

2008 Annual Report
of the
New Jersey
Casino Revenue Fund Advisory Commission

Recommendations for the
Casino Revenue Fund Programs
For Seniors and Citizens with Disabilities

Presented to

Richard Codey, Senate President
Joseph J. Roberts, Jr., Assembly Speaker
The New Jersey State Legislature

March 28, 2008

New Jersey Casino Revenue Fund Advisory Commission

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2008 Annual Report Recommendations of the NJ Casino Revenue Fund Advisory Commission

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Introduction-

There are 1,443,782 persons age 60 and over in New Jersey (Census) and 1,113,136 persons age 65+. The fastest growing segments of the senior citizen population are the oldest most frail elderly (age 85+), growing at a rate of 42.6% from the 1990 to the 2000 census with a 27.6% increase in the population age 75 and older during the same time. One in every four persons age 65+ lives alone. One in every three persons age 75+ lives alone. The increases in the total aging population age 60 and over, should also be considered in view of the aging of the baby boomer population.

According to the 2000 Census, there are 1.39 million disabled residents age five and over and there are 635,104 disabled persons in New Jersey aged 16-64 who have an employment disability. The nature of the programs supported by the Casino Revenue Funds is essential to both the disabled and elderly in ensuring that they have the support to live independently in the community

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. Speakers have come before the Commission in 2007 including Kathy Mason, representing the Pharmaceutical Assistance to the Aged and Disabled Program; representatives of the Casino Control Commission; William Eisely, Ombudsman for the Institutionalized Elderly; Ethan Ellis, disabled advocate and former executive director of the Developmental Disability Council; David Ricci, Director of the State Adult Protective Services Program; Marilyn White, Director of the Congregate Housing Program for the Dept of Health and Senior Services; Allison Lonzano, Director of the NJ Developmental Disabilities Council; Robert Koska, Director of the NJ Transit Office of Special Programs, among others.

Funding Recommendations

The attention of legislators is requested for these funding recommendations which are based upon the Commission's findings as a result of 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 have been reduced from the 2007 recommendations to incorporate only programs currently receiving support from the Casino Revenue Funds and are as follows:

2008 Annual Report Recommendations of the Casino Revenue Fund Advisory Commission to increase the amount of funds available from casino revenues specifically for:	<i>Dollars in Millions</i>		
	Existing CRF	Additional Requested	Total Fund Requested
Meals on Wheels	1.0	3.0	4.0
Transportation	37.7	5.0	42.7
Safe Housing & Escorted Transportation	1.7	2.0	3.7
Adult Protective Services	1.0	2.0	3.0
Respite Program	5.4	2.0	7.4
Congregate Housing	2.0	1.0	3.0
Additional Funds from the Casino Revenue Fund in addition to the current allocation to be derived from a redistribution of Casino Revenue Fund Resources:		15.0	

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The funding of these programs will correct serious inequities in the allocation of several programs that have not received funding increases nor cost of living increases from the Casino Revenue Funds for over a decade and are not equipped to meet the demand for services resulting from a growing elderly population.

Attachment 1, Page 4-A shows the funding history of the CRF specifically for programs that are recommended to be addressed. The history clearly shows evidence of the static nature of funds for the programs recommended for funding increases. Should the programs have grown even with the rate of the casino revenue fund growth, their allocation under the funds would have doubled from 1993. Unfortunately, records indicate that programs such as Meals on Wheels have not received a funding increase from the CRF since at least 1988!! The Safe Housing and Transportation Program actually received \$ 2.9 million in the State FY 1988, yet currently receives \$1.7 million from the CRF. 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,

Attachment 1

FUNDING HISTORY OF SELECTED CASINO REVENUE FUND PROGRAMS
(1993 - 2008)

*numbers are in millions

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
Weekend Meals on Wheels	1.02	1.02	1.02	0.985	0.985	0.985	0.969	0.950	0.950	0.950	0.950	0.950				
Meals on Wheels	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Safe Housing & Transportation	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.6	1.6	2.0	2.0	2.5	2.8	2.8	3.0
Transportation	36.9	34.9	34.4	25.3	25.5	24.9	24.8	25.7	22.8	22.5	22.2	21.1	19.8	19.4	19.2	18.6
Adult Protective Services	1.84	1.84	1.84	1.78	1.78	1.78	1.75	1.72	1.72	1.72	1.72	1.72				
Congregate Housing Program	2.0	2.0	2.0	1.9	1.9	1.9	3.3	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9
Respite	5.4	5.4	5.6	5.4	5.4	5.4	5.2	4.8	4.8	4.8	2.8	4.0	4.0	4.0	3.7	3.5
Lifeline	0	0	0	0	0	34.6	34.7	32.7	34.6	34.6	76.3	76.3	41.9	43.2	43.1	36.5
Property Tax	0	0	0	0	0	0	0	17.2	17.2	17.2	17.2	17.2	17.2	17.2	17.2	17.2

