



2011 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 2012 Budget

Presented to

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

JUNE 2011

**2011 Annual Report Recommendations of the
NJ Casino Revenue Fund Advisory Commission
Table of Contents**

	Pages
1. NJ Casino Revenue Fund Advisory Commission Members	3
2. Introduction and Funding Recommendations	4
3. Funding History of Selected Programs	
The Programs:	
Meals on Wheels	5
Transportation	6
Safe Housing and Transportation	7
Adult Protective Services	8
APS Allocation Schedule, Additional Funds	9
State Congregate Housing Program	9
State Respite Program	10
4. Cost of Living Increases for Essential Programs	11
5. Redistribution of Funds from Savings in PAAD	11
PAAD Expended Funding History	12
Savings to the General Fund from the CRF	13
Casino Industry Status	13
6. CRF Projections and Other Recommendations	14
7. Reinstatement of Casino Taxes	15
8. A-504 and Closing Remarks	15
9. Related Documents on File	17
10. Exhibits	
I. Casino Revenue Fund Summary and Projection for FY2012, State Budget Appendix, proposed.	19

New Jersey Casino Revenue Fund Advisory Commission

Members

Commissioner James Thebery, M.A., CSW, Chair (representing the NJ Association of County Disability Services)

Commissioner Enid Torok, Vice Chair (representing persons with disabilities)

Commissioner Joseph Tyrrell, Secretary (representing the NJ Association of Casinos)

Senator Thomas H. Kean, Jr.

Senator James Whelan

Assemblyman Paul Moriarty

Assemblyman Vincent Polistina

Commissioner Joanne Fetzco (representing NJ4A – area offices on aging)

Commissioner George Vassiliades, Public Member (representing senior citizens)

Commissioner David Ricci (representing the NJ Dept of Health and Senior Services)

David J. Rosen, Legislative Budget and Finance Officer (Office of Legislative Services)

Staff Support-

Steve Xenakis, Office of Management and Budget (OMB)

Judy Moore, Fiscal Mgr. Department of the Treasury

Patricia Maguire, Department of the Treasury

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 and the importance of programs that must be considered for additional Casino Revenue Funds on an ongoing basis.

Funding Recommendations

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

The funding recommendations remain the same as the 2010 recommendations to incorporate only programs currently receiving support from the Casino Revenue Funds and are as follows:

2011 Annual Report - Specific Funding Recommendations of the Casino Revenue Fund Advisory Commission (in millions)		
<u>Community Based Senior Programs (CBSP)</u>		
FY12 GBM Recommended	\$	14.7
Additional Funding Requested		
Meals on Wheels	\$	3.0
Safe Housing and Escorted Transportation	\$	3.0
Adult Protective Services	\$	2.0
Respite Care Program	\$	2.0
Congregate Housing	\$	1.0
Total Additional Funding Requested	\$	11.0
Total CBSP Funding Requested	\$	25.7
<u>Transportation</u>		
FY12 GBM Recommended	\$	25.1
Additional Funding Requested	\$	4.0
Total Transportation Funding Requested	\$	29.1

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.

The critical nature of the programs in assisting elderly and disabled to remain in their own homes and the nature of the programs including protective services, transportation, home care, and home repairs and respite care were major considerations of the Commission in making recommendations for funding increase.

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 day (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, i.e., those that are homebound and are not able to prepare their own meals, have the benefit of having a hot, nutritious meal every day.

Statewide, the 43 home delivered nutrition projects serve 13,938 meals daily or 3.5 million meals in one year. 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. Additional funding in the amount of \$3 million would result in the support of 333,333 more meals per year for elderly and disabled homebound residents of this State.

A. A portion of those funds, at least \$1 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.

B. 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 only. This is not enough; the lack of any increases in these funds from the CRF for the past 20 years has prevented thousands from obtaining needed home delivered meal services. The Meals on Wheels programs need funding assistance for both its weekday and weekend meals components 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.

