



2014 Annual Report
Of The
New Jersey
Casino Revenue Fund Advisory Commission
Recommendations for the
Casino Revenue Fund Programs
For Seniors and Citizens with Disabilities
For the State Fiscal Year 2015 Budget

Presented to

Chris Christie, Governor
Stephen Sweeney, Senate President
Vincent Prieto, Assembly Speaker
The New Jersey State Legislature

April 2014

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NJ Casino Revenue Fund Advisory Commission
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Casino Revenue Fund Advisory Commission Members

CHAIR – James Thebery, M.A. CSW (Representing the NJ Association of County Disability Services)
VICE CHAIR – Enid Torok (Representing persons with disabilities)
SECRETARY – Joanne Fetzko (Representing NJ4A – Area Agencies on Aging)

Legislature

Senator Dawn Marie Addiego
 Senator James Whelan
 Assemblyman Paul Moriarty
 Assemblyman Angel Fuentes

Public

Representing Seniors

Assembly appointed: Kay Nest
 Senate appointed: James Carney
 Governor appointed: **VACANT**

Representing the Disabled

Assembly appointed: Enid Torok
 Senate appointed: Pamela Elliott
 Governor appointed: **VACANT**

Ex Officio

James Thebery, M.A. CSW (NJ Association of County Disability Services)
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Introduction

There are 1,666,535 persons age 60 and over in New Jersey (2010 Census) and 1,185,993 persons age 65+. The fastest growing segments of the senior citizen population (among those 65 years and older) consist of the oldest elderly (age 90+), growing at a rate of 37.2 % from the 2000 to the 2010 census with a 32.1 % increase in the population age 85 and older during the same time. (The population 75+ increased by 6.7%). There are 325,073 folks 65+ living alone in one person households, or 27.4% of folks over 65 that live in a household living arrangement, which is over one in four. For 75+, 196,452 people lived alone in one person households or 34.2% of the 75+ population in households. The increases in the total aging population age 60 and over should also be considered in view of the aging of the baby boomer population. Specifically, the 60-64 year old population grew by 45.3 % between 2000 and 2010 in the State of New Jersey. The increasing senior and disabled population in New Jersey is an important factor. In the last Census decade (from 2000-2010), the highest increase in the senior citizen population (considered here to be those 65+) was in the 90+ population, which increased by 37% in the last Census decade.

The most recent stats on disability for the state of New Jersey come from the 2010 American Community Survey. There are 845,000 residents in the civilian non institutionalized population (9.7 percent) who have a disability. Although the Census Bureau no longer collects data on employment disability, of the 783,000 residents with disabilities aged 16 years and older, only 177,000 were employed (22.7 percent).

In fulfilling its mandate of providing recommendations to the Legislature on the programs funded by the Casino Revenue Funds, the Commission presents these recommendations to the Legislature for due consideration. The Commission has met on a bi-monthly basis to discuss the different programs and discuss various issues impacting the Casino Revenue Funds and the importance of programs that must be considered for additional Casino Revenue Funds on an ongoing basis.

Funding Recommendations

The attention of legislators is requested for these funding recommendations which are based upon the Commission's findings as a result of direct input from the public in hearings conducted by the Commission; an extensive survey to collect data on expenditures and program activities and production; meetings with Legislators and State officials; presentations to the Commission by Casino Revenue Fund program providers and administrators; and research conducted individually by Commission members in an effort to obtain accurate, updated, and detailed information in regards to the Casino Revenue Fund history, record of allocations, projections, and expenditure of funds.

The funding recommendations remain level for the new fiscal budget in light of shortfalls in the budget projections. The Commission recommends no cuts be made to current funding of these programs for fiscal year 2015. The critical nature of the programs in assisting elderly and disabled to remain in their own homes and the nature of the programs including protective services, transportation, home care, and home repairs and respite care were major considerations of the Commission in making recommendations for continued funding.

The Programs

Home Delivered Meal Program Description:

Nutritious meals (home delivered and congregate), nutrition education, and nutrition counseling for older adults in New Jersey have been provided since the inception of the Elderly Nutrition Program in 1972 through the allocation of federal funds to New Jersey under Title III of the Older Americans Act. Home delivered meals are needed to support the homebound and to keep them independent. Each meal meets the nutritional standard of one-third of the Daily Recommended Intakes /Recommended Dietary Allowance (DRI/RDA), and complies with the Dietary Guidelines for Americans. An assessment of need also provides referrals to other support services that help maintain a frail senior in the home. The program is known for the essential services provided at a minimal cost averaging \$6.60 a day including all costs for food, staff, operations, and delivery. This component of long term care is essential in that it ensures that the most frail, vulnerable senior citizens, i.e., those that are homebound and are not able to prepare their own meals, have the benefit of having a hot, nutritious meal every day. The program not only ensures that the clients have enough food to sustain themselves in their homes, but also ensures that they will be visited at least once per day by the person delivering the meal, who also therefore serves to reduce isolation and to check on the safety of the homebound elderly.