Revenues - Savings:

Casino Revenue Funds:	450.3	455.2	500.2	474.0	467.0	346.0	350.0	347.0	336.0	325.0	325.0	313.0	305.0	301.0	264.0	259.0
* Lifeline:	+34	+34	+34	+34	+34											
** Property Tax Deduction:	+17	+17	+17	+17	+17	+17	+17									

* +34.6 million in 2004 - Lifeline Transferred to Board of Public Utilities

** +17.2 million in 2002 - Property Tax Deduction Transferred to Property Tax Relief Fund

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transportation, home care, and home repairs and respite care were major considerations of the Commission in making recommendations for funding increases.

The Programs-

Meals on Wheels – The Meals on Wheels Programs in New Jersey provide nutritional, hot meals to senior citizens on a daily basis. The program is known for the essential services provided at a minimal cost averaging \$8.97 a meal (2005 Mission Nutrition Report) 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, ie, those that are homebound and are not able to prepare their own meals, have the benefit of having a hot, nutritious meal everyday.

The cost of the program per day is very low compared to the cost of other in-home alternatives and for the benefits achieved. 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.

\$3 million in additional funds is recommended for this program to attempt to meet the increasing demand by elderly and disabled. A portion of those funds (at least one million) should be allocated for ensuring that disabled homebound persons have access to Meals on Wheels. 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. The disabled homebound also need to be served by a stable source of funds and the CRF can provide this.

An additional \$2 million would serve to provide needed resources for the Meals on Wheels Programs statewide to utilize in their weekday and weekend meals. The State CRF provides no other funding besides \$1 million a year for the support of the Weekend Meals on Wheels Programs. This is not enough and the lack of any increases in these funds from the CRF for the past 20 years has prevented thousands from obtaining services. The Meals on Wheels programs need funding assistance on a 7 day a week basis and additional support provided as recommended would reap tremendous benefit to the elderly and disabled in the ability of the local Meals on Wheels programs to serve them.

Yes, waiting lists are a sad reality for Meals on Wheels as is the reality that Counties who have allocated funds from their own coffers to prevent such lists, may no longer be able to make up for the lack of increases in the State and Federal funding sources for Meals on Wheels. Counties are contributing much more funds to the Meals on Wheels Programs than the State contributes. The additional \$3 million will not match nor come close to the amount of funds from local resources that support Meals on Wheels; however it will be a beginning and an important step in having the State assume a portion of the support of this essential program and having the State assist in one of the most cost effective and

basic programs that address assisting the senior to live independently in his/her own home.

Transportation

NJ Transit currently receives 7.5% 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, paratransit 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, the highest increase in the senior citizen population was in the 85+ population, which increased by 42% in the last census decade. The nature of the transportation services are geared to help those who are too frail to drive themselves, as well as those whose increasing age limits their desire or ability to drive themselves. These are the oldest elderly, for which the increase in population is the largest component of the elderly population increase. There is therefore an increase in the general demand for this service that must be met.
3. Another factor is the increased demand for kidney dialysis transport 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 is 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.
4. The allocation of funds from the Casino Revenue Funds are projected to decrease in the year 2009. The schedule of funding reductions (Attachment 2, Page 6-A) has been provided by NJ Transit in response to the published FY 2009 State budget. The Commission has recommended a 1% increase to 8.5%, in the percentage of funds for transportation from the CRF. This would provide for a modest increase of transportation funds in each County and would represent a fair % of funds considering the benefits reaped from the 21 County transportation systems. In 2009, this would also serve to assist the Counties in maintaining the services they currently provide, and prevent a certain anticipated reduction in transportation funds for the 21 Counties in 2009. A reduction in funds will not only place the County systems in jeopardy of maintaining their services; but also have the systems reduce services to

