

WJ
10
G191
1990

PUBLIC HEARING

before

ASSEMBLY INDEPENDENT AUTHORITIES COMMITTEE

Current and future manpower needs of the casino industry,
the availability of qualified casino employees to meet those
needs and the impact on the casino employee labor pool
of the planned opening of a new casino

March 20, 1990
Open Public Meeting Room
Casino Control Commission
Arcade Building
Atlantic City, New Jersey

COMMITTEE MEMBERS PRESENT:

Assemblyman Jimmy Zangari, Chairman
Assemblyman Joseph A. Mecca, Vice Chairman
Assemblyman Anthony Impreveduto

ALSO PRESENT:

Assemblyman Fred Scerni, District 2

Edward P. Westreich
Office of Legislative Services
Aide, Assembly Independent Authorities Committee

* * * * *

Hearing Recorded and Transcribed by
Office of Legislative Services
Public Information Office
Hearing Unit
State House Annex
CN 068
Trenton, New Jersey 08625

New Jersey State Library



JIMMY ZANGARI
CHAIRMAN
JOSEPH A. MECCA
VICE-CHAIRMAN
ANTHONY IMPREVEDUTO
CHUCK HARDWICK
JOHN S. PENN

New Jersey State Legislature
ASSEMBLY INDEPENDENT AUTHORITIES COMMITTEE
STATE HOUSE ANNEX, CN-068
TRENTON, NEW JERSEY 08625-0068
(609) 984-7381

NOTICE OF PUBLIC HEARING

The Assembly Independent Authorities Committee will hold a public hearing on the following legislation:

AR-80 Requests the Casino Control Commission and the
Zangari/ Division of Gaming Enforcement to prepare a report
Impreveduto for the Assembly Independent Authorities Committee on
certain casino industry manpower issues.

The hearing will be held on **Tuesday, March 20, 1990 beginning promptly at 10:00 A.M. at the open public meeting room, Casino Control Commission, Arcade Building, Tennessee Avenue and the Boardwalk, Atlantic City.**

The hearing will focus on the current and future manpower needs of the casino industry, the availability of qualified casino employees to meet those needs and the impact on the casino employee labor pool of the planned opening of a new casino.

The Committee has invited testimony from the following:

- 1) Casino Control Commission
- 2) Division of Gaming Enforcement
- 3) Casino Association of New Jersey
- 4) Casino and Gaming Employees of New Jersey

Those scheduled to testify at the public hearing should provide a copy of their proposed testimony to the committee at least three days in advance of the hearing. Oral presentation at the hearing shall be limited to a brief summary of the statement and responses to questions by the committee. Those wishing further information on the public hearing should contact Edward P. Westreich, Office of Legislative Services, at (609) 984-7381.

TABLE OF CONTENTS

	<u>Page</u>
Commissioner Valerie H. Armstrong Acting Chair Casino Control Commission	1
Anthony J. Parrillo Director Division of Gaming Enforcement New Jersey Department of Law and Public Safety	11
Thomas C. Carver President Casino Association of New Jersey	19
Jack Williams President Casino and Gaming Employees of New Jersey (CAGE)	25
Assemblywoman Dolores G. Cooper District 2	30
Fred Gushin Citizen	59
APPENDIX:	
Statement and charts submitted by Commissioner Valerie H. Armstrong	1x
Statement and charts submitted by Anthony J. Parrillo	23x
Statement submitted by Thomas C. Carver	43x
Statement submitted by Jack Williams	51x

* * * * *

ASSEMBLYMAN JIMMY ZANGARI (Chairman): Good morning. This morning we are privileged to be here in Atlantic City. And to begin the proceedings this morning I'd like to have Assemblyman Scerni from the 2nd District here -- the representative of this beautiful town -- to give us the welcome.

