



2017 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 2018 Budget

Presented to

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

June 2017

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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 (Representing Seniors)

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

Public

Representing Seniors

Assembly appointed: Peggy Carigg
Senate appointed: James Carney
Governor appointed: **VACANT**

Representing the Disabled

Assembly appointed: Vacant
Senate appointed: Pamela Elliott
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Background / Introduction

The origins of the Casino Revenue Fund (CRF) and the CRF Advisory Commission (CRFAC) date to 1974. That November, New Jersey voters rejected, 40-60%, a constitutional amendment that would have allowed casino gambling in Atlantic City and elsewhere in the state. Two years later, on November 2, 1976, voters were asked to decide a similar proposal that limited casino gambling to just Atlantic City. By a margin of 56-44%, the amendment was approved. Supporters, including The Committee to Rebuild Atlantic City, spent some \$1.3 million promoting the measure. Seniors, individuals with disabilities, their caregivers and advocates were encouraged to vote for the amendment, in part, through a provision that required up to 15% of casino gross receipts be placed into a special fund to support senior and disability services.

In 1977, legislation enacting the amendment was signed into law. It provided that 8% of yearly gross casino receipts be deposited into the newly-created 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 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 State Senate created the Casino Revenue Fund Task Force in 1985, with Senator Catherine Costa as chairwoman. The committee conducted four public hearings to determine how best to implement, manage and oversee the CRF, and disbanded upon submitting its report in 1986.

In 1992, the Casino Revenue Fund Advisory Commission was legislated to provide recommendations to the State Legislature concerning CRF utilization. The commission consists of 15 members: four ex-officio state officials; one casino industry representative; four members of the Legislature; and six 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 CRF has generated \$10 billion.

Basic Demographics

- New Jersey’s population was 8,958,013 in 2015, the most recent year that Census figures were available. 1,875,835 (20.9%) of those were age 60 and older.¹
- There is a significant gender gap among NJ seniors in 2015. Women accounted for 56% of the population aged 60 years and older² and 67% of the population 85 and older.³
- In 2015, 72% of New Jerseyans age 60 and over were white alone, not Hispanic or Latino. 10.4% were black or African American and 6.9% were Asian.⁴

¹ US Census Bureau, 2015 American Community Survey 1-Year Estimates, Table S0102

² Ibid

³ US Census Bureau, 2015 American Community Survey 1-Year Estimates, Table B01001

⁴ US Census Bureau, 2015 American Community Survey 1-Year Estimates, Table S0102

- Between 2011 and 2015, people aged 60 years and over made up almost 28% of the population of Ocean County and 32% of the population of Cape May. Hudson County had the smallest share of this demographic at just 15.5%.⁵
- Six counties accounted for half of New Jersey's population age 60 and older between 2011 and 2015: Bergen (200,925), Ocean (162,811), Middlesex (154,850), Essex (137,963), Monmouth (135,052) and Morris (104,850).⁶

Diversity

- Using one measure of racial/ethnic diversity⁷ and the 2011-2015 ACS data⁸, expressing the chance of randomly selected residents (age 60 or older) being of different races/ethnicities, Hudson (75.5%), Essex (67.2%), Passaic (62.3%), and Union (60.8%) are the most diverse counties, while Cape May (10.5%), Sussex (12.4%), Hunterdon (12.6%), Ocean (13.3%) and Warren (14.9%) are the least diverse. The overall score for NJ is 46.3%, higher than the US figure of 40.2%.
- Over the 5-year period (2011-2015) 73.2% of NJ's population age 60 and over was white, non-Hispanic or Latino compared to 77.3% of the US senior population. In five NJ counties, this proportion exceeded 90%: Cape May (94.8%), Sussex (93.7%), Ocean (93.4%), Hunterdon (93.4%) and Warren (92.5%). Essex (47.1%) and Hudson (38 %) have the lowest proportions of white, non-Hispanics or Latinos in the state.⁹
- Blacks or African Americans made up 10.4% of NJ's population age 60 or older (2011-2015) compared to 9.3% of the US senior population. Essex (35.5%), Union (19.9%), Mercer (16.5%) and Camden (14.7%) counties have the highest proportions of this demographic.¹⁰
- Asians made up 6.3% of NJ's population age 60 and older (2011-2015), compared to 4.1% nationally. Middlesex (15%) had the highest proportion of Asians, followed by Hudson (11.2%), Bergen (11.2%) and Somerset (10.8%).¹¹
- Hispanics or Latinos of any race made up 9.6% of NJ's population age 60 and older (2011-2015) compared to the national figure of 8%. Hudson (39.9%), Passaic (23.2%), Union (16.2%), followed by Cumberland and Essex (both at 12.4%) had the highest proportions of this category.¹²