In addition, to Title III, state Casino Revenue Funds (\$970,000) are targeted to provide weekend and holiday home delivered meals to frail elderly (who have no family or community support) under state legislation that originated in 1987. The average cost of these meals is \$6.90

When increased revenue is realized through 15% of internet gaming, three million dollars in additional funds is recommended for this program to attempt to meet the increasing demand by elderly and disabled. Additional funding in the amount of three million dollars would potentially result in the support of 434,783 additional weekend meals per year for elderly and disabled homebound residents of this State.

One million dollars should be allocated to provide disabled homebound persons access to home delivered meals. There is no other permanent source of funds for this purpose. Some Counties serve the disabled with other funding sources, because the need is obvious and local funds have been found. There needs to be a more stable funding source for disabled adults. The additional allocation would be a start.

Two million dollars would provide additional needed resources for the Weekend Home Delivered Meal Program, so that vulnerable seniors may have weekend and holiday meals delivered. The State CRF only provides one million dollars a year for the support of the Weekend Home Delivered Meal Program. This is not enough; the lack of any increases in these funds from the CRF for the past 21 years has prevented thousands from obtaining needed weekend and holiday home delivered meal services. The home delivered program need funding assistance for weekend meals components and additional support provided as recommended would reap tremendous benefit to the elderly in the ability of the local home delivered programs to serve them. (See chart at end of report).

Transportation - NJ Transit currently receives 8.5% of the Casino Revenue Fund annually, which is distributed to the Counties on a formula basis. This funding has been successful in developing and supporting a network of coordinated, Para transit and community transportation services for elderly and disabled in each of the 21 Counties in New Jersey. According to NJ Transit, approximately 4 million rides per year are provided through these County-wide systems, with 1.6 million of those rides provided

by funding from the CRF. An increase in funding for transportation services is needed and the need for such funding is at a crucial point considering the following factors:

1. Counties are pressed to maintain these County-wide systems of transportation, with increasing costs of fuel, insurance, staff and staff benefits, and maintenance and upkeep of vehicle fleets.
2. The increasing senior and disabled population in New Jersey is an important factor. In the last Census decade, (from 2000-2010) the highest increase in the senior citizen population (considered here to be those 65+) was in the 90+ population, which increased by 37 % in the last census decade. The nature of the transportation services are geared to help those who are too frail to drive themselves, as well as those whose increasing age limits their desire or ability to drive themselves.
3. Another factor is the increased demand for kidney dialysis transportation that Counties are striving to meet. This type of transport is essential and life sustaining and a priority in service for many of the Counties; however, it is a service that must be provided on a regular basis, at least three days a week, often to persons in wheelchairs and very frail. The resources to provide such transport on a daily basis are costly and an increasing burden to the Counties. As more dialysis centers are planned in New Jersey, the transportation needs of dialysis patients cannot be met by transportation programs, whose resources are being reduced.

In 2014 Counties are pressed to deal with these funding reductions, which range from \$ 80,517.00 to \$346,541 in the larger counties for fiscal year 2014 alone. This is a 19% reduction in FY 2014 alone! *The county systems have been advised of another 10% decrease, in FY 2015.* The reductions have created a crisis mode across the state. In addition there will be other reductions in county and municipal contributions, state social service dollars and declining tax revenues. If this continues, New Jersey can expect to see more municipalities cease providing transportation programs that they need to rely on already stressed county systems. Seniors and disabled are among those most vulnerable because of their limited means of income and ability to maneuver in the community.

Safe Housing and Transportation - Funds for Safe Housing and Transportation, primarily for home repairs and assisted transportation are essential and unique in New Jersey, providing a stable source of funds for services not elsewhere funded. Unfortunately, funding received to support this program is limited and should be increased. It is noted that twenty years ago, the CRF allocated \$2.9 million to Safe Housing and Transportation.

Noting its essential nature and uniqueness in being a service not otherwise provided in the State, it is astounding that this program has lessened in funds as the senior population and the CRF have increased significantly. Last year the program delivered 38,150 units of service to 1,442 participants at a cost of \$431. per participant.