**S.C.D.R.T.A.P.
FY'2009 ALLOCATIONS**

	<u>2008</u>	<u>2009</u>
ATLANTIC	\$ 967,700.00	\$ 864,411.00
BERGEN	\$ 2,805,060.00	\$ 2,509,038.00
BURLINGTON	\$ 1,512,844.00	\$ 1,349,941.00
CAMDEN	\$ 1,776,243.00	\$ 1,585,690.00
CAPE MAY	\$ 627,776.00	\$ 566,919.00
CUMBERLAND	\$ 627,776.00	\$ 566,919.00
ESSEX	\$ 2,702,149.00	\$ 2,410,809.00
GLOUCESTER	\$ 841,283.00	\$ 752,150.00
HUDSON	\$ 1,992,966.00	\$ 1,779,340.00
HUNTERDON	\$ 627,776.00	\$ 566,919.00
MERCER	\$ 1,233,669.00	\$ 1,100,160.00
MIDDLESEX	\$ 2,591,703.00	\$ 2,312,581.00
MONMOUTH	\$ 2,171,828.00	\$ 1,939,312.00
MORRIS	\$ 1,597,662.00	\$ 1,425,717.00
OCEAN	\$ 2,805,060.00	\$ 2,509,038.00
PASSAIC	\$ 1,669,708.00	\$ 1,490,267.00
SALEM	\$ 627,776.00	\$ 566,919.00
SOMERSET	\$ 957,068.00	\$ 853,185.00
SUSSEX	\$ 627,776.00	\$ 566,919.00
UNION	\$ 1,997,201.00	\$ 1,782,147.00
WARREN	\$ 627,776.00	\$ 566,919.00
TOTAL COUNTY	\$ 31,388,800.00	\$ 28,065,300.00
NJ TRANSIT	\$ 5,539,200.00	\$ 4,952,700.00
TOTAL	\$ 36,928,000.00	\$ 33,018,000.00

those now served either in scope of service or in refusal of services to those in need.

Strong endorsement of A2046

The Commission stresses the importance of, and strongly supports Assembly Bill A 2046 which addresses an issue that must be considered now. A2046 would increase the % of funds for transportation from the CRF from 7.5% to 8.5% of the total revenues. The legislation, if approved would prevent reductions in funding and service projected for 2009 and would ensure that Counties in 2009 could at least maintain their services to seniors and disabled without disruption and planned reduction in services. The legislation is timely as well as crucial. The Commission urges legislators to enable its passage, so that transportation resources in New Jersey are not reduced at a time costs for transportation, including gas and insurance increase relentlessly and make the provision of such services for the senior and disabled population, even more important.(See Exhibit II, A2046).

In the words of the Commission's former Chairman Donald Boeri, "Transportation for seniors and disabled is so desperate that the need must be met! We cannot ignore the inability of those most vulnerable to provide their own transportation. Shall we wait for the crisis to escalate beyond repair until we act? The cost to redeem a 'broken' system is by far too expensive to even consider. Good planning of existing conditions rewards the community with an envious result!"

Safe Housing and Transportation

Funds for Safe Housing and Transportation, primarily for home repairs and escort 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 are very limited and the current allocation of \$1.7 million for Safe Housing and Transportation is not sufficient and should be increased. The Commission recommends increasing the funding from the CRF by \$ 2 million. 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.

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.

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.

Adult Protective Services

The Commission recommends an increase of \$2 million for the Adult Protective Services Program. This increase is recommended with consideration of the following factors:

1. Abuse, neglect and exploitation of vulnerable adults residing in the community is on the rise. In the last decade, the number of investigations has grown from 3762 to 4787, representing a 27% increase. 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.
2. The APS budget has remained at its current level of \$4.1 million dollars since 2000. This is putting a severe financial strain on the county APS provider agencies. There are 13 county APS providers that are Boards of Social Services (BOSS). Presently 3 County Boards are considering no longer providing APS. A position paper has been presented to the Division by the County Welfare Directors' Association focusing on APS referrals and showing a "change in activity of over 112%" from 1992 to 2003, the severe funding shortage and requesting an "immediate commitment to adequately fund and support APS statewide". The position paper goes on to say "during the same period, State funding for APS remained basically unchanged with only a modest 17% increase in 2001. During the same period, the actual cost-of-living increased by over 35%. The inadequate state funds that were available in 1992 have not only failed to keep up with the cost of doing business but also failed to increase in proportion to the increased demand for services". The position paper is attached as Exhibit III.
3. As an example the State of Massachusetts, though not geographically similar, is almost identical demographically. Unlike New Jersey where APS serves adults from the age of 18, their APS program serves only those individuals 60 years of age and older who reside in the community. In 2004 Massachusetts completed approximately 7000 investigations but substantiated less than half compared with New Jersey which investigated approximately 5000 cases and substantiated 60% giving both states similar open caseloads. Massachusetts APS budget is \$13.6 million dollars this year up from \$11.4 million dollars last year.
4. 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 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. A schedule of funding increases to the Counties' APS programs has been prepared by the NJ Department of Health and Senior Services and shows modest increases that would result from additional funding assistance of \$2 million. See Attachment 3, Page 9-A.