ASSEMBLYMAN SCERNI: Thank you, Mr. Chairman. On behalf of the people of the 2nd Legislative District, let me welcome you, Mr. Chairman, and the members of this Committee, to Atlantic City. As this Committee is well aware, during the coming years you'll be called upon to make decisions of substantial import to the casino industry and to this city.

Those of us who live in the 2nd Legislative District truly believe that those decisions can best be made when the Committee has an operating understanding of what this city and what this industry is all about. We feel that the city should be part of any decision making process. To best understand the challenges of the industry, to best understand the challenges of the redevelopment of Atlantic City, the people making the decisions should visit in Atlantic City and see what the industry and the city is all about.

In that regard, Mr. Chairman, I congratulate you on bringing this hearing to this city. I look forward to future such meetings, and would welcome you to our city and our county. Thank you.

ASSEMBLYMAN ZANGARI: Thank you very much, Assemblyman Scerni, for your kind welcoming remarks. At this time I'd like to call on the Acting Chairman of the Casino Control Commission, Valerie Armstrong.

COMMISSIONER VALERIE H. ARMSTRONG: Good morning, Mr. Chairman and members of the Committee. We'd like to welcome you to Atlantic City, and I would like to commend the Committee for coming here today to hear the views of the people who are directly involved with the casino labor

force. And we certainly hope that today will be the first of many visits that you will make here to explore the complex issues surrounding the casino industry.

The Casino Control Commission has worked diligently in cooperation with the Division of Gaming Enforcement to prepare information which addresses the specific concerns outlined in Assembly Resolution No. 80. Your focus on the current and future manpower needs of the casino industry, the availability of qualified casino employees, and the impact on the casino employee labor pool of the opening of a new casino is extremely timely.

Much of the information we will provide to you today has been derived from the Commission's licensing records which have been maintained by this agency for the past 12 years. The information is accurate and documented.

And I mention that because inevitably this Committee, as it should be, may be asked by various groups or individuals to consider certain amendments to the Casino Control Act's licensing requirements, due among other things to a real or perceived labor shortage,

The level of integrity which exists today in the Atlantic City casino industry is attributable to highly effective regulation and a critical component of that integrity is the licensing system. We must never assume that once integrity is established, it cannot be impaired. Regulators will continue to require the highest level of integrity. We are not opposed to listening to sensible arguments for amendments to the regulatory structure which could result in more effective regulation. However, any request for change must surely be clearly and factually justified by its proponent, must leave no doubt that integrity will be preserved if not enhanced, and must also take into account the very unique nature of the industry. It is important to remember

that the casino licensing structure was put into place for the protection of the employees, the protection of the public, and for the protection of the industry.

My purpose today is not to advocate, oppose, or debate anticipated requests for changes to the Casino Control Act, but rather I will give you a general sense of the history of casino employment from the opening of the first Atlantic City casino, up to the opening of the Taj Mahal next month. Ultimately we will provide you with a final written report which will, of course, contain considerably more detail.

As most of you know, the Taj Mahal Casino Hotel is scheduled to open its doors on April 2. This facility will offer 120,000 square feet of casino space, and to be realistic about that, that's about the size of two football fields. The facility will have 1250 hotel rooms, 148,500 square feet of meeting and exhibition space, as well as numerous restaurants and lounges. This structure will not only be the largest casino in Atlantic City, it will also employ more people than any other.

Discussions about the impact of this opening on the region, the city, and the rest of the casino industry covered a variety of topics. However, considerable attention was devoted to the labor force issue. And you will be hearing more about the Taj opening from the Division of Gaming Enforcement.

It may be important for you to consider today's discussions in the context of the entire socio-economic picture of labor needs and demands in the area, the State, and this entire section of the country. The rate of growth of the economy and the demographics of population trends are issues which should be factored into any discussion about the changing face of the labor market. They may not necessarily be unique to the Atlantic City experience.

The good news, however, for many is that there are jobs available both within and outside the casino industry.