Since the Safe Housing Program is the only source of dedicated funding for the provision of home repairs related to safe housing and escort programs for senior citizens, the continued lack of increases has prohibited meeting the increased demand by senior citizen homeowners, and has also prohibited counties from providing needed varied home repair services that would require a minimal amount of resources to sustain a program providing multiple repairs. Last year the program delivered 19,230 units of service to 2,267 participants at a cost of \$438. per participant.

Many Counties have established programs with the administrative and project operational activities and controls in place.

The funds would be used to enable these programs to serve more persons and make it worthwhile for Counties with very small allotments to establish more comprehensive programs. For example, the practical aspects of organizing a home repair program for 10-15 persons, leaves much to be desired in terms of benefits received for the energies taken to organize and maintain the program. More funding would address this problem and would assist in meeting the demand for a program that has historically had huge waiting lists. This program currently serves seniors only. There are seniors who have difficulty using any kind of transportation and this particular assertive escort service provides the physical means to use transportation. Additional funds should be considered to open the Safe Housing and Transportation Program to the disabled.

The building of ramps for seniors is one essential activity that is able to be funded by the Safe Housing Program. At the Commission hearings, several advocates for the disabled commented on the lack of funds for building ramps to enable a person to leave their homes to access services and programs, including day care, vocational rehabilitation, doctors' offices, hospital facilities, banks, senior centers, etc. **The program must be opened for use and services to disabled as well as senior citizens.**

Adult Protective Services - The Commission notes that an increase of \$1 million for the Adult Protective Services Program was allocated by the Dept. of Human Services in 2013. This increase was commended with consideration of the following factors:

1. Abuse, neglect and exploitation of vulnerable adults residing in the community are on the rise. In the last decade, the number of investigations has grown from 3,762 to 4,787 representing a 27% increase. (Recently there were 4372 APS investigations and 222 guardianships filed by APS statewide in 2012. In 2013 there were 4601 investigations and 216 guardianships filed by APS statewide).
2. Not only is the number of cases increasing, but they are also becoming more complex with a growing number of financial exploitation and guardianship cases. The upward trend of guardianship cases is directly related to the growth in population of individuals 80 years of age or older residing alone.
3. **APS is not a program where a waiting list is acceptable or legal.** By statute, APS must respond to a referral of abuse, neglect or exploitation within 72 hours and continue intervention until the client is no longer at risk. The county provider agencies are questioning their ability to continue to respond to a crisis within those parameters.

The Commission emphasizes the need for the legislature to approve future additional funding for the Adult Protective Services Programs and includes this as a priority recommendation to ensure that the needs of the most vulnerable and frail elderly in New Jersey are not overlooked.

The critical nature of the lack of past funding increases for the Adult Protective Services Program and its impact and potential damage to the existing system in place for responding to the needs of abused and neglected elderly was stressed by several major providers of APS services.

The Congregate Housing Services Program – The Commission recommends additional funding of 1 million dollars (a 3 million funding level) once additional revenues from Internet gaming are realized, for the State Congregate Housing Services Program. The Congregate Housing Services Program

depends primarily upon the CRF for its support and is funded for \$2.0 million from the Casino Revenue Funds, receiving approximately this level of funding since at least 1997.

The Congregate Housing Services Program has a long standing history of service provision in the State of New Jersey. The program is administered by the Department Human Services and is offered through public housing and non-profit facilities serving low-income senior citizens and adults with disabilities. Services provided to housing residents support their ability to remain independent, and include home care, laundry services, housekeeping, and meals served in a congregate setting. The CHSP provides services to approximately 2,500 unduplicated clients each year, including more than 282,840 meals and nearly 64,000 units of housekeeping, personal assistance, and other supportive services.

This fits perfectly with the Governor's Plan to rebalance long term care in favor of community based services and delaying the likelihood of needing costlier nursing home or institutional care.

According to State Division on Aging Services staff who administer the program, there is a waiting list of housing sponsors who wish to participate in the program and could offer the services to more persons. Currently, the program is offered in only 11 of the 83 Housing Authorities in New Jersey and is not offered at all in 4 of the 21 Counties, being Warren, Hunterdon, Ocean, and Burlington. Currently, the program serves 2,500 tenants in approximately 65 subsidized independent senior housing buildings.