Congregate Housing

The Commission recommends an increase of funds for the State Congregate Housing Program in the amount of \$1 million. The Congregate Housing Program depends primarily upon the CRF for its support and is funded for \$1.9 million from the Casino Revenue Funds, receiving this level of funding since at least 1997. The funding levels from the CRF have remained static since as early as FY1988, when the Congregate Program received \$1.7 million, and \$1.6 million for FYs 1989 and 1990.

The Congregate Housing Program has a long standing history of service provision in the State of New Jersey. The program is administered by the Dept of Health and Senior Services and is offered through public housing facilities serving low-income senior citizens. 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. 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 staff who administer the program, there is a waiting list of housing sponsors who wish to participate in the program and could offer the services to more persons. Currently the program is offered in only 12 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 2700 tenants in approximately 60 subsidized independent senior housing buildings.

The program's growth and assistance to more seniors would be assured with the addition of more funds for services. The average cost of providing Congregate services for a year per client is \$1000 per client per year. The cost savings is obvious in the long run, of extending the ability of elderly and disabled to maintain their own households as opposed to being placed in costlier alternatives such as assisted living or nursing home care at a cost of 50 times or more per client!

Attachment 3

Allocation of \$2,000,000 for Adult Protective Services

ATLANTIC	72,474
BERGEN	188,964
BURLINGTON	69,996
CAMDEN	122,695
CAPE MAY	31,236
CUMBERLAND	48,654
ESSEX	255,360
GLOUCESTER	49,861
HUDSON	216,887
HUNTERDON	14,534
MERCER	82,128
MIDDLESEX	145,845
MONMOUTH	125,637
MORRIS	74,173
OCEAN	145,310
PASSAIC	128,890
SALEM	15,072
SOMERSET	43,219
SUSSEX	19,183
UNION	128,803
WARREN	21,079
	2,000,000

These funds would be used for additional Adult Protective Services (APS) social work staff. By statute APS must respond to a referral within 3 working days. As caseloads have increased and cases, especially guardianships, have become more complicated, APS is in danger of not being able to respond within the parameters set forth in the statute. Additional certified staff would help alleviate the problem and the vulnerable adults of New Jersey would continue to be kept safe, in their homes with a safety net of services.

If the time comes, when APS cannot intervene and advocate for those adults that cannot advocate for themselves, the results would be disastrous.

State Respite Program-

The Commission recommends an additional \$2 million for the Statewide Respite Program. The Statewide Respite Program provides services to caregivers of those who are elderly and infirm and living in their own homes. A National Study conducted by the National Family Caregiver Association and Family Caregiver Alliance estimates that there are 862,502 caregivers in New Jersey contributing an average of 921 million hours of care to their family member or friend, for an estimated value of \$9.2 billion of service.

The Statewide respite 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 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. Currently, caregivers are limited to no more assistance than \$4500 of services per year. In certain circumstances this may not be sufficient and on an ongoing basis, more services might be considered for the caregiver to have more time for respite.

In Fiscal Year 2009, the federal assistance for Respite from the Older Americans Act is decreasing, when it too should be increasing to meet the demand for respite from families who have decided to accept the responsibility for the care of their loved one. The CRF has not increased the allocation for the Statewide Respite Program since 2002, with a funding level of \$5.2 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 Program.

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 have 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.

Cost of living increases are not enough to make up for years of underfunding by the CRF; thus, the recommendations for additional funding have been made. However, 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 effected with the growing Casino business and resultant revenues through the years.

A Redistribution, not a Request for Additional State funds.

The Commission makes the recommendation that additional funds for the most critical and underfunded programs should be reallocated from the savings in the CRF generated from the onset of the Medicare D drug benefit program that has assumed the expense of a major portion of what formerly was paid by the Casino Revenue Fund.

The implementation of Medicare as a national provider of assistance in the costs of prescription drugs has provided the State of New Jersey with a unique opportunity to report savings of \$90 million in 2005 and over \$180 million for the 2006, 2007, and 2008 year for the Pharmaceutical Assistance for the Aged and Disabled Program. The New Jersey Department of Health and Senior Services has very successfully tackled the immense challenge of coordinating the PAAD with the 2006 Medicare D program with minimal negative effects upon the clients and maximum retrieval of costs for PAAD from the Medicare D payment of benefits of PAAD eligible clients.

