



2016 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 2017 Budget

Presented to

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

April 2016

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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 – Tina Zsenak (NJ Dept. of Human Services, Division of Aging Services)
SECRETARY – James Carney, Esq. (Representing Seniors)

Legislature

Senator Dawn Marie Addiego
Senator James Whelan
Assemblyman Paul Moriarty
Assemblyman Chris A. Brown
Assemblyman Vince Mazzeo

Public

Representing Seniors

Assembly appointed: Vacant
Senate appointed: James Carney
Governor appointed: **VACANT**

Representing the Disabled

Assembly appointed: Vacant
Senate appointed: Pamela Elliott
Governor appointed: **VACANT**

Ex Officio

James Thebery, M.A. CSW (NJ Association of County Disability Services)
Joseph Tyrrell (Casino Association of New Jersey)
Tina J. Zsenak (NJ Dept. of Human Services, Division of Aging Services)
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Background / Introduction

In 1974 the voters of New Jersey were asked to amend the State Constitution by allowing Casino gambling to be permitted in Atlantic City and elsewhere. The referendum was defeated by 60% of voters.

On November 2, 1976 the voters were again asked to decide Public Question #1, an amendment to the Constitution authorizing casino gambling in Atlantic City only. The measure was narrowly approved by 56% of voters after some \$1.3 million [mainly funded by The Committee to Rebuild Atlantic City] was spent promoting the legislation.

Seniors and persons with disabilities were encouraged to vote allowing gambling in Atlantic City by being advised that up to 15% of the Gross Casino receipts would be placed in a Special Fund for programs that would benefit seniors and persons with disabilities only. In 1977 legislation was signed into law and the Constitution amended permitting casino gambling in Atlantic City and providing 8% of yearly casino gross receipts to be deposited into the newly created Casino Revenue Fund (CRF) to be used solely for senior and persons with disabilities programs. The CRF was to benefit ‘reductions in property taxes, rentals, telephone, gas, electric, and municipal utilities charges for eligible senior citizens and disabled residents of the State’. In 1981 the State Constitution was again amended to emphasize the sole use of CRF ‘for additional or expanded health services or benefits or transportation services or benefits to eligible senior citizens and disabled residents, as shall be provided by law’.

The Senate created the Casino Revenue Fund Task Force in 1985, with Senator Catherine Costa as Chair, and after she and the committee conducted four public hearings to determine how best to implement, manage and oversee the Casino Revenue Fund, Senator Costa submitted her report in 1986.

In 1992 the Casino Revenue Fund Advisory Commission was legislated to provide recommendations to the Legislature concerning the Casino Revenue Fund utilization. The Commission consists of 15 members, four are ex-officio, one casino industry representative, four members of the legislative and six of which are public members, two each appointed by the Governor, Senate President and Assembly Speaker. Three public members are senior citizens and three are persons with disabilities. Since its inception, the fund has generated 10 billion dollars.

Basic Demographics

- New Jersey’s population was 8,938,175 in 2014, the most recent year that Census figures were available. 1,843,602 (20.6%) of those were age 60 and older.¹
- There is a significant gender gap among NJ seniors in 2014. Women accounted for 56% of the population aged 60 years and older² and 67% of the population 85 and older³
- In 2014, 72.3% of New Jerseyans age 60 and over were white alone, not Hispanic or Latino. 10.5% were black or African American and 6.7% were Asian.⁴
- Between 2010 and 2014, people aged 60 years and over exceeded 28% of the population of Ocean County and 31% of the population of Cape May. Hudson County had the smallest share of this demographic at just 15.3%.⁵

¹ US Census Bureau, 2014 American Community Survey 1-Year Estimates, Table S0102

² Ibid

³ US Census Bureau, 2014 American Community Survey 1-Year Estimates, Table B01001

⁴ US Census Bureau, 2014 American Community Survey 1-Year Estimates, Table S0102

- Six counties accounted for just over half of New Jersey’s population age 60 and older between 2010 and 2014: Bergen (196,921), Ocean (161,692), Middlesex (150,437), Essex (134,934), Monmouth (131,934) and Morris (101,778).⁶