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 greater 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 senior citizens and hopefully more disabled residents of the State to live independently in their own homes.

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 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 of the elderly population, for

which the increase in population is the largest component of the elderly population increase. Therefore, there is 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.

The Commission has recommended a 1% increase to 8.5%, in the percentage of funds for transportation from the CRF. This was signed by Governor Corzine in January 2010. This provided for a modest increase of transportation funds in each County and would represent a fair percent of funds considering the benefits reaped from the 21 County transportation systems. Counties are pressed to deal with these funding reductions, which range from \$ 60,000 to \$300,000 in the larger counties for fiscal year 2011 alone.

In these times of economic hardship for the population across the State, efforts have been initiated and passed by the Legislature and the Governor to ensure that additional funding for the needs of the most vulnerable do not get overlooked. Seniors and disabled are among those most vulnerable because of their limited means of income and ability to maneuver in the community.

Safe Housing and Transportation - Funds for Safe Housing and Transportation, primarily for home repairs and escorted transportation are essential and unique in New Jersey, providing a stable source of funds for services not elsewhere funded. Unfortunately, funding received to support this program is limited and should be increased. It is noted that twenty years ago, the CRF allocated \$2.9 million to Safe Housing and Transportation. Noting its essential nature and uniqueness in being a service not otherwise provided in the State, it is astounding that this program has lessened in funds as the senior population and the CRF have increased significantly.

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.

The building of ramps for seniors is one essential activity that is able to be funded by the Safe Housing Program. At the Commission hearings, several advocates for the disabled commented on the lack of funds for building ramps to enable a person to leave their homes to access services and programs, including day care,

vocational rehabilitation, doctors' offices, hospital facilities, banks, senior centers, etc. **The program must be opened for use and services to disabled as well as senior citizens.**

Additional funding of \$1 million is recommended to address this critical need, increasing the total program funding increase to \$3 million. It was estimated that the \$2 million increase would serve seniors only. The commission is recommending that the program open its doors to persons with disabilities and receive an additional \$3 million in total.

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 are on the rise. In the last decade, the number of investigations has grown from 3,762 to 4,787, representing a 27% increase.
2. Not only is the number of cases increasing, but they are also becoming more complex with a growing number of financial exploitation and guardianship cases. The upward trend of guardianship cases is directly related to the growth in population of individuals 80 years of age or older residing alone.
3. 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.
4. 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."
5. **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 had been prepared by the NJ Department of Health and Senior Services and showed modest increases that would result from additional funding assistance of \$2 million.

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

Lack of action to obtain additional funds will result in an “accident waiting to happen” and an appearance of apathy from Legislators and the Administration in view of the pleas for action from those who are on the front lines in the provision of adult protective services. Programs for the most vulnerable elderly and disabled, including lack of sufficient resources for the Public Guardian’s office was also stressed to the Commission and should be further investigated and acted upon. Programs for the most vulnerable elderly and disabled, including lack of sufficient resources for the Public Guardian’s office was also brought before the Commission and should be further investigated and acted upon

The Congregate Housing Program – The Commission recommends a \$3 million funding level for the State Congregate Housing Program. The Congregate Housing Program depends primarily upon the CRF for its support and is funded for \$2.0 million from the Casino Revenue Funds, receiving approximately this level of funding since at least 1997. The 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.

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.

The Congregate Housing Program has a long standing history of service provision in the State of New Jersey. The program is administered by the Department 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 2,700 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 is **\$1,000 per client per year!** The cost savings is obvious in the long run, 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! \$1,000 per client per year should be compared to the cost of Medicaid provided home care at up to \$34,000 per year and to Assisted Living at \$34,000 per year and nursing home care at \$69,000 per year.

Providers and clients of the Congregate Housing Program are the most enthusiastic supporters and confirmers of the benefits to the State in additional funding for the program.