A PAAD Expended Funding History(Attachment 4, Page 11-A) shows the history of the expenditures of the PAAD Program detailing the CRF portion of funds as well as the contribution from the General Funds. It is noted that the General Revenue Portion of the PAAD program was \$167.8 million in 2003 and \$259.8 million from the CRF, for a record expense for the PAAD of \$427.6 million. The General Revenue Fund portion of the PAAD program saw an immense benefit in terms of savings in FYs 2005 through 2007; in FY 2007 only \$15.1 million in General Revenues supported the program; the CRF in that same year contributed \$205 million or 93% of the support of PAAD. In FY 2009, \$41.2 million of General Funds is budgeted for PAAD and \$215.9 million of CRF Funds is budgeted from the CRF. This amount of funding from the CRF is \$ 94 million less than the amount of CRF required for the support of PAAD in the FY2005. The State general revenue portion of PAAD in FY 2009 is \$126 million less than the amount of general revenue support required for PAAD in FY 2003.

The Department of Health and Senior Services (DHSS) as the administering agency for most of these programs recommended for funding increases, has some responsibility for their successful development and ability to provide needed assistance. Hopefully, the

PAAD EXPENDED FUNDING HISTORY

	PAAD General Fund	PAAD Casino	TOTAL	GF support	CRF Support of PAAD
1996	\$42,801,626	\$134,961,118	\$177,762,744	24%	75.92%
1997	\$35,802,930	\$148,514,975	\$184,317,905	19%	80.58%
1998	\$34,141,623	\$170,510,670	\$204,652,293	17%	83.32%
1999	\$82,054,061	\$154,689,153	\$236,743,214	35%	65.34%
2000	\$34,783,000	\$247,331,858	\$282,114,858	12%	87.67%
2001	\$83,482,224	\$231,706,887	\$315,189,111	26%	73.51%
2002	\$106,185,017	\$257,916,319	\$364,101,336	29%	70.84%
2003	\$167,855,400	\$259,825,386	\$427,680,786	39%	60.75%
2004	\$161,411,859	\$254,646,953	\$416,058,812	39%	61.20%
2005	\$48,581,884	\$309,005,018	\$357,586,902	14%	86.41%
2006	\$21,568,000	\$276,000,000	\$297,568,000	7%	92.75%
2007	\$15,102,000	\$205,200,000	\$220,302,000	7%	93.14%
2008*	\$59,251,000	\$215,500,000	\$274,751,000	22%	78.43%
2009*	\$41,238,000	\$215,900,000	\$257,138,000	16%	83.96%
total	\$934,258,624	\$3,081,708,337	\$4,015,966,961	23%	76.74%

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paadfundinghistory2

* budgeted figures

DHSS will view the extensive PAAD savings as an opportunity to address other critical needs of the elderly and disabled that are served under the other important programs of the Department that receive CRF funds. There is a need for additional funds for these other DHSS programs that are underfunded and require more resources to provide adequate services and assist the elderly and disabled in maintaining their independence at home, thus reducing the State's burden of shouldering nursing home costs by preventing or delaying the deterioration resulting from isolation and lack of community support services.

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.

Casino Revenue Fund Projections and Other Recommendations:

The Commission received an update from the Casino Control Commission in 2007, of the income sources that comprise the Casino Revenue Funds and projections for the funds to the 2011 year. (See attachment 5, Page 12-A). A *decrease* in the Casino Revenue Funds begins from the 2007 year extending to 2011 when growth figures anticipate \$512 million in revenues. A significant amount of Casino Revenue Funds is reduced due to the cessation or reduction of taxes on casinos.:

1. Limit to the taxes on complimentaries, maximized at \$26 million in 2006 and decreasing in subsequent years to zero in the year 2010.
2. Elimination of the Net Income Tax in 2007, resulting in a loss of \$24 million to the CRF in the year 2007 and thereafter.
3. Parking tax reallocations from the CRF to the Casino Redevelopment Agency (CRDA) resulting in an \$11.8 million loss of revenues to the Casino Revenue Funds beginning in the year 2007.
4. Starting in 2007, decrease of \$8 million in the revenues for the CRF derived from the Room Fee, with 1/3 of the Fee to go to the CRDA and decrease of \$10 million in CRF revenues in 2008.

Reinstatement of Casino taxes encouraged

In the interest of increasing revenues in a fund that provides support to essential programs for the aged and disabled, the Commission recommends that legislation reinstating these taxes be passed. Legislation is recommended that will reduce the ill effects of a fund that decreases steadily for the next several years because of the sunseting and elimination of taxes on the operations of the casinos. With the continued growth of the disabled and elderly population in the state, and the certain growth in the program needs of these populations, the delay of sunseting provisions and reinstatement of taxes is an increasingly important issue.