English Proficiency

- Among New Jerseyans aged 60 and over, 14.2% spoke English less than "very well" compared to 8.9% of the same population segment across the US. Cape May (2.6%), Gloucester (2.8%) and Salem (2.9%), counties had the lowest proportion in this category, while Hudson (42.3%), Passaic (26.7%) and Union (22.9%) had the highest figures.¹³

Marital Status

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 US Census Bureau, 2011-2015 American Community Survey 5-Year Estimates, Table S0102

¹² Ibid

¹³ Ibid

- 56.3% of New Jerseyans age 60 and older were married (excluding separated) and 22.1% were widowed compared to 57.7% married and 20.6% widowed seniors in the US during the same period (2011-2015). Essex (46.1%) and Hudson (47.8%) counties had the lowest proportion of married adults age 60 and older, while Hunterdon (64.7%), Sussex (63.2%), Morris (62.7%) and Cape May (62.3%) had the highest figures.¹⁴

Isolation

- During the period, 2011-2015, 40% of NJ households were made up of a single householder age 60 or older living alone. The national figure was slightly higher at 40.1%. Sussex County (35.2%) had the smallest proportion of older, householders living alone, while Essex (44.6%), Hudson (43.5%), and Ocean (43.1%) and had the largest proportions.¹⁵

Poverty

- 84.9% of New Jerseyans age 60 and older had incomes at or above 150% of poverty level compared to 80.7% of the same segment nationally. Hudson County (72.9%) had the lowest proportion above poverty, while Hunterdon (92.4%), Sussex (90.8%), Morris (90.8%) and Somerset (89.9%) had the highest proportions.¹⁶

Economic Security

- Social Security is the only source of income for 30% of older adults in New Jersey. In order to meet basic costs of living (i.e., housing, food, healthcare, etc.), a single older adult in New Jersey needs an income ranging from \$27,264 for a homeowner with no mortgage, to \$28,560 for a renter to \$40,284 for an owner with a mortgage. For couples, the needed incomes are \$38,376, \$39,672 and \$51,396, respectively.¹⁷

Disability

- The American Community Survey (ACS) estimates the overall rate of people with disabilities in the US population in 2015 was 12.6%.¹⁸
- Disability rates increase with age. In 2015, less than 1% of U.S. citizens under age 5 had a disability. For those ages 5-17, the rate was 5.4%. For ages 18-64, the rate was 10.5%. For people ages 65 and older, 35.4% had a disability.¹⁹
- All disability types (hearing, vision, cognitive, ambulatory, self-care, and independent living) have increases in disability percentages with age; cognitive disabilities show the least change between age groups.²⁰

¹⁴ Ibid

¹⁵ Ibid

¹⁶ Ibid

¹⁷ New Jersey Elder Economic Security Index, 2015.

<http://www.state.nj.us/humanservices/news/reports/FINAL%202015%20EESS%20Index%20Report.pdf>

¹⁸ US Census Bureau, 2015 American Community Survey, American Fact Finder, Table B1810

¹⁹ US Census Bureau, 2015 American Community Survey, American Fact Finder, Table B1810

²⁰ US Census Bureau, 2015 American Community Survey, American Fact Finder, Table B1810

- The median earnings of U.S. civilians with disabilities ages 16 and over in 2015 was \$21,572, about two-thirds of the median earnings of people without disabilities (\$31,874).²¹
- More than one in five (21.2%) U.S. civilians with disabilities of working-age in 2015 were living in poverty. For those of working-age without disabilities, the national poverty rate was 13.8%.²²

²¹ US Census Bureau, 2015 American Community Survey, American Fact Finder, Table B18140

²² US Census Bureau, 2015 American Community Survey, American Fact Finder, Table B18130

Funding History of Selected Programs

Home Delivered Meal Program – An estimated 10-20% of New Jersey seniors age 60 and older are considered to be food insecure, meaning that they do not have reliable access to a sufficient quantity of affordable, nutritious food. Food insecure seniors are at an increased risk of depression, diabetes, gum disease, asthma, congestive heart failure and malnourishment. They are also more likely to have difficulty performing at least one activity of daily living.