Diversity

- Using one measure of racial/ethnic diversity⁷ and the 2010-2014 ACS data⁸, expressing the chance of randomly selected residents (age 60 or older) being of different races/ethnicities, Hudson (90.9%), Passaic (73.0%), Essex (71.9%) and Union (70%) are the most diverse counties, while Cape May (12.9%), Sussex (16.6%), Hunterdon (16.8%), Ocean (17.1%) and Warren (18.3%) are the least diverse. The overall score for NJ is 53.5%, higher than the US figure of 47.3%.
- 73.8% of NJ’s population age 60 and over is white, non-Hispanic or Latino compared to 77.8% of the US senior population. In five NJ counties, this proportion exceeds 90%: Cape May (94.7%), Sussex (94.1%), Ocean (93.7%), Hunterdon (93.4%) and Warren (92.9%). Essex (49.8%) and Hudson (38.8%) have the lowest proportions of white, non-Hispanics or Latinos in the state⁹.
- Blacks or African Americans make up 10.4% of NJ’s population age 60 or older compared to 9.2% of the US senior population. Essex (35.6%), Union (19.5%), Mercer (16.5%) and Camden (14.7%) counties have the highest proportions of this demographic¹⁰.
- Asians make up 6% of NJ’s population age 60 and older, compared to 4% nationally. Middlesex (14.2%) has the highest proportion of Asians, followed by Hudson (10.6%), Bergen and Somerset (both at 10.5%)¹¹.
- Hispanics or Latinos of any race make up 9.3% of NJ’s population age 60 and older compared to the national figure of 7.8%. Hudson (39.5%), Passaic (22.2%), Union (15.5%), followed by Cumberland and Essex (both at 12.1%) have the highest proportions of this category.¹²

English Proficiency

- Among New Jerseyans aged 60 and over, 14.1% spoke English less than “very well” compared to 8.5% of the same population segment across the US. Salem (2.4%), Cape May (2.5%), and Gloucester (2.8%) counties had the lowest proportion in this category, while Hudson (42.5%), Passaic (26.4%) and Union (22%) had the highest figures.¹³

Marital Status

- 56.2% of New Jerseyans age 60 and older are married (excluding separated) and 22.7% are widowed compared to 57.7% married and 21.1% widowed seniors in the US. Essex (46.6%) and

⁵ US Census Bureau, 2010-2014 American Community Survey 5-Year Estimates, Table S0102

⁶ Ibid

⁷ Meyer, P., & Overburg, P. (2001). Updating the USA Today Diversity Index.

<http://www.unc.edu/~pmeyer/carstat/tools.html>

⁸ US Census Bureau, 2010-2014 American Community Survey 5-Year Estimates, Table S0102

⁹ Ibid

¹⁰ Ibid

¹¹ Ibid

¹² US Census Bureau, 2010-2014 American Community Survey 5-Year Estimates, Table S0102

¹³ Ibid

Hudson (47.7%) counties had the lowest proportion of married adults age 60 and older, while Hunterdon (65.6%), Sussex (63.5%), Cape May (62.5%) and Morris (62.4%) had the highest figures.¹⁴

Isolation

- 40.2% of NJ households were made up of a single householder age 60 or older living alone. The figure was the same nationally. Sussex County (34.8%) had the smallest proportion of older, householders living alone, while Essex (44.6%), Hudson (43.6%), and Ocean (43.1%) and had the largest proportions.¹⁵

Poverty

- 85% of New Jerseyans age 60 and older had incomes at or above 150% of poverty level compared to 80.6% of the same segment nationally. Hudson County (72.9%) had the lowest proportion above poverty, while Hunterdon (91.5%), Sussex (91.1%), Morris (90.8%) and Somerset (90.1%) had the highest proportions.¹⁶

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 2016. 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.

¹⁴ Ibid

¹⁵ Ibid

¹⁶ Ibid

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 \$6.90 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.

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 that are too frail to drive themselves, as well as those who's 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 2016 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 2016.* 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 \$431.00 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 \$438.00 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 home 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 there has not been an increase since 2013 while the number of reported cases has risen significantly. The number of substantiated cases has also gone up. Concern is expressed in the following issues:

1. Abuse, neglect and exploitation of vulnerable adults residing in the community are on the rise.
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.