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

Considering the estimates of numbers of caregivers, the Statewide Respite Care Program could expand services to more persons and serve many persons on the waiting lists in the various counties. In addition, consideration to improving and increasing the current limits on care provided through the respite program could be made. Currently, caregivers are limited to no more assistance than \$4,500 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 decreased, 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 has served to have negative impacts upon the programs. Instead of growth, the programs have diminished since level funding that is not sufficient to meet even cost of living increases for staff, results in decreases in what each program can accomplish on a yearly basis. This diminishing of resources has resulted in crisis situations and decisions by public agencies to forego sponsorship (of APS, for example) of unnecessarily large waiting lists for service and programs that do not have the necessary resources to maintain services without reducing the nature of the service or numbers to be assisted.

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 affected with the growing Casino business and resultant revenues through the years.

A Redistribution of Funds from Savings Experienced by the PAAD Program

The Commission again makes the recommendation that additional funds for the most critical and 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 (below) shows the history of the expenditures of the PAAD program detailing the CRF portion of funds as well as the contribution from the General Fund. It is noted that in FY 2003, the General Fund portion of the PAAD program was \$167.8 million with an additional \$259.8 million from the CRF, for a record expense for PAAD of \$427.6 million.

PAAD Expended Funding History

	PAA General Fund	PAAD General Fund	PAAD CRF ⁽¹⁾	TOTAL	GF Support	CRF 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⁽²⁾	\$ 3,750,000	\$ 89,228,000	\$ 78,893,000	\$ 171,871,000	54%	46%
2012⁽³⁾	\$ 3,750,000	\$ 27,068,000	\$ 54,015,000	\$ 84,833,000	36%	64%
Total	\$ 391,403,641	\$ 658,959,198	\$ 3,333,405,292	\$ 4,383,768,131	24%	76%

(1) Net of Rebates

(2) Adjusted Appropriation

(3) Recommended Budget

The General Fund portion of the PAAD program saw an immense benefit in terms of savings in Fiscal Years 2005 through 2008. In 2007 and 2008 the General Fund portion of support for PAAD constituted only 3% of the PAAD total expenditures at \$5.5 and \$6.4 million, respectively! The CRF in those same years contributed \$205 million in 2007 and \$220 million in 2008. In FY 2011, \$89,228 million is supported by the general revenue funds and \$79,893 million by the CRF. In most subsequent years the PAA General Fund has diminished significantly in comparison to the CRF support of the PAAD program.

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

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

The 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 the ability to provide needed assistance.

Hopefully, 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 DHSS programs 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.

Savings to the General Fund from the Casino Revenue Fund additional allocations and other CRF supported program savings

In a review of the annual budgets of the Casino Revenue Funds, it is noted that programs such as the Medicaid Personal Care Program were increased in support from the CRF from zero in FY 2003 to \$77 million in FY 2004. An additional \$41.4 million in CRF funds was allocated to Medicaid Waiver programs in that same year. Because of the close relationship and the general practice of shifting funds from the CRF to the General Fund and vice versa, although it is not the function of the CRF Advisory Commission to report on recommendations on the General Fund, this cannot be considered unrelated and irrelevant to any recommendations by this Commission. In fact, in view of the importance of all programs funded by the CRF, making a recommendation on any program to receive reduced funding is made by the Commission with a strong recommendation that the existing essential programs supported by the CRF be maintained by an increase in support from other funds, including the General Funds.

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 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. While the revenue generated by Atlantic City casinos has declined from its peak in 2006, the state's casino gaming industry is still the second largest in the United States and its overall contribution to the economy of New Jersey remains considerable. A recent study by Rutgers University determined that the Atlantic City casino resort industry supports over 105,000 jobs—far more than the size of the pharmaceutical and petrochemical industries combined and slightly more than the number of jobs in the information supersector—and about \$4.4 billion in payroll. The casino resorts and their vendors are responsible for the lion's share of these jobs and accompanying payroll. The sizeable tourism to Atlantic City that is typically coupled with visits to the casino hotels, especially that of overnight visitors, is the second most important subsector, sustaining more than 30,000 jobs.