In fact, the creation of jobs for New Jersey workers was one of the promises offered, to support the case for what was then commonly referred to as the casino "experiment" in Atlantic City. When the first casino opened in May of 1978, approximately 3200 people were employed in the industry. Today, with the opening of the Taj Mahal just ahead, we estimate that the employment figure for April 1990 will approximate 52,000 full- and part-time workers. And we have provided you all with a chart which we refer to as Chart A. That chart details the development of casino employment on a quarterly basis over the last 12 years. This total includes individuals who are employed in any capacity in a casino hotel facility. As some of you are aware, the Casino Control Act provides for four categories of employment; hotel registrants, nongaming casino employees, gaming related casino employees, and key employees.

As impressive as the numbers reflected in Chart A may be, there are other details which should be factored into your review. Casino Control Commission records indicate that as of January 1990 -- and I am specifically referring to Chart B -- approximately 130,000 licenses or hotel registrations are active. That means that their holders are enable to work in some capacity in the industry. However, I should offer at least one word of caution here: Individuals may be counted more than once in this total if they have more than one license. Hotel registrants once in the system remain forever and are not as easily tracked as licensees. However, what is really important here is that we recognize in April of 1989 that 23,300 casino key and casino employee licensees were working in the casino industry. That number does not include hotel registrants, only those who hold licenses. However, our records indicated that 40,975 individuals held active licenses. The Commission decided that it might be helpful to find out if those with active licenses wanted to work in the casino industry and if not, why not?

Consequently, the Casino Control Commission in cooperation with the Casino Association, developed a questionnaire, which we refer to as the ACE Survey. And this questionnaire was sent to individuals licensed by the Commission who were not currently employed in the casino industry. The primary purpose of that survey was to match individuals who are licensed by the Commission, but are unemployed in the industry, with those casino hotels who are recruiting employees. The second goal of the survey was to acquire data which could be used in analyzing why these individuals were not employed by an Atlantic City casino hotel.

We mailed the surveys last November to approximately 14,500 persons. Ultimately 5100 surveys were returned with approximately 1400 persons indicating they would like to be contacted for casino employment. Their names and addresses were ultimately released to the Atlantic City casino industry.

To date, the Commission has been notified of only 26 individuals who have obtained employment in the Atlantic City casino hotel industry as a result of the ACE survey. However, I should note the Commission is awaiting further placement information from the casino industry, and that number may be different today.

If we recognize that more people have come through the licensing system than are employed -- and I think it's interesting to note that since 1978 the Commission has issued 178,000 licenses and registrations -- last year alone we issues 14,2000 licenses and registrations. And when you consider those numbers, I think it's important for the attention to then move to the turnover trends in the casino industry. An analysis of the employee turnover issue in the casino industry was prepared by the Commission's Division of Affirmative Action and Planning in August 1988. Updates of that report estimate that there is an annual casino labor force turnover of approximately 52%, or 20,000 positions per year.

Due to the lack of an exit interview procedure at the facilities involved in the study, it was impossible to determine the underlying root causes for the turnover problem. For example, excessive absenteeism may have been an identified cause for termination but the underlying cause could have been related to a host of other problems including better opportunities outside the industry, lack of upward mobility, unhappiness with work hours, lack of day-care programs, and problems with transportation, just to name a few.

In a cooperative effort to address this concern, the Commission, the Division of Gaming Enforcement, the Casino Association, and labor leaders have met to work toward the development of a proposal to respond to the problem. Complete details of this project will be incorporated in our final report.

The Commission has also compiled data about the home counties of casino employees. Not unexpectedly, the statistics indicate that more casino employees -- approximately 31,711 -- live in Atlantic County than any other. And you may find it interesting to note that over 10,000 residents of Atlantic City are also employed in the industry. Camden County, Cape May, Cumberland, and Ocean County are close competitors for the number two county spot. Proximity to the workplace appears to have a direct impact on the decision an employee makes about where he or she wants to work. Complete copies of this report will, of course, be provided to you.