In 1972, New Jersey tapped federal funds under Title III of the Older Americans Act to create its Elderly Nutrition Program. The program included nutritious meals (home delivered and congregate meals provided on weekdays only), nutrition education, and nutrition counseling for seniors age 60 and older.

Home delivered meals support individuals who are homebound and therefore unable to attend a congregate meal site, while congregate meals support individuals who are able to go to receive a meal at a senior center, church hall or other community setting. Every meal served 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.

Individuals seeking home delivered meals are assessed for need and are provided referrals to other support services that can help maintain frail seniors in their homes. Home delivered meals are an essential component of New Jersey's home and community-based and long-term services and supports system, ensuring that participating seniors who are homebound and/or cannot prepare their own meals receive the benefit of a daily hot, nutritious meal. The program also ensures participants receive a daily visit from the meal delivery person, reducing their isolation while also allowing the program to check on their safety.

Under state legislation enacted in 1987, state Casino Revenue Funds (currently set at \$970,000) expand the weekday program by funding weekend and holiday home delivered meals to frail, elderly who have no other family or community support. The average cost of these meals is \$7.60, which includes all food, staff, operations and delivery costs. Recipients are not charged for the meals, but may make voluntary contributions.

CRFAC is recommending an additional \$3 million, increased revenues realized through 15% of internet gaming, be appropriated for home delivered meals. Such an increase would result in the delivery of 394,737 additional weekend and holiday meals to homebound elderly and disabled residents annually. At present, there are waiting lists for both weekday (529 seniors) and weekend/holiday (157) home delivered meals.

The CRFAC recommends \$2 million be used to provide additional resources for weekend and holiday home delivered meals for seniors. CRF funding for this component has remained level at \$1 million for the past 21 years.

The CRFAC recommends the remaining \$1 million of this increase be allocated to provide homebound individuals with disabilities access to home delivered meals. There is no other permanent statewide source of funds for this purpose. Some counties serve this population from other sources, but not all.

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 individuals in each of the 21 Counties in New Jersey.

According to NJ Transit, approximately 3.4 million rides per year are provided through these County-wide systems, with 1.1 million rides provided by funding from the CRF.

An increase in funding for transportation services is crucial 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. 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 saw a 37% increase. 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. This type of transport is essential, life sustaining, and a service priority for many of the Counties. The distinctive nature of dialysis transportation, often requiring the transportation of frail or wheelchair-bound individuals to multiple appointments each week, has been an increasing burden to New Jersey's counties. With more dialysis centers planned in New Jersey, it is expected that the transportation needs of dialysis patients will not be met by New Jersey's already cash-strapped transportation programs.

Since 2008 the funding for transportation has dropped significantly. This reduction in funding has created a crisis mode for county transportation systems across the state, leading systems to reduced service and/or eliminated routes in order to maintain good level of service within their budget. If this continues seniors and people with disabilities; who are among the most vulnerable population may lose their access to mobility within their communities.

Safe Housing and Transportation - Funds for the Safe Housing and Transportation Program, primarily for home repairs and assisted transportation, are essential and provide funding for services that would not otherwise have been covered. Twenty years ago, the CRF allocated \$2.9 million to Safe Housing and Transportation; today, the allocation is \$1,131,000. Over that same period, the number of seniors needing such services increased tremendously. Last year, the program delivered 82,019 units of service to 4,463 seniors.

The Safe Housing Program has two distinct components: residential maintenance and assisted transportation. Residential maintenance has existed since the inception of the Safe Housing Program. It provides seniors with home repair services, including the provision of weatherization improvements; housing improvements to deter crime; installation of handrails or ramps to meet the special needs of individual elderly people due to physical disabilities; improvements and repairs to roofs, siding, doors and windows, foundation, floors, interior plumbing, electrical, and painting done to prevent deterioration and in conjunction with repairs. During the last calendar year, the Safe Housing and Transportation funds provided over 23,300 hours of residential maintenance services to 2,856 seniors in New Jersey, at an average cost of \$40 per hour.