State Respite Care Program - The Commission recommends continued funding for the Statewide Respite Care Program. The Statewide Respite Program provides services to caregivers of those who are elderly and infirm and living in their own homes. Data from the 2010 Behavioral Risk Factor Surveillance System (BRFSS) shows America's 65.7 million caregivers form an integral and frequently unrecognized part of the health care team, providing an estimated \$257 to \$389 billion in unpaid care to individuals with disabilities and chronic diseases. These informal caregivers may be a family member, friend, or neighbor of a person with a disability or chronic health condition.

The Statewide Respite Care Program enables caregivers to have a respite from the rigors of daily care for another family member. The program arranges for home care, housekeeping services, bathing assistance and personal care, sitting services, and temporary institutional placement for caregivers who have entrusted themselves with the care of a family member. Having such a program enables the caregiver to have some time for themselves (perhaps to get out of the house, perhaps to take a needed vacation, perhaps to free up time to pursue their own business or a hobby), and enables them to be strengthened and empowered to maintain care for their elderly loved one.

Considering the estimates of numbers of caregivers, the Statewide Respite Care Program could expand services to more persons and serve many persons on the waiting lists in the various counties. In addition, consideration to improving and increasing the current limits on care provided through the Respite Program could be made. Especially with the numbers of residents on the Autism Spectrum, home care agencies that sub-contract with the program should incorporate training either in core curriculum or in-service trainings, instruction for aides with regard to the challenges posed by this population.

The CRF has not increased the allocation for the Statewide Respite Program since 2002, with a funding level of \$5.3 million. From State FY1999 the CRF allocation for Respite was only \$4.8 million. With the increasing recognition of the value of Respite as an alternative to having family members placed sooner in a costlier institutional setting, and enabling the family and the elderly client to have services that assist in care at home, the Commission recommends additional funds for the Statewide Respite Care

Program once internet gaming revenues materialize. Last year 3,418 Care recipients and Caregivers were serviced through the Statewide Respite Care Program.

Adult Day Services Program for Persons with Alzheimer's disease or Related Disorders

Program Description: The program provides relief and support to family caregivers of persons with Alzheimer's disease or a related disorder through provision of subsidized adult day care services. Clients are provided up to three days of service per week, depending on their need and the availability of funds. Priority is given to those persons in the moderate to severe ranges of dementia. Participants pay a cost-share, based upon a sliding scale. # of Beneficiaries Served Annually: 900 individuals in FY 2012. CRF funding should continue at the current rate of \$2.724, until realization of Internet Gaming funds.

Cost-of Living Increases for Essential Programs

A general recommendation is made that these programs, with the exception of Transportation (which is uniquely tied to the gross revenues of the CRF), should receive at least cost of living increases annually. The Commission states that these mentioned programs are recognized for their efficiency, cost effectiveness, and need by the elderly and disabled to assist in their efforts to maintain their independence at home.

Unfortunately, these programs have suffered from lack of funding increases through the years. Such lack of increases has served to have negative impacts upon the programs. Instead of growth, the programs have diminished since level funding that is not sufficient to meet even cost of living increases for staff, results in decreases in what each program can accomplish on a yearly basis. This diminishing of resources has resulted in crisis situations and decisions by public agencies to forego sponsorship (of APS, for example) of unnecessarily large waiting lists for service, and programs that do not have the necessary resources to maintain services without reducing the nature of the service or numbers to be assisted.

Increases in the cost of living should be integrated in every program that depends upon funding from the CRF, so that needed expansion or maintenance of services can be affected with the growing Casino business and resultant revenues through the years.

Commission recommendations have been endorsed by major state agencies and associations, including the NJ Commission on Aging, the Council on Special Transportation (COST), the State Association of Welfare Directors, the NJ Association of Area Agencies on Aging, the NJ Association of County Disability Services, NJ Association of the Blind, United Senior Alliance/Elder Rights Coalition, Alliance for Disabled in Action, Alliance for Betterment of Citizens who are Disabled (ABCD), and the Citizens Advisory Committee of New Jersey Transit.

A Redistribution of Funds from Savings Experienced by the PAAD Program

The Commission again makes the recommendation that additional funds for the most critical and under funded programs should be reallocated from the savings in the CRF generated from the onset of the Medicare D drug benefit program that has assumed the expense of a major portion of what formerly was paid by the Casino Revenue Fund. The implementation of Medicare as a national provider of assistance in the costs of prescription drugs has provided the State of New Jersey with a unique opportunity to report savings of \$90 million in 2005 and over \$180 million for the 2006, 2007, and 2008 year for the Pharmaceutical Assistance for the Aged and Disabled Program. The New Jersey Department of Health

and Senior Services has very successfully tackled the immense challenge of coordinating the PAAD with the 2006 Medicare D program with minimal negative effects upon the clients and maximum retrieval of costs for PAAD from the Medicare D payment of benefits of PAAD eligible clients.