As you specifically focus on the impact the opening of the new casino will have on the casino employee labor pool, it may be helpful to recognize how much has been done in anticipation of this event. As I indicated earlier, the Division of Gaming Enforcement will detail most of this for you in its presentation.

The Commission has attempted to foresee the needs of a changing work force environment and has utilized creative

attempts to address the labor needs of the region. Under the direction of Commissioner Pat Dodd and with the participation of several other Commission members and staff, several committees have been developed with new approaches in mind.

In cooperation with the casino industry, the Casino Association, and the Department of Labor, the Commission established an Older Workers Committee to see if the casino industry could tap into the available resource of older workers living within a one hour drive of Atlantic City.

Also, the Older Workers Committee in cooperation with NJ Transit is exploring the concept of expanding the existing bus service from Dover Township to better accommodate the casino shifts. A pilot program for feeder service between the villages and the transit lines, with funding through the Casino Revenue Fund Program and other options such as car and van pools are being explored.

Two job fairs for older workers were recently held. A total of 1600 job applications were received in one day and more than 400 follow-up interviews were scheduled.

The details of the results of these efforts will be included in our final report.

As you continue this hearing today, please be assured that the Casino Control Commission will be following the presentations very closely. I pledge to you our full cooperation and look forward to additional opportunities to meet and work with you. I hope you have found this presentation helpful. My staff will be available to address any concerns you may have as your day progresses, and I thank you for this opportunity, Mr. Chairman, to appear before the Committee. It was a pleasure.

ASSEMBLYMAN ZANGARI: Thank you very much, Valerie. It's certainly a pleasure to have you here. Let me just digress for a moment. I thought that you were just going to give us also a welcoming and let me give my opening remarks, and then I'll have Mr. Parrillo come aboard.

At the outset, my Committee members, our staff, and I would like to thank our host, Valerie Armstrong, the Acting Chair of the Casino Control Commission, other commissioners and their staffs who were so helpful in making this meeting possible. I'd like to make it clear that although this is the first visit of the Assembly Independent Authorities Committee to Atlantic City, it will not be our last.

This is also our Committee's first public hearing. The fact that it's being held here in Atlantic City is no coincidence. I wanted to send a very strong message to the citizens of this city, and this county, and to the Casino Control Commission that we intend to be responsive to their problems, their goals, and ideas. We want to be on record as stating that we are as concerned about the problems of the people on Pacific Avenue as we are about the problems of the people on the Broad Streets or Main Streets of Camden, Elizabeth, Paterson, Passaic, Jersey City, or Newark. Debate and creative ideas are welcome in this Committee, and partisan politics are not.

I've been in the Legislature 12 years, and I am well aware that the process of progress can sometimes seem very slow. No one knows that better than the people of Atlantic City. But I believe that if we properly use the talent and resources gathered in this room today, we can redress many of the inequities that have been put on the back burner for far too long.

In order to achieve truly dramatic achievements, we must all row the boat in the same direction, and it is my intention to do just that. We all agree that more needs to be done to ensure that the casino industry remains viable. We all agree that more needs to be done if we are to bring about true partnership between the State, the city, the county, and the authority that make Atlantic City into a world class resort.

Through Assembly Resolution No. 80 I have asked the Division of Gaming Enforcement through Mr. Parrillo, and the Casino Control Commission through Ms. Armstrong, to provide information, which in its final form we will use to prepare a working document, implementing some real tangible solutions. The specific purpose of today's meeting is to discuss the manpower situation in Atlantic City. Please bear this in mind as you present your testimony.

This is not a glamorous casino topic, but it does provide a solid base for an in-depth exploration of the problems which face Atlantic City and the industry. If we can suggest some answers as to why jobs are going begging in Atlantic City, while our State has a 5.2% unemployment rate, I think we will be well along in our examination of the overall root problem.