Assisted transportation is an individualized means for functionally impaired or isolated older persons to utilize community facilities and services, such as banks, stores, medical resources, and other necessary

destinations which they otherwise would have been unable to access due to transportation and/or health barriers. Last year, 1,626 seniors were assisted with over 58,700 one way trips funded by the CRF. These trips were provided at an average cost of a little over \$10 each way.

At present, the Safe Housing and Transportation Program serves only seniors. Additional funds would allow for the expansion of the program to meet the transportation needs of adults with disabilities, some of whom would benefit from the physical assistance provided through the assistive escort service component of the program. An increase in program funding could also younger adults with mobility disabilities to benefit from the construction of ramps and handrails; a benefit that is currently only offered to seniors. At CRFAC hearings, several advocates for the disabled community commented that the lack of funds for building ramps creates an access barrier to services and programs, including day care, vocational rehabilitation, doctors’ offices, hospital facilities, banks, senior centers, etc.

Adult Protective Services – The CRFAC notes that there has not been an increase in Adult Protective Services (APS) funding since 2013, although the number of reported cases has risen significantly. The number of substantiated cases has also increased. The following issues require attention:

- Abuse, neglect and exploitation of vulnerable adults residing in the community is on the rise.
- Not only is the *number* of cases increasing, but their complexity is increasing as well with the number of financial exploitation and guardianship cases growing. The upward trend of guardianship cases is directly related to the growth in population of individuals 80 years of age or older residing alone.
- 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 CRFAC emphasizes the need for the legislature to approve additional funding for APS and includes this as a priority recommendation to ensure that the needs of the most vulnerable and frail of New Jersey’s elderly citizens are not overlooked.

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

2009	2010	2011	2012	2013	2014	2015	2016
6071	6398	6693	6675	6721	6822	9008	8848
4183	4330	4376	4160	4372	4601	4677	4756

The Congregate Housing Services Program – The CRFAC recommends additional funding of \$1 million (to a \$3 million total funding level) for the State Congregate Housing Services Program (CHSP) once additional revenues from Internet gaming are realized. This program depends primarily upon the CRF for its support and has been funded at \$2 million since at least 1997.

CHSP began in 1981 and is offered through public housing and non-profit facilities serving low-income senior citizens and adults with disabilities. Services provided to qualified housing residents support their ability to remain independent, and include home care, laundry services, housekeeping, and meals served in a congregate setting. The CHSP provided services to 2,562 unduplicated clients in SFY 2016, including 216,282 meals and 71,805 units of housekeeping, personal assistance, and other supportive services. The program is a vital component of the State’s efforts to rebalance long-term care funding in favor of community-based services over nursing home or institutional care.

Several current CHSP providers have instituted waiting lists of 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 independent in the community for a fraction of the cost of assisted living or nursing home care.

State Respite Care Program – The CRFAC recommends continued funding for the Statewide Respite Care Program (SRCP). The program provides a periodic break to caregivers, or more intensive relief for a short while to help a caregiver through a crisis. Services are given to the person who needs care so that the caregiver can have a much-needed respite from providing daily, basic care.

Through SRCP, care is provided to adults who have functional disabilities, such as Alzheimer’s or Parkinson’s disease, stroke, low vision, cancer, and/or other physical frailties. While most are over age 65, this program also assists the caregivers of younger people with early onset dementias, developmental disabilities, and traumatic brain injury. All care recipients live in the community (often with the caregiver) and have no other way to receive the services which would give their caregivers the necessary break.

The caregivers, oftentimes family members or friends, are not paid for the many hours of care they provide the recipient. Many caregivers have given up their own jobs or have cut back their work hours for caregiving purposes. Often they have given up their homes or taken the care recipient in. The care they provide is exhausting and puts strains on their relationships not only with the care recipient but also with their spouses, children, friends and coworkers. It’s not uncommon for caregivers to be just as sick and frail as the care recipient.

