

**Nebraska Commission on Problem Gambling
November 15, 2019
700 South 16th Street
Lincoln Nebraska**

MEETING MINUTES

The meeting was called to order at 9:30 a.m.

Roll Call: Present: Lutz, Leckband, Patterson, Arch, Bomberger, Zohner, Lambert and Canada. Commissioner Muelleman arrived late.

Announcements: Chairperson Lutz made the following announcements: The notice of this meeting was posted publicly on November 1, 2019, on the state events calendar and on the websites of the Charitable Gaming Division of the Nebraska Department of Revenue and the Gamblers Assistance Program. The notice of meeting with the agenda has been available continuously here in the office of the Gamblers Assistance Program in the Ferguson House, 700 South 16th street, Lincoln, Nebraska.

This meeting of the Commission on Problem Gambling is conducted according to the requirements of the Nebraska Open Meetings Act. A copy of the Open Meetings Act is available on the table toward the rear of this room.

Copies of other printed materials that may be considered by the Commission during the meeting are also available to the public on the table toward the rear of this room.

Public comments on issues presented during this meeting will be allowed by the chair from time to time during the meeting and may also be requested by any member of the commission at any time.

I am grateful to Mark Canada, Cam Arch and Kelly Lambert for their decisions to apply for reappointment to the Commission. Dr. Muelleman has indicated he does not intend to apply for reappointment due to his many other obligations. So we will be looking for a candidate with health care background – if any Commissioners have suggestions or know someone who might be interested please let us know.

Let us now pause for a moment of reflection before we move on to the next item on the agenda.

Approval of minutes of previous meeting: Chairperson Lutz called for amendments or corrections to the minutes of the meeting of August 16, 2019, and hearing none, Commissioner Arch moved approval, seconded by Commissioner Canada. The motion adopted by unanimous vote.

Director's Report

The written Director's narrative report was distributed and is attached to these minutes.

Legislation: The director reported that LB 41 remains on general file. Senator Hilkemann has agreed to introduce a substitute bill that may have better chances to succeed, because it would give the Legislature flexibility to appropriate funds from Charitable Gaming operations surplus without the restriction of a fixed dollar amount as the law requires now. The Director explained the concept for this proposal and Commissioners voice unanimous approval. Other legislation including the initiative petition to allow racino gambling was reviewed.

Finance: Several financial reports were distributed and reviewed with the Commission. These are referred to in the written report.

Summary of Fiscal Year-to-Date Operations: The director's report summarizes the results of operations during the period July 1, 2019-October 31, 2019. The Commission reviewed a spread sheet that itemizes contractor performance and overall cost of services.

Amended Bylaws

Revised bylaws were distributed and discussed. The revisions include updates and elimination of out-of-date references. Commissioner Canada moved for adoption of the revised bylaws. Commissioner Leckband seconded the motion, which was adopted by unanimous vote.

Telephone Helpline Contract with Louisiana Association on Compulsive Gambling

The proposed contract for helpline service for calendar year 2020 was presented to the Commission. Terms of the contract were modified to clarify that the call center staff are to immediately refer callers to Nebraska counselors unless there is imminent threat of physical harm. Other terms of the contract were described in the contract document supplied to the Commission. After discussion,

Commission Muelleman moved for approval of the contract. Commissioner Leckband seconded the motion, which was adopted by unanimous vote.

New Creative Concepts Contract

A proposal for a new contract with Agent Brand for development of media campaign concepts focusing on treatment services, to supplement the current prevention messages, was presented to the Commission. The first stage of the contract calls for research and development of a message emphasizing the counseling services offered at no cost to Nebraskans and their families dealing with addiction to gambling. After discussion, Commissioner Leckband moved for approval for staff to enter the first phase contract in the amount of \$25,000. Commissioner Patterson seconded the motion which was adopted by unanimous vote.

Agent Brand Contract Report

Staff from Agent Brand presented their report of results of the current prevention campaign for the month of October, 2019, comparing to October, 2018. New user program website traffic is up by 67% over last year, approaching 3,000 new users per month. Other details are included in the written report.

Revised Contract Counselor Manual

The director reported that some changes have been made to this manual, primarily concerning the “urgent care” short-term counseling service. The revised manual was distributed to the Commission. Commissioner Canada moved for adoption of the revised manual. Commissioner Patterson seconded the motion, which was adopted by unanimous vote.

Revised Training Standards

The director reported that the Certification Advisory Board has recommended changes to the training and certification standards. The changes including revision of the practicum and continuing education requirements. Changes to basic training requirements will require reprogramming the Bellevue training content, and cannot be completed quickly. The Certification Advisory Board membership is increased from seven to eight, with Janet Anderson and Mark Canada nominated to fill out membership. Commissioner Leckband moved adoption of the revised manual and new appointments to the Certification

Advisory Board. Commissioner Patterson seconded the motion which was adopted by unanimous vote.