Let me take just a minute of your time to give you some of my own personal thoughts on the manpower situation. I've spent the past six years on the Assembly Appropriations Committee. Through that appointment I've learned the importance of targeting our limited resources in the most efficient manner possible to deal with a particular problem. That is what I would like to see here; a meaningful targeting of resources and a plan of attack that will lead to measurable success. For example, we all know that the Department of Labor has job training partnership programming, the Department of Human Services has a REACH program, the Department of Higher Education has tuition aid grants, and the Department of Community Affairs has an urban woman center as well as training programs for displaced homemakers.

I don't want to create a new -- entire new programs, which in many cases just duplicate what we already have in place. I don't want to reinvent the wheel. I want to be able to put the existing pieces together to make the wheel turn straight.

I'm particularly interested in suggestions as to how we can use the interagency approach to some of the industry's standard concerns and problems such as turnover, employee burnout, real or perceived low pay scales, the cost of licensing, etc.

Today we are on a fact-finding mission. Our sole purpose is to listen to your views and to gain a working knowledge as to how our Committee can help the State fulfill its commitment to the people of the city.

Just a few ground rules. Our schedule is tight and I want to get to everyone and give the Committee ample time to ask the presenters questions, so please keep your testimony as brief as possible. Again, please limit yourselves to the manpower topic. I promise you that other issues will be addressed at future hearings. I will not allow any exchange of dialogue between the witnesses during the public meeting, and only members of the Committee will be permitted to ask questions.

Finally, anyone who was not able to meet the deadline for written testimony, who has their testimony with them today may present it to Mr. Westreich on my right, for inclusion in the public record at the end of the hearing.

I'd like to introduce my Committee members: Assemblyman Anthony Impreveduto of the 32nd District, from Hudson County; and my right arm on the Committee, Vice Chairman Joe Mecca of the 34th District in Passaic County. And I'd also like to introduce our staff, Mr. Ed Westreich of the Office of Legislative Services, who is truly the backbone of this Committee; Laurie Clark my Executive Assistant, who does more of my work for this Committee than I care to admit publicly; Jay Malanga, of my staff; and Rosanne Persichilli of the Assembly Minority staff. Well, we're here to work. Let's get to it.

ASSEMBLYMAN IMPREVEDUTO: Ed Carmen, you forgot.

ASSEMBLYMAN ZANGARI: And Ed Carmen of our Majority staff. I think I've seen Assemblywoman Dolores Cooper here.

I'd like to acknowledge Dolores Cooper. Dolores, we're going to follow a format, and everyone that is here, including Assemblyman Scerni, will be allowed to speak on the subject of manpower as we go on. Right now we're going to call on the Gaming Enforcement Commission, Tony Parrillo. Valerie, you could sit next to him, or you could wait and come back after he finishes, then we'll let the Committee ask some questions at the end.

A N T H O N Y J. P A R R I L L O: Mr. Chairman, members of the Committee, good morning. On behalf of the Attorney General and the Division of Gaming Enforcement, I would like to thank you for the invitation to appear here today to discuss what I consider to be one of the most critical issues facing casino management in the 1990s: That is the manpower and staffing needs of the casino gaming industry in what may very well have become a strained and dwindling labor market.

As you know, Mr. Chairman, the Taj Mahal is scheduled to commence operations on April 2, 1990 and we are currently in the process of reviewing controls, inspecting gaming equipment, reviewing surveillance procedures, and most importantly for our discussion today, processing employee licensing applications. Obviously, one of the most critical components of a successful opening and of a successful ongoing operation, is an adequate labor supply; that is having enough people available to staff Atlantic City's gaming halls.

Mr. Chairman, employment opportunities and the creation of new jobs are one of the major success stories of casino gaming. Twelve years after its inception, there is, today, a total of 44,994 individuals directly employed in the gaming industry. In addition, tens of thousands of other individuals are employed by industries that directly or indirectly service the casinos -- by construction companies, by

subcontractors. And finally countless new jobs have been indirectly created as a result of the casino industry boom here in South Jersey.