A PAAD Expended Funding History (below) shows the history of the expenditures of the PAAD program detailing the CRF portion of funds as well as the contribution from the General Fund. It is noted that in FY 2003, the General Fund portion of the PAAD program was \$167.8 million with an additional \$259.8 million from the CRF, for a record expense for PAAD of \$427.6 million.

The General Fund portion of the PAAD program saw an immense benefit in terms of savings in Fiscal Years 2005 through 2008. In 2007 and 2008 the General Fund portion of support for PAAD constituted only 3% of the PAAD total expenditures at \$5.5 and \$6.4 million, respectively! The CRF in those same years contributed \$205 million in 2007 and \$220 million in 2008. In FY 2011, \$89,228 million is supported by the general revenue funds and \$78,893 million by the CRF. In FY 2012 \$49,833 million is supported by the general revenue funds and \$32,000 million by the CRF. In most subsequent years the PAA General Fund has diminished significantly in comparison to the CRF support of the PAAD program.

In addition, the recent PAAD increases in the co-payments and non-coverage of diabetic supplies generated an additional yearly savings of \$11 million to the State.

The significant savings to PAAD realized through the subsidy of prescriptions from the Medicare D program as well as increases in costs from PAAD clients, could have generated not only savings for the General Fund, but also expanded program benefits for the senior and disabled population if the CRF funds saved, were allocated to support underfunded essential senior and disabled programs.

The deductible and the increased PAAD co-payments for brand name drugs will increase seniors' cost of living by \$430. Currently 163,724 residents participate in the PAAD Senior Gold Program.

PAAD Expended Funding History

	PAA	PAAD	PAAD		GF	CRF
	General Fund	General Fund	Casino ^(a)	TOTAL	Support	Support
1996	\$ 42,801,626	\$ -	\$ 134,961,118	\$ 177,762,744	24%	76%
1997	\$ 35,802,930	\$ -	\$ 148,514,975	\$ 184,317,905	19%	81%
1998	\$ 34,141,623	\$ -	\$ 170,510,670	\$ 204,652,293	17%	83%
1999	\$ 33,119,061	\$ 48,935,000	\$ 154,689,153	\$ 236,743,214	35%	65%
2000	\$ 34,781,818	\$ -	\$ 247,331,858	\$ 282,113,676	12%	88%
2001	\$ 33,982,224	\$ 49,500,000	\$ 231,706,887	\$ 315,189,111	26%	74%
2002	\$ 34,641,795	\$ 71,543,222	\$ 257,916,319	\$ 364,101,336	29%	71%
2003	\$ 33,580,622	\$ 134,274,778	\$ 259,825,387	\$ 427,680,787	39%	61%
2004	\$ 32,527,859	\$ 128,884,000	\$ 254,646,953	\$ 416,058,812	39%	61%
2005	\$ 22,604,189	\$ 48,581,884	\$ 309,005,018	\$ 380,191,091	19%	81%
2006	\$ 23,556,032	\$ 21,568,000	\$ 278,200,097	\$ 323,324,129	14%	86%
2007	\$ 5,539,403	\$ -	\$ 205,264,568	\$ 210,803,971	3%	97%
2008	\$ 6,408,438	\$ -	\$ 220,058,009	\$ 226,466,447	3%	97%
2009	\$ 5,095,578	\$ -	\$ 199,312,491	\$ 204,408,069	2%	98%
2010	\$ 5,320,443	\$ 39,376,314	\$ 128,553,788	\$ 173,250,545	26%	74%
2011	\$ 3,545,463	\$ 30,281,205	\$ 91,742,213	\$ 125,568,881	27%	73%
2012	\$ 2,573,520	\$ -	\$ 51,144,957	\$ 53,718,476	5%	95%
2013 ^(b)	\$ 2,750,000	\$ 24,432,000	\$ 50,012,000	\$ 77,194,000	35%	65%
2014 ^(c)	\$ 2,250,000	\$ 15,393,000	\$ 50,000,000	\$ 67,643,000	26%	74%
Total	\$ 395,022,624	\$ 612,769,403	\$ 3,443,396,461	\$ 4,383,545,488	23%	77%

(a) Net of Rebates

(b) Adjusted Appropriation

(c) Recommended Budget

Hopefully, DHS will view the extensive PAAD savings as an opportunity to address other critical needs of the elderly and disabled that are served under the other important DHS programs that receive CRF funds.

