject.

CHAIRPERSON JAMES: Thank you. Anything commissioner, Dr. Kelly?

DR. KELLY: Yes, I used to be a Commissioner.

CHAIRPERSON JAMES: You used to be a Commissioner.

DR. KELLY: Yes, just quickly on the Internet gambling. Just to call your attention to the fact that we are working on basically pulling together some background research and a white paper. White paper in terms of a just a brief review of the background and a focus on research and policy related questions that we might want to ask, as regards to Internet gambling, very much along the lines of what Doug presented today. We're going to try to do that
for all the major topic areas that we hit. So that's in the pipeline right now.

And also the Research Subcommittee is working to identify a premiere researcher in this area of Internet gambling, with whom we may want to contract for a brief synthetic review of the research literature.

COMMISSIONER LEONE: Can I ask Tim, did you get a copy of the American Political Science Association annals from Arch?

DR. KELLY: Yes.

COMMISSIONER LEONE: Are we going to make those available to the members of the Commission?

DR. KELLY: Yes, we will be glad to.

CHAIRPERSON JAMES: I thanked you this morning in your absence for having brought that to our attention. And notified the Commission that the staff has ordered a copy for each of the Commissioners.
COMMISSIONER LEONE: Now there are several, well the articles are not bad. I've never heard of the people, but they may be leads for us.

DR. KELLY: I have one final thing, Madam Chair. I had originally attempted to work up a working budget for at least the research component. I was unable to do that successfully. But I would like to report on where we are with the co-funding.

We're basically in negotiations now with the National Institute of Mental Health and with the Treasury Department and with National Institute of Drug Abuse, NIDA, each of them are interested in collaborating with us for some component of the research that we would already be doing. It's not that they would require us to do new things, they would just want to be sure that the data element that we would generate would be specifically what they would need. And that should not be a problem.

The sum total of those three will probably be around $250,000, so that will be a tremendous help.
And we will of course give you a final report once that's nailed.

That ends my report.

CHAIRPERSON JAMES: Thank you. Any questions for Dr. Kelly before he leaves?

Thank you, Dr. Kelly.