***Top figure reflects reported cases. Second figure reflects substantiated cases.*

2009	2010	2011	2012	2013	2014	2015	2016
6071	6398	6693	6675	6721	6822	9008	
4183	4330	4376	4160	4372	4601	4677	
60%	57%	53%	51%	47%	48%		

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 (since 1981). 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 nearly 216,400 meals and more than 75,725 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 administers 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 more than 2,500 tenants in approximately 65 subsidized independent senior housing buildings. The average monthly cost for congregate housing participants is \$91.00 per month.

Several current CHSP providers have had to institute waiting lists for services to potential participants due to increased demand for services and lack of additional funding to expand the program. Without the needed services, these residents may have to seek care elsewhere. The CHSP lengthens the time that frail elderly and adults with disabilities are able to remain safely and somewhat “independently” in the community for a fraction of the cost of assisted living or nursing home care.

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. In 2015, 3,418 Care recipients and Caregivers were serviced through the Statewide Respite Care Program.

Alzheimer's Adult Day Services 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 continues to note a reallocation of funding from the Pharmaceutical Assistance to the Aged and Disabled (PAAD) program to other critical, under-funded programs that the Casino Revenue Fund (CRF) also supports. This reallocation of funding is possible, in part, due to the inception of Medicare Part D in 2006.

The PAAD program is a State-funded program that helps senior and disabled individuals to cover the cost of their prescribed medication. The program has seen a continued decrease in costs through its requirement that beneficiaries enroll in Medicare Part D, a federal program that subsidizes the costs of prescription drugs. The decrease in the State-costs of PAAD, and the reduced amount of funding that the program requires from the CRF has meant that revenues formerly allocated to PAAD can now be appropriated to other critical programs that are supported by casino revenues.

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.

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%
Start of Medicare Part D						
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	\$ 2,749,680	\$ 16,524,160	\$ 63,038,000	\$ 82,311,840	23%	77%
2014	\$ 2,250,000	\$ 33,005,000	\$ 50,000,000	\$ 85,255,000	41%	59%
2015	\$ 554,579	\$ 65,677,110	\$ 9,260,763	\$ 75,492,452	88%	12%
2016 ^(b)	\$ 2,250,000	\$ 60,239,000	\$ 8,625,000	\$ 71,114,000	88%	12%
2017 ^(c)	\$ 1,500,000	\$ 53,547,000	\$ 8,176,000	\$ 63,223,000	87%	13%
Total	\$ 399,326,883	\$ 801,936,673	\$ 3,482,484,224	\$ 4,683,747,780	26%	74%

(a) Net of Rebates

(b) Adjusted Appropriation

(c) Recommended Budget

The chart shows a decline in the Casino Revenue Fund supported portion of the PAAD program as well as the overall cost of the program after the inception of Medicare Part D. Due to the decline in the PAAD program’s required level of funding, PAAD has oftentimes been the Casino Revenue Funded program that has been used to offset any drop in the amount of funding that the CRF has received from the casino industry. If the decline in PAAD’s needed funding outpaces a decline in the total funding of the CRF, then hopefully DHS will view the 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.

While they are applying for assistance with prescription costs by filling out this application, they may be eligible for several other valuable benefits if they are eligible for PAAD. For example, if eligible for PAAD, they may be eligible for benefits through the Lifeline utility assistance and Hearing Aid Assistance to the Aged and Disabled programs.

Once on the PAAD program, they may qualify for a property tax freeze, reduced motor vehicle fees, and Communications Lifeline.

Further, by filling out this application, one will be screened for benefits provided by the Universal Service Fund (USF) and the Low-Income Home Energy Assistance Program (LIHEAP) – two more programs that help pay for utility costs. In addition, they will be screened for “Extra Help with Medicare Prescription Drug Plan Costs” – a program that helps pay Medicare Part D costs; the Specified Low-Income Medicare Beneficiary (SLMB) or SLMB Qualified Individual programs – two programs that pay Medicare Part B premiums; and the New Jersey Supplemental Nutrition Assistance Program (NJ SNAP) – also known as Food Stamps, this program provides supplemental nutrition assistance to help people who meet certain income criteria buy groceries.

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. Unfortunately, due originally to the impacts of the national economic downturn and then to the proliferation of gaming in neighboring states and its own municipal financial issues, the Atlantic City market has experienced a market contraction from 2008 until just very recently.