Casino Industry Status

The Casino Revenue Fund depends exclusively on revenue from the New Jersey casino industry. The continued viability of that industry is therefore critical to the Fund. The revenue generated by Atlantic City casinos has declined from its peak in 2006, the state's casino gaming industry is now considered the 3rd largest in the United States and its overall contribution to the economy of New Jersey remains considerable. A recent study by Rutgers University determined that the Atlantic City casino resort industry supports over 105,000 jobs—far more than the size of the pharmaceutical and petrochemical industries combined and slightly more than the number of jobs in the information super sector—and about \$4.4 billion in payroll. The casino resorts and their vendors are responsible for the lion's share of these jobs and accompanying payroll.

The sizeable tourism to Atlantic City that is typically coupled with visits to the casino hotels, especially that of overnight visitors, is the second most important sub sector, sustaining more than 30,000 jobs.

More specifically, according to the figures of the Casino Association of New Jersey, the casino resort industry is also responsible for nearly \$1 billion annually in direct state and local taxes and fees. The Casino Revenue Fund receives the largest percentage of those payments, but, in addition, taxes and fees are also directed in large part to the state's general fund, development projects built and funded by casino payments to the Casino Reinvestment Development Authority and operating expenses of the NJ agencies that regulate casino activity.

Casino Revenue Fund Projections

In fiscal year 2005 casinos contributed more than \$500 million to the Casino Revenue Fund. In 2011 that figure dropped to \$257 million. This year's estimate is \$248 million. Less than half of 2005. The state had contributed (**through our taxes**) \$377 million to our programs in 2006. **This year that state figure will be almost \$620 million!**

As noted above, the Commission is hopeful that the improvement in the overall economy and the legislature and Governor's passing of internet gaming, will reduce or eliminate any further erosion of gaming revenue and therefore Casino Revenue Fund payments. The Commission is aware that forces outside of the control of this state continue to divert some market share from the New Jersey Casino industry to gaming in other states.

Casino Taxes

The Commission is also gathering information on the taxes paid by gaming establishments in other states as a response to the projections of major reductions in the fund. Preliminary information has been gathered on the taxes collected in other States. **The taxes on gaming revenues range from 7% in Nevada, a graduated rate of 15%-50% gross gaming tax rate, plus a \$2-3 dollar admission rate in Illinois, Delaware 56.11% and Pennsylvania 55% for slots and 14% for table games.** The interest of several of the Commissioners is in the history and discussions occurring in regards to the amount of tax to be imposed. Their further research and recommendations in regards to an increase in the rate of regular Casino Revenue tax will be considered at a future time. ????????

New Jersey Internet Wagering

On February 26, 2013, Gov. Chris Christie signed S-1565/A-2578, an act authorizing Internet gaming at Atlantic City casinos under certain circumstances and amending and supplementing the "Casino Control Act", P.L.1977, c.110 (C.5:12-1 et seq.). By so doing, New Jersey became the third state in the nation to legalize gambling over the Internet and marked the largest expansion of legalized gambling in New Jersey since the first casino began operating in Atlantic City in 1978. With this legislation, New Jersey, along with Nevada and Delaware, can begin to transition Internet gaming to a regulated and licensed industry.

Excerpt from Morgan Stanley Report:

“While we remain bullish on the online gaming opportunity in the US, we are lowering our estimates to better reflect the insights we have gained following the first few months of operations in NJ, NV and

DE. We are encouraged by the continued m/m growth in NJ, but technical issues (such as geo-location and payment processing) continue to be a material headwind. We continue to believe these issues will be resolved over time, but we lower our 2014 NJ estimate to \$203m (prior \$541m), which implies 10% m/m growth for the remainder of the year.”

New Jersey:

“We now expect online gaming revenue of \$203m in 2014 (prior \$541m) as geo-location and payment processing issues have proved to be a major headwind, though we expect operators and regulators to continue to make improvements. However, we see this as a continued near-term headwind as our channel checks have suggested that ~60% of online gaming transactions are being rejected (mostly from Visa) and about half of those users do not make other attempts to fund their accounts.”

Delaware:

“Results out of Delaware have been disappointing, with the state only generating \$312k of online gaming revenue in the first two months of the year. We believe this is related to the state's small population (~700k) which has resulted in minimal marketing dollars and poker liquidity (while poker is only 30% of the market in NJ, many online casino players start in poker and migrate over). As a result we have lowered our spend/adult assumptions in all states with populations below 1 million people.”