The program assesses the need of the caregiver for a break. Depending on the caregiver’s needs, SRCP arranges services such as bathing assistance and personal care, homemaker services, adult day care, or a short-term stay in a nursing home or assisted living. This enables caregivers to have 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). They can then return to the daily rigors of care, refreshed and rejuvenated, or at least a little less stressed.

In FY2016, the Statewide Respite Care Program served 2,482 care recipients and 2,107 caregivers (375 caregivers cared for more than one person). Typical examples of families assisted through this program are:

- A 52-year-old widow caring for her twin daughters with cerebral palsy and seizures. SRCP sends her daughters to overnight camp for a week each summer, which isn’t available through the Division of Developmental Disabilities.
- A 62-year-old daughter providing care for both parents, who are in their late 80s and early 90s. Her father has Lewy body dementia and her mother has paralysis from a stroke. Her own husband usually helps her lift her mother, but he is undergoing cancer treatment.
- A 95-year-old husband who cares for his 93-year-old wife. He is only accepting help because he is scheduled for surgery. They have one child who died in a car accident, and the other lives in California and has an autistic child.
- A son whose normally independent father had a heart attack and a bad fall. Despite rehabilitation, his father can’t be left alone, isn’t able to manage his medications, and can’t get

up from a chair by himself. He's actively pursuing services for his father while he takes time off from work and provides care.

- A wife who is exhausted after nine years of providing 24/7 care for her husband with Alzheimer's disease. Her husband is now fighting with her over getting in the shower. Her doctor has told her that if she doesn't get a break, her husband is going to outlive her. Once a week, SRCP provides a home health aide to shower him and keep him occupied while she goes to a support group.

Income eligibility is based on the care recipient's income and liquid assets. There is a sliding scale for the cost share. Cost share monies are put directly back into the program for services, and can be used for unique purposes, depending on the needs of the caregivers and the opportunities available in that county. For example, Warren County's program uses a small amount of their cost share to fund a nurse to conduct in-home infection control education. Participating families experience lower rates of shared illness, such as flu and viral bronchitis. Passaic County uses cost share to provide enhanced PERS (Personal Emergency Response Systems), which not only have a call button in case of emergency, but also release medications from a locked compartment. This allows their caregivers, who are often commuting long distances, to focus on work and not continually call home to prompt the care recipients to take medications or just to check on them. Union County uses a small amount of cost share to pay for program participants to attend caregiver education conferences. The information, support, and validation that the caregivers receive have been shown to greatly reduce their stress.

Adult Day Services Program for Persons with Alzheimer's Disease or Related Disorders – The CRFAC recommends continued funding for the Adult Day Services Program for Persons with Alzheimer's Disease or Related Disorders (also known as the Alzheimer's Adult Day Services Program). This program provides ongoing relief and support to caregivers of persons with Alzheimer's disease or a related disorder through provision of subsidized adult day care services at contracted centers. Centers are located in 18 of New Jersey's 21 counties. Adult day services through this program include, but are not limited to:

- A day of meaningful activities geared to each participant's functional levels and interests. The day is a minimum of five hours, not including transportation time.
- A 1:5 staff ratio, to provide the structure and direction that people with dementia require.
- At least one full Recommended Daily Allowance (RDA) meal.
- Substantial supports to the participants' family caregivers.

Participants are provided up to three days of service per week, depending on their need and the availability of funds. They have no other source of payment for the service. Priority is given to those persons in the moderate to severe ranges of dementia. Participants may not reside alone (for safety reasons); rare exceptions are made if the participant is assessed very early in the disease process, and has documented oversight to reduce risk.

As described in the Statewide Respite Care Program above, caregivers under the Alzheimer's disease program are also family caregivers in need of relief to continue in this role. The New Jersey Alzheimer's Disease Study Commission Report, issued in 2016, included the following research note:

Dementia caregivers' health status deteriorates significantly over time, according to the analysis of the REACH 1 (Resources for Enhancing Alzheimer's Caregiver Health) study by

the National Institutes of Health, published in 2012. Over the 18 months of the study, caregivers experienced a 25% increase in health care utilization, from doctor visits to hospitalization. Emergency room visits and hospitalizations alone doubled during this period. (Caregiving Costs: Declining Health in the Alzheimer's Caregiver as Dementia Increases in the Care Recipient, p.5. National Alliance for Caregiving, Richard Schultz, Thomas Cook. National Alliance for Caregiving, Janssen, Alzheimer's Immunotherapy Program, and Pfizer. November 2011.)