So the good news is that there are jobs aplenty. The bad news is that there doesn't seem to be enough people to fill them. And fueled by the casino boom, the expansion of positions has far outpaced the waning supply of workers, the so-called "baby bust" phenomenon, resulting in what some experts say is now a real labor shortage. Indeed, not only are hotels and tourism among the major areas of job growth statewide, but the geographic area with the highest increase in the 1980s has been Atlantic County with a 92% growth rate. Excluding the more than 7200 positions created by the Taj Mahal, we are being told that right now there may be an estimated 1000 to 2000 casino hotel job openings.

To date, the regulatory process has been able to provide a pool of licensed individuals available for employment in the casino gaming industry. From the start of casino gaming through 1989, the Division has processed, investigated, and reported upon 4278 casino key employees, 73,766 casino employees, and about 100,000 individuals who have been registered as casino hotel employees. This constitutes compelling proof that the regulatory system works, and works well.

Since the early casino openings, the Division has monitored staffing trends in the industry. I think it is important to note for present purposes that every casino since the opening of Resorts in May 1978 has recruited from other operating casinos in Atlantic City. That is not a new phenomenon.

I would, however, like to take a minute to focus on the last three casino openings: the Plaza, Trump Castle, and the Showboat. The Plaza opened in May of 1984 under the partnership of Donald Trump and Harrah's. Despite the fact

that it was the first casino to open in some 30 months since TropWorld Casino opened in November 1981, and despite the fact that there appeared to be sufficient time for the labor market to have stabilized after the opening of the first nine casinos, in fact, we saw a bidding war develop for certain categories of casino employees. For example, in the position of slot attendants and tellers; some casinos offered bonuses to workers to stay at their facilities, and other casinos offered bonuses to attract casino employees from other facilities. One casino even offered as high as a \$1000 sign-up bonus to attract slot attendants.

When Trump Castle opened in June of '85 and the Showboat opened in April of '87, there continued to be significant competition among the casinos for employees. Newspaper articles in 1986 and 1987 addressed the perceived negative impact that the opening of the Showboat would have on the employment situation for the rest of the industry. Similar to now, there were doomsday scenarios forecast. As we know, however, nothing drastic happened and the industry was able to adjust accordingly. Chart two demonstrates how many people were actually recruited by both the Castle and Showboat from the other operating casinos when they opened. I believe that the Committee has a set of these charts which are on the overhead projector. And to give you an idea, if-- Well, just to go back, of course, to chart number one which we hadn't discussed-- I think Valerie took care of that in her testimony. But you see, from a Resorts opening with 3200 employees, we go to the Trump Taj Mahal with 5200. And the biggest growth years appear to be, of course, 1980 and 1984.

One interesting thing though: After the Showboat opened -- and of course there hadn't been another opening until the recent Taj Mahal -- we still see the employment statistics up. That is, again, without any interim casino openings, and

we attribute that, of course, to expansions within the industry; expansions of existing facilities and casino floor space.

But going to chart II, in terms of a historical perspective; with Castle and Showboat we see that the percentages that they took from other casinos, and we see certain categories, obviously, of greater numbers than others. But I bring this to your attention, because later on in my remarks I will be talking about some of the unwritten standards we use to gauge the Taj's recruitment efforts, and how they compare, of course, with prior efforts.

Between the opening, as I said, of the Showboat Casino in 1987 to the present, there were certain interim developments, such as the TropWorld expansion and Bally's new Hotel Tower, that some will say have strained an already dwindling labor market, and these expansions, coupled with the State's robust economy of the '80s suggest that the casino may have just very well have tapped out locally and must start looking elsewhere for solutions. Of course, the farther geographically the search extends, the greater it seems the traditional barriers to employment in Atlantic City's casino industry become. For example, the work hours and the schedules, the pay levels for entry level positions, perhaps the lack of day-care and transportation; all of this contributes, of course, to the difficulty of recruiting outside the local market and also helps to explain the high rates of staff turnover in the casino industry.