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

The recent improvements in the national and regional economies have brightened the outlook for casino industry revenues in 2011. However, expansion of gaming opportunities in nearby states could further impair

the CRF funding from the industry. A greater threat to the revenues of the Atlantic City gaming market and therefore to the Casino Revenue Fund, however, is the potential expansion of gaming within the state. An analysis of this impact was made by Spectrum Gaming and the conclusions are provided below. **Based on the significant reduction in Casino Revenue Funding predicted to result from in-state gaming expansion, the Commission recommends that the legislature not permit such expansion at this time.**

Casino Revenue Fund Projections

According to the Casino Control Commission website, in 2009, the New Jersey casino resort industry reported \$3.9 billion in gross gaming revenue which revenue alone generated \$295.3 million for the Casino Revenue Fund. This amount paid into the Fund is in addition to those that had been coming from other taxes on casinos that were implemented on a temporary or reducing basis. The Fund payments from all sources, however, were less than anticipated as projections provided to the Commission in 2007 from the Casino Control Commission of fund revenue exceeded the actual tax produced by casino operations. While some reduction in Casino Revenue Fund income was due to the scheduled cessation or reduction in certain tax payments (discussed below), most was due to a decline in the amount of gaming revenue on which most of the CRF tax is based.

As noted above, the Commission is hopeful that the improvement in the overall economy will reduce or eliminate any further erosion of gaming revenue and therefore Casino Revenue Fund payments. The Commission is aware that forces outside of the control of this state may continue to divert some market share from the New Jersey Casino industry to gaming in other states. However, the Commission is greatly concerned about the possibility of the reduction of gaming revenue and overall Casino Revenue Fund tax dollars that could result from expansion of gaming within this state.

Spectrum Gaming Group recently prepared a summary study projecting the financial impact to the existing New Jersey gaming industry, and its primary beneficiaries (including the CRF), from a potential slot machine gaming facility located at the Meadowlands complex in East Rutherford, New Jersey. That study projected an immediate and significant reduction in Casino Revenue Fund funding upon the opening of such a gaming facility in New Jersey outside of Atlantic City.

More specifically, based upon our Spectrum's Atlantic City Gross Gaming Revenue projections, the study showed that the New Jersey Casino Revenue Fund would experience an immediate decline in funding ranging between \$13.5 million and \$18.1 million annually as a result of a video slot machine gaming facility at the Meadowlands. Moreover, according to Spectrum, the impact of a Meadowlands gaming facility coupled with other regional impacts could result in a decline in this Casino Revenue Fund funding between \$46.2 million and \$54.0 million on an annualized basis.¹

Most importantly, the report concluded that a gaming facility at the Meadowlands would, as envisioned and projected by Spectrum Gaming, have serious, negative implications for the New Jersey gaming industry, as well as for its beneficiaries (both public and private), including the Casino Revenue Fund and other supported state agencies.

¹The study did note that, from the inception of casino gaming through the year end 2009, the New Jersey gaming industry contributed over \$8 billion to the Casino Revenue Fund, or an average of over \$250 million each year since 1978. The study also indicated that the PAAD fund historically has been the largest benefactor of this funding, showing that since 1996, the PAAD program has received 76.7 percent of its funding from the Casino Revenue Fund, which, through 2008, amounted to \$3.1 billion.

Reinstatement of Casino Taxes

In the interest of increasing revenues in a fund that provides support to essential programs for the aged and disabled, the Commission recommended in 2009 that legislation reinstating certain taxes that had decreased or were terminated due to sunset provisions such as the portion of the parking tax that had been applied to the CRF, the tax on complimentary and the Net Profits tax, be studied and considered. However, because of the current decline in the revenues being faced by the casino industry, the Commission is now recommending that the delay of sunset provisions and reinstatement of taxes.