The most painless increase to the Casinos and the public, would seem to be the reinstatement of the taxes on complimentaries, with the CRF being the beneficiary of the

ESTIMATED CASINO REVENUE FUNDS FOR YEARS 2006 to 2011
 (\$ in Thousands)

YEAR	2006	2007	2,008	2009	2010	2011
GROSS#	410,900	409,900	398,300	434,000	442,720	491,440
COMP^	26,000	19,500	13,000	6,500	0	0
NET*	24,200	0	0	0	0	0
PARKING"	18,000	6,200	6,147	6,343	6,387	6,748
ROOM>	15,000	6,900	4,591	5,770	6,039	8,209
SLOT<	5,900	5,100	5,000	5,300	5,406	6,001
MISC	200					
TOTAL	500,200	447,600	427,038	457,913	460,552	512,398

= Gross Revenue Tax
 ^ = Complimentary Tax
 * = Net Income Tax
 " = Parking Tax
 > = Casino Room Fee
 < = Multi Casino Slot

Prepared by:
 Casino Revenue Fund Advisory Commission
 based on July 2007 N.J. Casino Control Commission Estimates
 9/13/2007

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the tax. Even with the public paying a tax on free rooms, entertainment, and meals, the receipt of such comped benefits would be perceived to be a bargain and reasonable, with only the tax required to be paid. The public would indeed be a major beneficiary in having the tax be used for the benefit of the senior and disabled population service needs.

Recently S1464 has been introduced in this legislative session. The legislation would limit the taxes on the gaming complimentaries, providing a tax credit against the Casino gross revenue tax. In view of seemingly anticipated further loss of casino revenue funds as result of this legislation, the Commission urges legislators to review all repercussions to the CRF carefully, before deciding on the course of its approval. In view of the already ceased taxes on the net income of the Casinos and the anticipated cessation of the taxes on the comps after 2009, as well as the loss of revenues from several years of decreased gross revenue, another bill to reduce obligations of the casinos on taxes for which they are currently obliged seems untimely. (See Exhibit IV)

The Commission is also gathering information on the taxes paid by gaming establishments in other states as a response to the projections of major reductions in the fund. Preliminary information has been gathered on the taxes collected in other States. The taxes on gaming revenues range from 7% in Nevada to 31% in Illinois. The interest of several of the Commissioners is in the history and discussions occurring in regards to the amount of tax to be imposed. Their further research and recommendations in regards to an increase in the rate of regular Casino Revenue tax will be considered in the coming year. The attention of legislators is requested in regards to A491 which has been introduced in the 2008 Legislative session. This legislation increases the casino gross revenue and slot taxes to 10% and extends certain casino tax provisions for an additional two years. (See Exhibit V)

The Casino Revenue Fund and constitutional issues

The Commission calls attention to its efforts to ensure the integrity of the Casino Revenue Funds as a separate fund to be spent solely for the benefit of senior citizens and disabled. In fulfilling its charge to the Legislature, the Commission is mindful of the words in the State Constitution that guide the proper use of the CRF stating that "...the revenues derived therefrom to be supplied solely for the purpose of providing funding for reductions in property taxes, rental, telephone, gas, electric, and municipal utilities charges of eligible senior citizens and disabled residents of the State, and for *additional or expanded* health services or benefits or transportation services or benefits ...". The inclusion of wording that states that funding should be for additional or expanded health services or benefits implies that care should be taken in the development of the Casino Revenue Budget to ensure that when new or additional programs are recommended, they are not so lightly disregarded when the CRF has access to additional funds that have become available to the Fund as a result of additional revenues and efficiencies and savings. (See Constitution, Attachment 6, Page 14-A)

Further some question has been raised in regards to the propriety of having part of the taxes derived from the operations of the casinos being dedicated to the Casino Reinvestment Development Authority (CRDA) as opposed to the CRF. Wording in the Constitution says that "the State shall license and tax casino operations and equipment

used in connection therewith. Any law authorizing the establishment and operation of such gambling establishments shall provide for the State revenues derived therefrom to be applied solely for the purpose of.....benefits to eligible senior citizens and disabled residents." Since the CRDA does not strictly serve senior citizens and disabled, the provision in law that the taxes and fees for room and parking be increasingly dedicated to the CRDA instead of the CRF, does not seem in compliance with the constitutional statement in regards to the sole purpose of revenues derived. The Commission asks that this be an issue to be decided by legal counsel with the advice of the Department of Treasury. Should there be confirmation of this opinion by legal counsel, it seems that the amount of funds for additional programs for seniors and disabled would be a positive result.