The federal legislation paved the way for the establishment of an effective State regulatory and licensing system for participating in online gaming which would increase public trust and confidence in legalized gambling, inhibit wagering by underage or otherwise vulnerable individuals, ensure that any games offered through the Internet are fair and safe, end the practice of sending much-needed jobs and tax revenue overseas to illegal operators while creating jobs and economic development, and ensure that only those of good character and fitness who meet strict criteria may participate in Internet gaming operations.

In addition to allowing New Jersey to take the lead in this exciting new technology, Internet gaming may assist and enhance the rehabilitation and redevelopment of existing tourist and convention facilities in Atlantic City which, of course, is consistent with the original intent of the Casino Control Act. One potential way for this to occur is the ability to provide offers to Internet gaming customers to become customers of Atlantic City’s “bricks and mortar” casinos. Notably, many of these customers reside in locations that are closer to jurisdictions that offer convenience style casinos that have resulted from the recent legalization of gambling in nearby states.

The tourist, resort, and convention industry in Atlantic City constitutes a critical component of our State’s economic infrastructure that, if properly regulated, developed, and fostered, is capable of providing a substantial contribution to the general health, welfare, and prosperity of the State and its residents. With the addition of the Internet gaming component, the state is even more hopeful as to the economic recovery and even expansion of the gaming industry.

New Program for Consideration of Casino Revenue Funds

The employment of people with disabilities is of the highest priority to the State Rehabilitation Commission, and to the State of New Jersey through the Governor’s designation of New Jersey as an Employment First State.

DVRS provides employment services to individuals with disabilities to find, get, and keep competitive integrated employment. The federal grant requires a 21.3 percent match from state funds; the state funds have been held constant since 2001 and this funding discrepancy threatens the ability of the program to draw down its federal share.

DVRS embraces Employment First as a philosophy and expects an upsurge of consumers with more complex developmental needs as the DDD policies require employment goals for their consumers. The DVRS is requesting \$1.5 million dollars which will provide critical state match funds that will decrease the prospect of the DVRS entering into an order of selection (waiting list) due to the expected increase in consumers.

Closing Remarks

The Commission has called for an audit of the funds, specifically clarifying the expenditure of the funds by program and a comparison of program expenditures to the program allocations as presented in the State budget as well as a clear picture of the revenue sources. The Commission appreciates the cooperation, assistance, and work of the Office of Management and Budget in responding to the varied information requests of the Commission for fiscal data and budget information.

In addition, the Commission will continue to derive client and service information and details on the specific programs that are funded by and related to the Casino Revenue Fund and asserts that program performance audit information is important and will be assessed in making further observations and recommendations to the Legislature that would impact upon the best performance by programs funded by the Casino Revenue Fund.

The point is emphasized that the Commission must speak to the real and crucial needs of elderly and persons with disability in this State. The recommendations presented would only require that a miniscule portion of the general revenues that have been saved or replaced by the CRF through the years, be reallocated to insure an infusion of needed funds to critical programs as well as to insure the maintenance of currently funded programs providing essential services.

The Commission looks forward to a productive year with enthusiasm toward the pursuit of these aforementioned efforts. The Commission will continue to gather information relevant to the assessment and recommendations to be made in regards to the Casino Revenue Funds and their wisest use and application and will hopefully serve as an important resource to the Legislature in their awesome challenge, responsibility and authority to affect changes for the greater good of senior and disabled residents of this State.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'James Thebery', with a stylized, sweeping flourish at the end.

Commissioner James Thebery, M.A., CSW, Chairman
New Jersey Casino Revenue Fund Advisory Commission

Exhibits and Related Documents

Exhibits:

Trends in Nutrition Services 2009-2012

Casino Revenue Fund Summary & Projection for Fiscal Year 2014-15 (State Budget Appendix, proposed).