With this as background, let me explain how we, as regulators, approached the opening of the Taj Mahal. From previous experiences, we recognized early on the significant impact of the Taj Mahal on the overall employment situation in Atlantic City, especially since its mammoth size would require far more workers than needed to staff any other facility in town. Considering the crunch already evident in the job-rich

casino industry, it was all the more important that the regulators take an active role in trying to minimize the impact of the Taj opening on the rest of the gaming industry.

Beginning last May, we developed a two track approach relative to the employee licensing and staffing needs of the Taj Mahal Casino.

First, Division representatives periodically met with the Taj executives and explained to them that wholesale recruitment from existing casinos would have a detrimental impact on the rest of the industry. We explained to the Taj that to recruit whole departments away from existing casinos or cause serious staffing disruptions for the rest of the casino industry may be violative of the letter and the spirit of the Casino Control Act. We further explained that the levels of staff recruitment utilized by the Castle and Showboat would serve as unofficial guidelines and yardstick against which "an adverse impact" might be measured. I should note that Taj Mahal executives understood our concerns, and I believe they acted, at least to date, in a responsible manner.

On another track, the Division also offered to expedite the processing of individuals recruited by the Taj from outside the industry as an incentive to expand and extend management's labor search.

Chart III depicts the Taj Mahal staffing needs, and it depicts the number of priority applications submitted by Taj to the Division for processing.

The chart shows that the Taj will have ultimately 7200 people working in the facility. About 1550 employees have been submitted already by the Taj Mahal through the licensing process. These are, again, individuals who have not previously been licensed and presumably are either from outside the industry or, if inside, have been promoted or upgraded into positions requiring licensure. That leaves about 5650 people still necessary to staff the facility. Of this number, Taj

recruited 1294 casino keys and casino employees from the rest of the industry, at least as of December of '89. The remainder of the Taj's gaming staff are comprised of individuals who are licensed but not working in the industry. With respect to hotel registrants, the Taj anticipates a staffing level of approximately 3500 with a minimum, at least by our calculations, of 710 recruited from outside the industry.

Now, we also sat down with the industry collectively, in various committee meetings, and also independently on an individual basis. We informed the industry that, as a practical matter, they would obviously be losing staff to the Taj Mahal. The Division told each of these houses that they would be well served to begin planning far in advance of the opening how they will backfill their staff recruited from the Taj.

In an effort to manage and control what could have been a serious situation, the regulators have kept close tabs on the employee staffing situation within the entire industry. We have carefully tracked the movement of employees from house to house and kept the industry abreast of our findings. Beginning in early December of '89, the Division notified each casino licensee of their likely losses by position as a result of the Taj recruitment. And, of course, that's all graphically illustrated. The final results, at least to date, are illustrated on chart III. This permitted the industry to plan for the backfilling for gaming related positions in each of their houses. A second report was sent to the industry in early February of '90 which updated the losses as a result of the Taj opening. The key to managing the staffing situation in the industry has been, at least in my opinion, maintaining close communication with all parties during this time. Lastly, the Division has prioritized applications for each house in its efforts to backfill these positions that were lost as a result of Taj recruitment.

While there are still several variables that may change the Taj Mahal employment situation, I am optimistic that this situation has been successfully managed to date with minimal detriment to the industry. In addition to prioritizing employee licensing applications, the regulators have worked closely with the industry in a variety of projects designed to process potential employees through the system as expeditiously as possible. Division representatives attended various job fairs throughout the State to explain the investigative process to prospective employees. In keeping pace with the casinos' efforts to recruit from more distant locales and to facilitate the processing of these employees, the Division has sent our fingerprint people to locations within and outside of the State where at least 25 people would be hired to work by one or more casinos. For example, our fingerprinters have accompanied Taj Mahal recruiters to Newark and Camden as they recruited people to work in the hotel. And finally, here in Atlantic City we have expanded the hours of our identification unit on a daily basis and initiated Saturday hours on an as-needed basis.