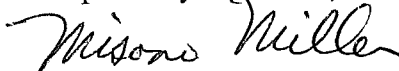
Closing Remarks

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 and is working with the Office of Management and Budget to derive this information. 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 on the specific programs that are funded by the Casino Revenues 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 Commission looks forward to a productive year and it is with enthusiasm toward the pursuit of these mentioned efforts as well as the feedback from the public and various representatives and agencies involved in the Commission efforts, upon which future Commission recommendations will continue to be based.

Respectfully submitted,



Misono Miller, Chairwoman

New Jersey Casino Revenue Fund Advisory Commission

Exhibits:

- I. Casino Revenue Fund Summary & Projection for Fiscal Year 2009 (State Budget Appendix, proposed)
- II. A2046
- III. APS Position Paper, County Welfare Directors Assn
- IV. S1464
- V. A491
- VI. Endorsement of Commission Recommendations, NJ Assn of Counties
- VII. NJ4A Legislative Position Paper, 2008

NEW JERSEY CONSTITUTION

ARTICLE IV

SECTION VII

1. No divorce shall be granted by the Legislature.

2. No gambling of any kind shall be authorized by the Legislature unless the specific kind, restrictions and control thereof have been heretofore submitted to, and authorized by a majority of the votes cast by the people at a special election or shall hereafter be submitted to, and authorized by a majority of votes cast thereon by the legally qualified voters of the State voting at a general election, except that, without any such submission or authorization;

A. It shall be lawful for bona fide veterans, charitable, educational, religious or fraternal organizations, civic and service clubs, senior citizens associations or clubs, volunteer fire companies and first-aid or rescue squads to conduct, under such restrictions and control as shall from time to time be prescribed by the Legislature by law, games of chance of, and restricted to, the selling of rights to participate, the awarding of prizes, in the specific kind of game of chance sometimes known as bingo or lotto, played with cards bearing numbers or other designations, 5 or more in one line, the holder covering numbers as objects, similarly numbered, are drawn from a receptacle and the game being won by the person who first covers a previously designated arrangement of numbers on such a card, when the entire net proceeds of such games of chance are to be devoted to educational, charitable, patriotic, religious or public-spirited uses, and in the case of senior citizen associations or clubs to the support of such organizations, in any municipality, in which a majority of the qualified voters, voting thereon, at a general or special election as the submission thereof shall be prescribed by the Legislature by law, shall authorize the conduct of such games of chance therein.

B. It shall be lawful for the Legislature to authorize, by law, bona fide veterans, charitable, educational, religious or fraternal organizations, civic and service clubs, volunteer fire companies and first-aid or rescue squads to conduct games of chance of, and restricted to, the selling of rights to participate, and the awarding of prizes, in the specific kinds of games of chance sometimes known as raffles, conducted by the drawing for prizes or by the allotment of prizes by chance, when the entire net proceeds of such games of chance are to be devoted to educational, charitable, patriotic, religious or public-spirited uses, in any municipality, in which such law shall be adopted by a majority of the qualified voters, voting thereon, at a general or special election as the submission thereof shall be prescribed by law and for the Legislature, from time to time, to restrict and control, by law, the conduct of such games of chance and

C. It shall be lawful for the Legislature to authorize the conduct of State lotteries restricted to the selling of rights to participate therein and the awarding of prizes by drawings when the entire net proceeds of any such lottery shall be for State institutions, state aid for education.

D. It shall be lawful for the Legislature to authorize by law the establishment and operation, under regulation and control by the State, of gambling houses or casinos within the boundaries, as heretofore established, of the city of Atlantic City, county of Atlantic, and to license and tax such operations and equipment used in connection therewith. Any law authorizing the establishment and operation of such gambling establishments shall provide for the State revenues derived therefrom to be applied solely for the purpose of providing funding for reductions in property taxes, rental, telephone, gas, electric, and municipal utilities charges of eligible senior citizens and disabled residents of the State, and for additional or expanded health services or benefits or transportation services or benefits to eligible senior citizens and disabled residents, in accordance with such formulae as the Legislature shall by law provide. The type and number of such casinos or gambling houses and of the gambling games which may be conducted in any such establishment shall be determined by or pursuant to the terms of the law authorizing the establishment thereof.