Income eligibility for the program is based on the care recipient's income and liquid assets. There is a sliding scale for the cost share, ranging from 0% to 80% of the cost of the services. Cost share monies are put directly back into the program for services. In FY2016, 45,044 days of service were provided to 366 participants and their family caregivers.

A Redistribution of Funds from Savings Experienced by the PAAD Program

The CRFAC 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.

PAAD 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%
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	\$ 2,250,000	\$ 60,239,000	\$ 8,625,000	\$ 71,114,000	88%	12%
2017 ^(b)	\$ 1,500,000	\$ 53,547,000	\$ 8,176,000	\$ 63,223,000	87%	13%
2018 ^(c)	\$ 1,279,000	\$ 53,054,000	\$ 8,176,000	\$ 62,509,000	87%	13%
Total	\$ 400,605,883	\$ 854,990,673	\$ 3,490,660,224	\$ 4,746,256,780	26%	74%

(a) Net of Rebates

(b) Adjusted Appropriation

(c) Recommended Budget

The chart shows a decline in the CRF-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 CRF 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 the Department of Human Services (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.

Individuals apply for PAAD through the program's Universal Application (the UA-1 form). Using this one application, the program may find the applicant eligible for several other valuable benefits. For example, if eligible for PAAD, the applicant 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 also qualify for a property tax freeze and reduced motor vehicle fees.

Further, by filling out the UA-1, the applicant 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. They will also be screened for Medicare Part D's Low Income

Subsidy, also called “Extra Help”; the Medicare Part B Savings Programs Specified Low-Income Medicare Beneficiary (SLMB) and SLMB Qualified Individual (QI-1) programs; 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.

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 reflect the 1% increase that the Casino Revenue Fund has experienced through increased internet gaming. . The Commission recommends no cuts be made to current funding of casino revenue funded programs for fiscal year 2018. The importance of the programs in assisting elderly and disabled to remain in their own homes and the critical nature of the services that the programs provide including protective services, transportation, home care, and home repairs and respite care were major considerations of the Commission in making recommendations for continued funding.

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 experienced a contraction from 2008 through 2015. At the worst of that contraction in 2014 four casino resort properties, ACH, Revel, Showboat and Trump Plaza, discontinued their respective businesses and in 2016, a fifth casino, the Taj Mahal, closed. Consequently, the revenue generated by Atlantic City casinos declined from its peak in 2006.

On the positive side, 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.

In addition, the reduction in the number of casinos in the Atlantic City market has generally resulted in fiscal improvement for the seven remaining casino operations. For the first time in nearly a decade, gross gaming revenue in the physical Atlantic City properties increased in 2016 over that from 2015. 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.

Casino Revenue Fund Projections

Based on the uptick in casino revenue last 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 Fund have now stabilized. In addition, the Hard Rock company has purchased the closed Taj Mahal casino and has announced its plans to re-open the casino hotel under its own brand in the summer of 2018. That opening, together with the recent success of the other seven casino properties should begin to increase overall gaming revenue in the state.

The Commission is hopeful that with the improvement in the overall economy, the uptick in gaming revenue and planned reopening of an eighth casino and that the taxes from Internet gaming, the Casino Revenue Fund should 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 by double digit percentages and the number of companies offering such gaming continues to expand. 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 appears to be stabilizing also with new legislation intended to create a more certain revenue stream for the city and provide for municipal management assistance from the state. While this situation does not directly impact the Casino Revenue Fund, the result of a more sustainable municipal economy can greatly affect the business of the casinos that generate revenue for the Fund. It seems that Atlantic City government is on the path of such sustainability with immediate reductions in its overall budget and longer term fiscal solutions to maintain its economic health. It is very important that the city and state continue their efforts 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 last year's increase in gaming revenue, the continued success of the Internet gaming component and the 2016 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, obtain, 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 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 seniors 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,

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 2017-18 (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