Therefore the Commission feels that reinstating the tax should not be considered until the industry is again experiencing growth and increased revenues. The historic tax provisions should be reviewed at that time.

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 at a future time.

A-504

Legislation has recently been introduced that addresses both encouraging development for new casinos through a reduction in the CRDA investment alternative tax of 1.25% for new casinos on a 5 year temporary basis. The legislation also increases by .25%, the percent of the current alternative investment tax that is allocated to the CRF and decreases by .25%, the percent of these revenues allocated to the CRDA on a temporary basis until improvement is evidenced in the economy. The Commission has initially endorsed this legislation as a serious effort to improve the status of the Casino Revenue Funds for the benefit of seniors and disabled, in this crucial time of decreasing revenues for the Fund.

Closing Remarks

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

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

The Commission recommendations for additional funding have been met with skepticism from those who are aware of the current reduction in the level of Casino Revenue Funds as a result of the lower level of revenues from the casinos. Yet the Commission stands firm in its resolve that certain programs that depend on the CRF have not received a fair share of funding increases in the thirty years of CRF steady increases and that these programs are essential and critical to the well being of the elderly and disabled and should be expanded to meet the increasing demand.

Attention is called to the savings generated in programs majorly supported by the CRF including PAAD. The Medicare D Program now subsidizes a major portion of PAAD and Medicaid Prescription assistance, resulting in hundreds of millions of dollars in savings each year from 2006. There have also been hundreds of millions of CRF dollars that have resulted in savings to the general revenue funds when CRF funding increases were allocated to replace the General Fund portion of support for particular programs. In one of the largest increases in CRF funding (in 2004), for example, the CRF increased by \$100 million. That increase largely served to replace the general revenue fund support of two major programs, the Medicaid Personal Care Program and the Medicaid Waiver programs.

As a result, the opportunity to provide additional benefits, and additional funds for critical programs for seniors and disabled was not taken; instead, funds from the CRF served to provide general revenue fund relief. This is indeed an admirable goal, but one must ask: Was this the intent of the Casino Revenue Funds when instituted to be spent solely on the elderly and disabled population of this State? More recently the Medicaid programs supported by the CRF, will be receiving funding assistance from the Federal Economic Stimulus funding that is anticipated to be as much as \$2.2 billion for the State of New Jersey for three years. Since the CRF supports hundreds of millions of dollars in Medicaid program funding, it is reasonable to recommend that the State use less CRF dollars that were needed to support the Medicaid programs, and use freed up CRF funds to address the funding recommendations presented herein.

The point is emphasized that the Commission must speak to the real and crucial needs of elderly and disabled in this State. It is therefore very reasonable that the State consider a reallocation of funds as recommended by the Commission to address critical funding needs of the elderly and disabled. 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 is committed to a review and a detailed assessment of the larger scale CRF funded programs of assistance, with the objective of having services supported that are efficiently, effectively, and purposefully rendered.

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

Respectfully submitted,

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

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

Exhibits and Related Documents

Exhibits:

Casino Revenue Fund Summary & Projection for Fiscal Year 2011-12 (State Budget Appendix, proposed)

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

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

Funding of Selected Casino Revenue Fund Programs
(\$ in millions)