Comprehensive Data Report

J. P. Ramirez presented his report of data accumulated by program counselors during the first quarter of the fiscal year. The data shows increased enrollments of clients in the North Platte/Kearney/Grand Island area.

Exhibitor table at NCA Conference

The program paid \$150 to the Nebraska Counseling Association for an exhibitor table at their fall conference in Kearney, on October 10-11. The Executive Committee had approved this expenditure. Commissioner Canada moved to affirm the expenditure. The motion was seconded by Commissioner Patterson, and adopted by unanimous vote.

Counselor Certifications

Applications for certification by Justin Antons, Sheree Stabler and Brock Wettstead were presented. The Commission's Certification Advisory Board recommended approval of all three. Upon approval by the Commission these counselors can be certified upon passing the national certification test. Commissioner Patterson moved approval of all three applications. Commissioner Arch seconded the motion which was adopted by unanimous vote.

Game Quitters Program

The Director presented a proposal for presenting a program about addiction to internet games that have gambling characteristics. The program would be presented by Cam Adair, of Game Quitters, an international entity that focuses on this emerging topic of concern. The Director asked for consent to expend up to \$10,000 to pay for the speaking fee, travel and room and board expenses, for Mr. Adair, and the other costs to organize and present the program on March 13, 2020. Commissioner Canada moved approval of the expenditure. Commissioner Bomberger seconded the motion which was approved by unanimous vote.

Copies of all printed materials distributed to the Commissioners are retained in the records of the program at the program office.

The meeting was adjourned at 1:25 p.m.

**NEBRASKA COMMISSION ON PROBLEM GAMBLING
NOVEMBER 15, 2019
AGENDA ITEM #2: DIRECTOR'S NARRATIVE REPORT**

LEGISLATION

1. LB 41 This is our funding bill. As it is worded now, the bill would provide the gamblers assistance fund \$400,000 from the charitable gaming tax from now on. It remains on general file at the Legislature, and will be a "carryover" bill when the next session begins on January 8, 2020. There may be no opportunity to get this bill enacted.

As an alternative, the Commission should consider the proposal behind **Tab 3** in the binders. This proposal would eliminate resistance that seems to focus on the statutory language establishing a fixed amount to be transferred to the Gamblers Assistance Fund.

2. Casinos in Nebraska. The petition drive to legalize casino gambling at licensed horse race tracks is in progress. There is no public information yet about the promoter's success gathering valid signatures. If the petition succeeds, the issue will be on the ballot for the general election next November.

If the amendment passes, the six Nebraska race tracks would be eligible to establish casinos. Four casinos now operated by native tribes would also become eligible to offer all forms of casino gambling. Nebraska could, very quickly, see development of ten casinos offering all forms of gambling.

To get an idea of the scale of casino gambling, Commissioners can read the annual reports by the Iowa Racing and Gaming Commission. The annual report for the year July 1, 2017-June 30, 2018, (the most recent annual report available) shows the following for the five casinos on the western edge of Iowa:

- They had over 7 million admissions that year.
- Gamblers fed \$2.86 billion dollars into slot machines.
- These casinos collected over \$550 million after paying out winnings.
- Tax and assessments paid to state and local entities were over \$122 million.

The Nebraska racino petition provides for a state gaming tax of 20% of casino gross profit. Most of the tax would go to local governments and state property tax relief. Problem Gamblers Assistance Fund would receive 1.875% of the tax.

3. Touch Screen Skill Games. Senator Lathrop's bill that was meant to severely restrict these games will be effective on January 1, 2020. Staff at the Department of Revenue are working on regulations and procedures to evaluate the devices. Game devices will be issued temporary licenses which will allow operations until regulations are in force and testing can be performed later in the year. At last count there were approximately 2,700 of these games located around the state. Licensed games would pay annual fees of \$250 for each device, payable to the department of revenue enforcement fund.

4. Fantasy Sports Games. LB 137 by Senator Blood of Bellevue was advanced by the General Affairs Committee on March 4 and remains on general file with an amendment. The amendment removed a limit of ten thousand dollars on the amount of the annual fee to renew registration. The fee is 6% of “gross fantasy contest revenue” during the previous twelve months. Proceeds from this fee would be paid into the state general fund. The bill was not debated during the session, and it is too early to predict whether it will be called up for debate during the session beginning in January. Nearly identical bills offered by Senator Tyson Larsen failed to gather necessary votes to advance in earlier sessions of the Legislature.

ADMINISTRATIVE SERVICES FINANCIAL REPORTS

The attached Department of Administrative Services Accounting Division reports dated October 31, 2019, behind **Tab 4** in the binders show you the financial condition of the program from three different perspectives:

- (a) The Program Summary itemizes revenue and spending for the period July 1-October 31. Totals are on the second page of this report: revenue \$943,943, and spending \$631,955. Two points to keep in mind: spending includes payment in July for services provided in June, and revenue includes one-time payments: \$500,000 lump sum from state lottery and \$250,000 lump sum from health care cash fund.