Exhibit 1

Casino Revenue Fund-Supported Programs

Program Name	Department	Division
Community Care Waiver (CCW) - Individual Supports ¹	Human Services	Developmental Disabilities
Statewide Birth Defects Registry	Health	Family Health Services
Vocational Rehabilitation Services ²	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 ³	Human Services	Disability Services
Community Based Senior Programs ⁴	Human Services	Aging Services
Transportation Assistance for Senior Citizens and Disabled Residents	NJ Transit	Public Transportation Services
Adult Protective Services ⁵	Human Services	Aging Services
Homemaker Home Health Aide Certification Program ⁶	Law and Public Safety	Board of Nursing

- ① Individual Support services are self-care and habilitation-related tasks performed and/or supervised by service provider staff approved individual caregiver in an individual's home or in other community-based settings.
- ② Provides individualized services to assist persons with disabilities to prepare for, obtain and/or maintain employment.
- ③ Provides routine, non-medical assistance to adults with disabilities who are employed, involved in community volunteer or attending school.
- ④ 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.
- ⑤ Receives and investigates reports of suspected abuse, neglect, and exploitation of vulnerable adults living in a community setting.
- ⑥ Board of Nursing-approved program providing training to care for ill and disabled individuals.

Exhibit 2

CASINO REVENUE FUND SUMMARY AND PROJECTION (thousands)

	<u>Fiscal 2014</u>	<u>Fiscal 2015</u>	<u>Fiscal 2016</u>	<u>Revised 2017</u>	<u>Budget 2018</u>
Opening Surplus	\$ ---	\$ ---	\$ ---	\$ 7,479	\$ ---
Revenues	221,226	205,964	209,243	215,906	223,469
Lapses and Adjustments (a)	162,308	63,887	2,421	(1,877)	175
TOTAL RESOURCES	<u>\$ 383,534</u>	<u>\$ 269,851</u>	<u>\$ 211,664</u>	<u>\$ 221,508</u>	<u>\$ 223,644</u>
MEDICAL ASSISTANCE					
Community Based Senior Programs	14,747	14,737	14,748	14,748	14,748
Disability Services Waivers (b)	16,502	---	---	---	---
Global Budget for Long Term Care (b)	37,850	---	---	---	---
Hearing Aid Assistance	25	23	120	120	120
Human Services Administration	902	850	871	871	871
PAAD -- Expanded	50,000	9,261	8,625	8,176	8,176
Personal Assistance	3,734	3,734	3,734	3,734	3,734
Statewide Birth Defects Registry	528	516	529	529	529
TRANSPORTATION ASSISTANCE					
Senior Citizens and Disabled Residents	20,343	18,264	18,824	17,523	17,801
Sheltered Workshop Transportation	2,196	2,196	2,196	2,196	2,196
HOUSING PROGRAMS					
Developmental Disabilities	236,615	220,178	154,446	173,519	175,377
OTHER PROGRAMS					
Home Health Aide Certification	92	92	92	92	92
TOTAL APPROPRIATIONS	<u>\$ 383,534</u>	<u>\$ 269,851</u>	<u>\$ 204,185</u>	<u>\$ 221,508</u>	<u>\$ 223,644</u>
ENDING SURPLUS	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 7,479</u>	<u>\$ 0</u>	<u>\$ 0</u>
GENERAL FUND/PROPERTY TAX RELIEF FUND SUPPORT					
Developmental Disabilities	311,652	291,508	296,743	274,826	274,482
Global Budget and Waivers (b)	106,297	---	---	---	---
Managed Long Term Services and Supports (b)	---	215,602	315,258	381,538	461,150
PAAD -- Expanded	33,005	65,700	53,404	53,547	53,054
Personal Care/Community Programs (b)	63,170	31,721	35,977	40,507	38,007
Senior and Disabled Citizens' Property Tax Freeze	211,635	203,572	205,707	204,900	200,300
SOBRA for Aged and Disabled	234,262	237,629	244,164	263,419	276,277
TOTAL GENERAL FUND SUPPORT	<u>\$ 960,021</u>	<u>\$ 1,045,732</u>	<u>\$ 1,151,253</u>	<u>\$ 1,218,737</u>	<u>\$ 1,303,270</u>

Notes:

(a) Lapses and Adjustments include Interest Earnings, Casino Simulcasting Funds, and shifts in General Fund support.

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