Expenditures

	FY 2012												
	Proposed	FY 2011	FY2010	FY2009	FY2008	FY2007	FY2006	FY2005	FY2004	FY2003	FY2002	FY2001	FY2000
Community Based Senior Programs	\$ 14.7	\$ 14.7	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
⁽¹⁾ Weekend Meals on Wheels	\$ -	\$ -	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.0
Weekday Meals on Wheels	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
⁽¹⁾ Safe Housing and Transportation	\$ -	\$ -	\$ 1.7	\$ 1.7	\$ 1.7	\$ 1.7	\$ 1.7	\$ 1.7	\$ 1.7	\$ 1.7	\$ 1.7	\$ 1.7	\$ 1.6
Transportation	\$ 25.1	\$ 29.1	\$ 30.2	\$ 33.0	\$ 36.9	\$ 34.9	\$ 34.4	\$ 25.3	\$ 25.5	\$ 24.9	\$ 24.8	\$ 25.7	\$ 22.8
⁽¹⁾ Adult Protective Services	\$ -	\$ -	\$ 1.8	\$ 1.8	\$ 1.8	\$ 1.8	\$ 1.8	\$ 1.8	\$ 1.8	\$ 1.8	\$ 1.8	\$ 1.7	\$ 1.7
⁽¹⁾ Congregate Housing Program	\$ -	\$ -	\$ 2.0	\$ 2.0	\$ 2.0	\$ 2.0	\$ 2.0	\$ 1.9	\$ 1.9	\$ 1.9	\$ 1.9	\$ 1.9	\$ 1.9
⁽¹⁾ Respite Care	\$ -	\$ -	\$ 5.4	\$ 5.4	\$ 5.4	\$ 5.4	\$ 5.4	\$ 5.4	\$ 5.4	\$ 5.4	\$ 5.2	\$ 4.8	\$ 4.8
Lifeline	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34.6	\$ 34.7	\$ 32.7	\$ 34.6
Senior Property Tax Relief	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17.2	\$ 17.2

Revenues - Savings and Income

	FY 2012												
	Proposed	FY 2011	FY2010	FY2009	FY2008	FY2007	FY2006	FY2005	FY2004	FY2003	FY2002	FY2001	FY2000
Casino Revenue Funds	\$ 248.2	\$ 257.0	\$ 334.4	\$ 415.4	\$ 416.2	\$ 450.5	\$ 502.3	\$ 499.5	\$ 468.2	\$ 364.8	\$ 364.2	\$ 347.0	\$ 329.6
Lifeline: Savings ⁽²⁾	\$ 34.6	\$ 34.6	\$ 34.6	\$ 34.6	\$ 34.6	\$ 34.6	\$ 34.6	\$ 34.6	\$ 34.6	\$ -	\$ -	\$ -	\$ -
Senior Property Tax Relief: Savings ⁽³⁾	\$ 17.2	\$ 17.2	\$ 17.2	\$ 17.2	\$ 17.2	\$ 17.2	\$ 17.2	\$ 17.2	\$ 17.2	\$ 17.2	\$ 17.2	\$ -	\$ -

⁽¹⁾ Funding for these programs has been consolidated into the Community Based Senior Programs line item beginning with the proposed Fiscal 2011 budget.

⁽²⁾ Lifeline funding transferred to the Board of Public Utilities

⁽³⁾ Senior Property Tax Deduction transferred to Property Tax Relief Fund

CASINO REVENUE FUND SUMMARY AND PROJECTION
(\$ in Millions)