Related documents on file:

- 1 Casino Control Commission Report of Revenues, 2007
2. Annual Casino Revenue Fund Advisory Commission Reports for 2004, 2005, 2006, and 2007
3. Congregate Housing Program Report by NJ Dept. of Health and Senior Services
4. Senior Citizen and Disabled Resident Transportation Assistance Program Annual Report and Public Hearing, July, 2007

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EXHIBITS

APPENDIX

CASINO REVENUE FUND SUMMARY AND PROJECTION

	(\$ In Millions)						
	Fiscal 2003	Fiscal 2004	Fiscal 2005	Fiscal 2006	Fiscal 2007	Revised 2008	Budget 2009
Opening surplus	\$0.00	\$0.00	\$22.7	\$0.0	\$1.0	\$1.0	\$0.0
Revenues	\$346.0	\$467.5	\$474.1	\$500.2	\$446.1	\$409.0	\$422.8
Lapses and adjustments	\$18.8	\$0.7	\$2.7	\$2.1	\$3.5	\$3.0	\$3.0
TOTAL RESOURCES	\$364.8	\$468.2	\$499.5	\$502.3	\$450.6	\$413.0	\$425.8
MEDICAL ASSISTANCE							
Personal assistance	\$3.7	\$3.7	\$3.7	\$3.7	\$3.7	\$3.7	\$3.7
Home care expansion	\$0.3	\$0.2	\$0.2	\$0.1	\$0.1	\$0.1	\$0.1
PAAD -- expanded	\$259.9	\$254.7	\$309.0	\$276.0	\$205.2	\$215.5	\$215.9
Global Budget and Waivers (b)	\$3.3	\$44.7	\$44.5	\$45.8	\$45.2	\$45.4	\$44.1
Respite care	\$5.4	\$5.4	\$5.4	\$5.6	\$5.4	\$5.4	\$5.4
Hearing aid assistance	\$0.3	\$0.1	\$0.1	\$0.1	\$0.1	\$0.2	\$0.2
Statewide birth defects registry	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5
Health and Senior Services Admin.	\$0.9	\$0.9	\$1.0	\$1.0	\$0.9	\$0.9	\$0.9
Personal Care	\$0.0	\$60.1	\$60.1	\$90.1	\$111.0	\$60.1	\$77.7
LIFELINE CREDITS	\$34.6	\$0.0 (a)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
TRANSPORTATION ASSISTANCE							
Senior citizens and disabled residents	\$24.9	\$25.5	\$25.3	\$34.4	\$34.9	\$36.9	\$33.0
Sheltered workshop transportation	\$2.4	\$2.4	\$2.4	\$2.4	\$2.4	\$2.4	\$2.4
HOUSING PROGRAMS							
Congregate housing support	\$1.9	\$1.9	\$1.9	\$2.0	\$2.0	\$2.0	\$2.0
Safe housing and transportation	\$1.7	\$1.7	\$1.7	\$1.7	\$1.7	\$1.7	\$1.7
Developmental Disabilities	\$19.6	\$38.3	\$38.3	\$32.4	\$31.8	\$32.5	\$32.5
OTHER	\$5.4	\$5.4	\$5.4	\$5.5	\$4.6	\$5.7	\$5.7
TOTAL APPROPRIATIONS	\$364.8	\$445.5	\$499.5	\$501.3	\$449.6	\$413.0	\$425.8
ENDING SURPLUS	\$0.0	\$22.7	\$0.0	\$1.0	\$1.0	\$0.0	\$0.0
GENERAL FUND SUPPORT							
Lifeline	\$11.2	\$0.0(a)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
SOBRA for Aged and Disabled	\$133.9	\$198.8	\$169.2	\$158.5	\$130.4	\$119.4	\$108.4
Global Budget and Waivers (b)	\$45.9	\$0.6	\$5.1	\$4.9	\$4.9	\$45.5	\$52.2
Personal Care	\$130.2	\$75.0	\$76.8	\$44.1	\$16.9	\$75.2	\$59.4
Senior Citizens Property Tax Freeze	\$23.0	\$17.7	\$72.4	\$99.0	\$127.6	\$153.0	\$169.0
PAAD -- expanded	\$123.9	\$128.9	\$48.6	\$23.7	\$0.0	\$49.4	\$34.8
VALUE OF PROGRAMS SHIFTED	\$468.1	\$421.0	\$372.1	\$330.2	\$279.8	\$442.5	\$423.8

Notes:

(a) Beginning in fiscal 2004, the Lifeline program is funded through the Board of Public Utilities.

(b) Beginning in fiscal 2009, Community Care services are provided through the Global Budget for Long Term Care.