Related documents on file at the NJ Dept. of the Treasury:

1. Casino Control Commission Report of Revenues, 2007
2. Prior Annual Casino Revenue Fund Advisory Commission Reports
3. Congregate Housing Program Report by NJ Dept. of Health
4. Senior Citizen and Disabled Resident Transportation Assistance Program Annual Report and Public Hearing, July 2007
5. NJ Casino Control Commission, Overview of Revenues, November 2008
6. Transcripts, Casino Revenue Fund Advisory Commission for hearings held on November 19, 2008 in Atlantic City; November 21, 2008 in Trenton; and December 9, 2008 in Hackensack

Trends in Nutrition Services 2009 -2012

Year	Congregate				Home Delivered				State Weekend Home Delivered			
	Units	Clients	Costs	Unit Cost*	Units	Clients	Costs	Unit Cost*	Units	Clients	Costs	Unit Cost*
2009	1,901,094	38,491	20,147,736	10.60	3,552,129	27,381	22,496,772	6.33	290,300	5,944	2,042,780	7.04
2010	1,760,638	35,634	18,980,454	10.78	3,436,231	24,800	21,655,118	6.30	302,991	5,560	1,989,087	6.56
2011	1,693,174	38,298	18,677,301	11.03	3,286,782	24,698	21,691,687	6.60	275,418	5,601	1,888,834	6.86
2012	1,649,616	34,616	18,925,892	11.47	3,256,027	26,439	22,181,348	6.81	268,326	5,680	2,047,039	7.63

* Unit Cost = average for the state

	Fiscal 2010	Fiscal 2011	Fiscal 2012	Fiscal 2013	Revised 2014	Budget 2015
Opening Surplus	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
Revenues	295,700	265,896	238,986	214,596	256,455	310,432
Lapses and Adjustments (a)	38,716	3,849	5,994	104,675	127,145	300
TOTAL RESOURCES	\$ 334,416	\$ 269,745	\$ 244,980	\$ 319,271	\$ 383,600	\$ 310,732
MEDICAL ASSISTANCE						
Community Based Senior Programs	---	14,708	14,677	14,748	14,748	14,748
Disability Services Waivers (b)	16,502	16,502	16,502	16,502	16,502	---
Global Budget for Long Term Care (b)	27,580	---	20,000	100,000	37,850	---
Hearing Aid Assistance	63	45	40	30	120	120
Home Care Expansion (c)	40	---	---	---	---	---
Human Services Administration	944	880	724	824	871	871
PAAD -- Expanded	128,510	91,740	51,145	98,469	50,000	50,000
Personal Assistance	3,700	3,734	3,734	3,734	3,734	3,734
Personal Care (b)	77,705	77,705	77,705	---	---	---
Respite Care (c)	5,316	---	---	---	---	---
Statewide Birth Defects Registry	528	528	528	528	529	529
TRANSPORTATION ASSISTANCE						
Senior Citizens and Disabled Residents	30,233	29,099	25,121	24,632	20,343	18,264
Sheltered Workshop Transportation	2,196	2,196	2,196	2,196	2,196	2,196
HOUSING PROGRAMS						
Congregate Housing Support (c)	2,006	---	---	---	---	---
Developmental Disabilities	32,515	32,516	32,516	57,516	236,615	220,178
Safe Housing and Transportation (c)	1,431	---	---	---	---	---
OTHER PROGRAMS						
Adult Day Care - Alzheimer's (c)	2,310	---	---	---	---	---
Adult Protective Services (c)	1,748	---	---	---	---	---
Home Delivered Meals (c)	997	---	---	---	---	---
Home Health Aide Certification	92	92	92	92	92	92
TOTAL APPROPRIATIONS	\$ 334,416	\$ 269,745	\$ 244,980	\$ 319,271	\$ 383,600	\$ 310,732
ENDING SURPLUS	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
GENERAL FUND SUPPORT						
Developmental Disabilities	338,500	328,000	485,700	454,646	297,894	349,264
Global Budget and Waivers (b)	48,075	98,677	104,000	27,175	104,474	137,865
PAAD -- Expanded	39,376	30,281	---	16,524	29,568	22,340
Personal Care/Community Programs (b)	38,260	79,155	111,700	55,198	64,734	65,032
Senior Citizens Property Tax Freeze	189,280	163,314	212,200	220,983	214,200	203,100
SOBRA for Aged and Disabled	186,895	189,608	220,421	219,552	234,751	241,039
TOTAL GENERAL FUND SUPPORT	\$ 840,386	\$ 889,035	\$ 1,134,021	\$ 994,078	\$ 945,621	\$ 1,018,640

Notes:

- (a) Lapses and Adjustments include Interest Earnings, Casino Simulcasting Funds, and General Fund support in years that CRF revenue is less than expenditures.
- (b) Global Budget, Personal Care and waiver services are now provided through Medicaid managed care organizations.
- (c) Beginning in fiscal 2011, these programs were consolidated into the *Community Based Senior Programs* line item.