At the worst of that contraction in 2014 four casino resort properties, ACH, Revel, Showboat and Trump Plaza, discontinued their respective businesses. As a result of both the spread of gaming and the Atlantic City property contraction in 2014, the revenue generated by Atlantic City casinos declined from its peak in 2006, but the state’s casino gaming industry is still considered the 3rd largest in the United States and its overall contribution to the economy of New Jersey remains considerable.

On the positive side, the reduction in the number of casinos in the Atlantic City market has generally resulted in fiscal improvement for the eight remaining casino operations. Gross gaming revenue in the physical Atlantic City properties increased in the first quarter of this year as compared to the same period last year, the first quarterly increase in quite some time. In addition, according to the figures of the Casino Association of New Jersey, the casino resort industry is still responsible for over \$500 million 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

Casino revenue, and consequently, the casino contributions to the Casino Revenue Fund have declined each year since 2007. However, based on the uptick in casino revenue so far this year as noted above and the additional increase in Internet revenue noted below, there is a growing expectation that such revenue and the annual contributions to the Casino Revenue Funds have now stabilized.

The Commission is hopeful that with the improvement in the overall economy and the new taxes from Internet gaming, the Casino Revenue Fund may even begin to experience some annual gains over the next several years. However, the Commission is aware that forces outside of the control of this state will continue to try to divert market share from the New Jersey Casino industry to gaming in other states.

New Jersey Internet Wagering

Internet gaming has been another bright spot, suggesting that online play is very much gaining in popularity after its slow debut in November 2013. Overall, Internet revenue has steadily increased since its inception. In fact, year over year increases continue to grow as 2015 online gaming registered an

impressive 21.2 percent increase over 2014 revenue. Most casino operators have found a high percentage of online players as new customers and witnessed an increase from inactive customers who were re-activated after signing up online so the Commission is hopeful that these increases will continue and the Casino Revenue Fund will continue to benefit from that increased Internet volume.

On the negative side, the threat of an online gambling ban from the federal government still looms. The impacts of federal ban if enacted will further prohibit states enacting legislation that would authorize any form of internet gambling and may jeopardize New Jersey's growing Internet market and consequently the growing Casino Revenue Fund dollars produced by it.

Atlantic City Economic Recovery

Atlantic City government is at a very critical juncture as the decline in its tax revenue over the past several years has largely outpaced any reduction in expenses that the local government has been able to achieve. While this situation does not directly impact the Casino Revenue Fund, the result of an unstable municipal economy can greatly affect the business of the casinos that generate revenue for the Fund. There has been legislation pending to address the City's financial difficulties for more than a year, but nothing yet has been implemented. The Commission is concerned that a continued stalemate on a solution for the City could begin to greatly erode the momentum that has been building in the last year with the existing casino properties and leading to what very recently will result in a slight increase in Casino Revenue Fund payments.

Legislation is critical for the casino properties to continue to successfully move the industry forward and without it; certain casinos that remain in Atlantic City are very much at risk and, with them, Casino Revenue Fund dollars. This legislation is very important and, in fact, the primary component to the overall plan that must be pursued by the City to stabilize revenue, reduce expenses and reverse a vicious spiral that has impaired the ability of both casino and non-casino businesses to succeed in the city, the county, and the region.

In summary, 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 and the hopeful resolution of legislation to assist the Atlantic City municipal economy, the Commission is even more hopeful as to the economic recovery and potentially increasing Casino Revenue Fund resources.

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 (Division of Vocational Rehabilitation Services) 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 (Division of Developmental Disabilities) 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 flourish at the end.

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

Exhibits and Related Documents

Exhibits:

1. Casino Revenue Fund (CRF) Supported Programs
2. Casino Revenue Fund Summary & Projection for Fiscal Year 2016-17 (State Budget Appendix, proposed)

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

1. Casino Control Commission Report of Revenues
2. Prior Annual Casino Revenue Fund Advisory Commission Reports
3. 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