	Fiscal 2005	Fiscal 2006	Fiscal 2007	Fiscal 2008	Fiscal 2009	Fiscal 2010	Revised 2011	Budget 2012
Opening surplus	\$22.7	\$0.0	\$1.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Revenues	\$474.1	\$500.2	\$446.1	\$411.1	\$350.6	\$295.7	\$256.6	\$247.8
Lapses and adjustments ^(a)	\$2.7	\$2.1	\$3.5	\$5.1	\$64.9	\$38.7	\$0.4	\$0.4
TOTAL RESOURCES	\$499.5	\$502.3	\$450.5	\$416.2	\$415.4	\$334.4	\$257.0	\$248.2
MEDICAL ASSISTANCE								
Personal assistance	\$3.7	\$3.7	\$3.7	\$3.7	\$3.7	\$3.7	\$3.7	\$3.7
Home care expansion	\$0.2	\$0.1	\$0.1	\$0.1	\$0.1	\$0.0	\$0.0	\$0.0 ^(b)
PAAD -- expanded	\$309.0	\$276.0	\$205.3	\$220.1	\$209.3	\$128.5	\$78.9	\$54.0
Global Budget for Long Term Care	\$28.0	\$29.3	\$28.7	\$27.8	\$24.5	\$27.6	\$0.0	\$20.0
Community Based Senior Programs	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$14.7	\$14.7
Disability Services Waivers	\$16.5	\$16.5	\$16.5	\$16.5	\$16.5	\$16.5	\$16.5	\$16.5
Respite care	\$5.4	\$5.6	\$5.4	\$5.4	\$5.4	\$5.3	\$0.0	\$0.0 ^(b)
Hearing aid assistance	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1
Statewide birth defects registry	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5
Health and Senior Services Admin.	\$1.0	\$1.0	\$0.9	\$0.9	\$0.9	\$0.9	\$0.9	\$0.9
Personal Care	\$60.1	\$90.1	\$111.0	\$60.1	\$77.7	\$77.7	\$77.7	\$77.7
TRANSPORTATION ASSISTANCE								
Senior citizens and disabled residents	\$25.3	\$34.4	\$34.9	\$36.9	\$33.0	\$30.2	\$29.1	\$25.1
Sheltered workshop transportation	\$2.4	\$2.4	\$2.4	\$2.4	\$2.4	\$2.2	\$2.2	\$2.2
HOUSING PROGRAMS								
Congregate housing support	\$1.9	\$2.0	\$2.0	\$2.0	\$2.0	\$2.0	\$0.0	\$0.0 ^(b)
Safe housing and transportation	\$1.7	\$1.7	\$1.7	\$1.7	\$1.7	\$1.4	\$0.0	\$0.0 ^(b)
Developmental Disabilities	\$38.3	\$32.4	\$31.8	\$32.5	\$32.5	\$32.5	\$32.5	\$32.5
OTHER PROGRAMS								
Home Delivered Meals	\$1.0	\$1.0	\$1.0	\$1.0	\$0.5	\$1.0	\$0.0	\$0.0 ^(b)
Adult Protective Services	\$1.7	\$1.8	\$1.8	\$1.8	\$1.8	\$1.7	\$0.0	\$0.0 ^(b)
Adult Day Care - Alzheimer's	\$2.6	\$2.7	\$2.7	\$2.7	\$2.7	\$2.3	\$0.0	\$0.0 ^(b)
Home Health Aide Certification	\$0.1	\$0.1	\$0.0	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1
TOTAL APPROPRIATIONS	\$499.5	\$501.3	\$450.5	\$416.2	\$415.4	\$334.4	\$257.0	\$248.2
ENDING SURPLUS	\$0.0	\$1.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
GENERAL FUND SUPPORT								
SOBRA for Aged and Disabled	\$220.6	\$205.1	\$161.2	\$166.2	\$178.4	\$186.9	\$186.1	\$190.2
Global Budget and Waivers	\$5.1	\$4.9	\$4.9	\$38.7	\$38.5	\$48.1	\$115.1	\$142.8
Personal Care/Community Programs	\$76.8	\$44.1	\$16.9	\$77.4	\$44.1	\$38.3	\$108.0	\$118.5
Senior Citizens Property Tax Freeze	\$72.4	\$99.0	\$127.6	\$148.5	\$166.6	\$189.3	\$165.6	\$140.4
PAAD -- expanded	\$48.6	\$23.7	\$0.0	\$0.0	\$0.0	\$39.4	\$89.2	\$27.1
TOTAL GENERAL FUND SUPPORT	\$423.5	\$376.8	\$310.6	\$430.8	\$427.7	\$501.9	\$664.0	\$618.9

Notes:

(a) Lapses and Adjustments include Interest Earnings, Casino Simulcasting Funds, and general fund support in years that CRF revenue is less than expenditures.

(b) These programs are now consolidated into the Community Based Senior Programs line item.