Revenue breakdown for the period was:

\$ 500,000	– one time distribution from state lottery profits
\$ 90,384	– 1% of lottery profit remaining after first \$500,000
\$ 100,000	– first quarterly distribution from charitable gaming
\$ 250,000	– one time annual allocation from health care cash fund
<u>\$ 3,559</u>	– interest earned on the cash fund balance
\$ 943,943	– total program revenue

- (b) The Fund Summary by Fund shows you the status of the Gamblers Assistance Fund, which is the main vehicle for the Program’s revenue and spending. On the first page, far right column, on the line Fund Equity Undesignated shows cash on hand as of July 1, 2019 was \$591,110. Cash on hand on October 31, 2019 is shown on the top line, page 1, second column from the right under the heading Account Balance Debit: \$655,382.
- (c) The Budget Status Report shows a comparison of spending to the overall Legislative-approved budget. In the upper right corner of the pages it shows that 33.7% of the fiscal year had elapsed as of October 31, 2019. The columns headed “Percent of Budget” show the status of the individual accounts. On the second page, about in the middle, it shows you that the program as a whole was at 30.31 percent of the Legislature’s approved budget.
- (d) Points to keep in mind:
1. Total revenue from the state lottery profits depends on sales volumes. In general, large Powerball or MegaMillions jackpots lead to higher ticket sales, and therefore higher profits. The first quarter profit distribution to four beneficiary funds was \$9.5 million, down from \$10.1 million last year and \$12.1 million the year before.

2. The State Treasurer had not transferred 5% of lottery ad budget to gamblers assistance fund as of the date of this report. That transfer is typically about \$75,000. Last year, total revenue from this source was \$330,255.
3. On the spending side of the budget, note that contractual aid, which is the accounting classification for counseling services, is averaging about \$100,000 per month.
4. The accounting division budget status report lists the program's budgeted amount at \$2,084,748. This is more than the approved budget for this year because state accounting allocates extra dollars to allow payment of expenses that were incurred before July 1. The approved budget amount in this report includes \$145,383 authorized to pay prior year expenses, plus \$1,939,365 appropriated for this fiscal year expenditures.

YEAR-TO-DATE OPERATIONS SPREAD SHEETS BEHIND TAB 5 IN THE BINDERS

The Excel spreadsheet "Gamblers Assistance FY2019-20 Contracts Performance" shows you the itemized results by contractor for the major categories of service. A second spreadsheet – "Itemized Cost of Counseling Service" - shows cost of the different items of counseling services at current rates of pay. Invoices for October counseling services have not all arrived at the time of this report, so these spread sheets do not reflect total year-to-date contract performance.

The total on the last page of the Contracts Performance spreadsheet reports that 331 individuals have received our program's counseling services during the period July 1, 2019-October 31, 2019. This total includes clients enrolled before July 1 who received services during July, plus new clients since July 1. This total is incomplete because several counselors have not yet sent in their invoices.

OTHER TOPICS ON TODAY'S AGENDA

The agenda includes bylaws revisions. I have completely rewritten the bylaws, removing out of date references and including suggestions made at the last Commission meeting.

The data report by J. P. Ramirez shows results of client characteristics and outcome of our program services so far this fiscal year.

Two program manuals are on the agenda: Training and Certification Standards, and Contract Provider Manual. These manuals establish program standards as required by the statute that created the Commission. Discussion will focus on revisions to these manuals.

The agenda includes a presentation by representatives of Agent Brand and Mediaspark, our media campaign contractors. Their presentation will give a detailed report on the results of the "BetCareful" media campaign.

Dated November 15, 2019

David Geier, Program Director

FISCAL YEAR 2019-20 BUDGET PROJECTIONS

REVENUE	
State Lottery Profits Distribution	900,000
Share of Lottery Advertising Budget	300,000
Share of Charitable Gaming Tax	400,000
Health Care Cash Fund	250,000
Interest on Gamblers Assistance Cash Fund	<u>20,000</u>
TOTAL REVENUE	1,870,000
EXPENDITURES	
Staff salaries and benefits	150,000
Data Analyst	49,000
Louisiana Helpline service	20,000
Zoom telehealth service	3,600
Bellevue University training (4 students complete)	2,900
Periodic newspaper ads	12,000
General office overhead	25,000
Counseling services (first round contract awards)	961,700
Counselor outreach (total awards to counselors for the year)	123,700
Agent Brand	<u>300,000</u>
TOTAL OBLIGATIONS 11/15/19	1,647,900
JULY 1, 2019 CASH FUND BALANCE	591,110
LEGISLATIVE APPROPRIATION	1,939,365
UNOBLIGATED FUNDS: AS ALLOWED BY APPROPRIATION	291,465
UNOBLIGATED FUNDS: TO BALANCE SPENDING WITH REVENUE	222,100