Casino Revenue Fund-Supported Programs

Program Name	Department	Division
Private Institutional Care ¹	Human Services	Developmental Disabilities
Skill Development Homes ²	Human Services	Developmental Disabilities
Group Homes	Human Services	Developmental Disabilities
Statewide Birth Defects Registry	Health	Family Health Services
Home Assistance ³	Human Services	Developmental Disabilities
Purchase of After School and Camp Services ⁴	Human Services	Developmental Disabilities
Purchase of Adult Activity Services ⁵	Human Services	Developmental Disabilities
Vocational Rehabilitation Services ⁶	Labor	Vocational Rehabilitation Services
Hearing Aid Assistance for the Aged and Disabled	Human Services	Aging Services
Pharmaceutical Assistance to the Aged and Disabled	Human Services	Aging Services
Personal Assistance Services Program ⁷	Human Services	Disability Services
Community Based Senior Programs ⁸	Human Services	Aging Services
Transportation Assistance for Senior Citizens and Disabled Residents	NJ Transit	Public Transportation Services
Adult Protective Services ⁹	Human Services	Aging Services
Homemaker Home Health Aide Certification Program ¹⁰	Law and Public Safety	Board of Nursing

- ① Private Institutional Care provides institutional services to individuals with developmental disabilities. Individuals reside in private institutions when their needs cannot be met by the state-operated developmental centers or community services.
- ②Homes that teach self-care and housekeeping skills to developmentally disabled individuals.
- ③In-home services in the areas of personal care, activities of daily living and family support for developmentally disabled individuals.
- ④Provides after school and summer camp services to individuals with disabilities.
- ⑤Provides community-based day services to adults with developmental disabilities to develop personal, social, and work skills.
- ⑥provides individualized services to assist persons with disabilities to attend school or prepare for, obtain and/or maintain employment.
- ⑧ Includes Alzheimer's Adult Day Services, Congregate Housing Services, the Safe Housing and Transportation Program, Statewide Respite, Adult Protective Services, and Statewide Home-delivered meals.
- ⑨ Receives and investigates reports of suspected abuse, neglect, and exploitation of vulnerable adults living in a community setting.
- ⑩Board of Nursing-approved program providing training to care for ill and disabled individuals.

CASINO REVENUE FUND SUMMARY AND PROJECTION

(thousands)

	Fiscal 2013	Fiscal 2014	Fiscal 2015	Revised 2016	Budget 2017
Opening Surplus	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
Revenues	214,596	221,226	205,964	202,996	199,752
Lapses and Adjustments (a)	69,244	162,308	63,887	1,189	175
TOTAL RESOURCES	\$ 283,840	\$ 383,534	\$ 269,851	\$ 204,185	\$ 199,927
MEDICAL ASSISTANCE					
Community Based Senior Programs	14,748	14,747	14,737	14,748	14,748
Disability Services Waivers (b)	16,502	16,502	---	---	---
Global Budget for Long Term Care (b)	100,000	37,850	---	---	---
Hearing Aid Assistance	30	25	23	120	120
Human Services Administration	824	902	850	871	871
PAAD -- Expanded	63,038	50,000	9,261	8,625	8,176
Personal Assistance	3,734	3,734	3,734	3,734	3,734
Personal Care (b)	---	---	---	---	---
Statewide Birth Defects Registry	528	528	516	529	529
TRANSPORTATION ASSISTANCE					
Senior Citizens and Disabled Residents	24,632	20,343	18,264	18,824	17,523
Sheltered Workshop Transportation	2,196	2,196	2,196	2,196	2,196
HOUSING PROGRAMS					
Developmental Disabilities	57,516	236,615	220,178	154,446	151,938
OTHER PROGRAMS					
Home Health Aide Certification	92	92	92	92	92
TOTAL APPROPRIATIONS	\$ 283,840	\$ 383,534	\$ 269,851	\$ 204,185	\$ 199,927
ENDING SURPLUS	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
GENERAL FUND SUPPORT					
Developmental Disabilities	454,646	311,652	291,508	271,003	288,017
Global Budget and Waivers (b)	27,175	106,297	---	---	---
Managed Long Term Services and Supports (b)	---	---	215,602	439,943	431,239
PAAD -- Expanded	16,524	33,005	65,700	60,239	53,547
Personal Care/Community Programs (b)	55,198	63,170	31,721	40,507	40,507
Senior and Disabled Citizens' Property Tax Freeze ..	220,983	211,635	203,572	218,700	204,900
SOBRA for Aged and Disabled	219,552	234,262	237,629	241,690	246,852
TOTAL GENERAL FUND SUPPORT	\$ 994,078	\$ 960,021	\$ 1,045,732	\$ 1,272,082	\$ 1,265,062

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) Beginning in FY 2015, Global Budget, Personal Care and Waiver services are provided through the Managed Long Term Services and Support program.