Several other programs should be mentioned at this point. The Division has for the last several years permitted each of the casino licensees to submit individuals recruited for summer employment for expedited or fast track treatment, to ensure heavy seasonal needs are satisfied. Over the course of the last several years, we have processed over 1800 such applications. In addition, the Division has worked with several JTPA programs in the South Jersey area. Our efforts here have been directed to participants of the JTPA programs, sitting down with job counselors so that they understand the investigative process. Between 1987 and 1989, the Division processed over 3200 of these applications. In total, these two programs have brought an additional 5000 employees into the industry on a priority basis; and that's evident in chart V -- chart IV, rather.

Despite the efforts of the regulators, you will no doubt hear today from those who fault the licensing process for the labor shortage. I must respectfully disagree. Individuals applying for licensure with clean backgrounds are now being processed through the Division's employee licensing investigative process within 45 days. This alone should considerably ease pressures on the employment situation and ensure that those individuals recruited by the casino industry can begin work on a timely basis. Of course, hotel registrants can go to work almost immediately; that is, within 48 hours of receiving a hotel registration.

To blame the licensing system for chronic labor shortages is to ignore the real problem at hand and make it more difficult to come to grips with it. The industry simply may have tapped out locally and must have to look elsewhere for solutions. And these solutions, it may now appear, lie in new and more innovative approaches to recruiting and maintaining its work force.

Sizing up new labor pools, casino employers have to aggressively recruit off-site and at public schools, colleges, inner city street fairs, and job banks to spark some interest in their business. And once the workers are hired, these same employers must make every effort to retain them through upward mobility programs, training, promotions, and other career development opportunities.

These are, by no means, simple solutions, but if they are ignored, the labor shortage may ultimately become a crisis which affects quality of services, patronage, and ultimately revenues. One of the problems with waiting around until then is that we may very well have lost a generation of workers in the meantime.

I want to thank this Committee for its time and its attention, and I will remain available should any of the members have any questions. Thank you very much, Mr. Chairman.

ASSEMBLYMAN ZANGARI: Thank you, Mr. Parrillo. I want to bring up Tom Carver from the Casino Association. Tom Carver, would you come up, please? And then we'll have Valerie and yourself, Tony.

MR. PARRILLO: Sure, I'll be here.

ASSEMBLYMAN ZANGARI: With Mr. Carver is William Murtha, Counsel to the Casino Association.

T H O M A S C. C A R V E R: Yes, on my right, Mr. Chairman, is Patrick Killian who is the Director of Industry and Economics for our Association. Good morning.

ASSEMBLYMAN ZANGARI: Good morning.

MR. CARVER: Mr. Chairman and members of the Committee, thank you for the opportunity to appear at today's hearing. The industry is very pleased and encouraged at the interest shown by your Committee and the current administration to focus on the needs of the Atlantic City region and the casino industry. We appreciate you taking your time out of your busy schedules so early in the 1990 legislative term to come to Atlantic City and meet with us.

The manpower needs of the casino industry have always been a top priority and concern to all of us. Since the days when the first casino opened in 1978 to the present, casino executives have constantly searched for and implemented new programs to expand the pool of employees from which to draw. It is a great credit to the industry's human resources departments that we have been, to a very large extent, able to fill our manpower needs in an ever growing industry in a region which was sparsely populated when casinos first came here. In fact, when one thinks of the tremendous regional growth which the casino industry has generated in the past 12 years, and the non-casino job opportunities which have been created as a result of that growth, the success of our programs is even more amazing. Today the industry directly employs 45,000 people and will employ over 53,000 upon the opening of the Taj Mahal.

What were once personnel offices taking in employment applications, are now full-blown human resources departments with services not only geared towards global recruitment, but also emphasizing intensive training, upward mobility, and management intern programs and employee retention. For example, most houses currently have in place new hire orientation programs, basic skills training, English language training, cultural diversity, and guest services training. The costs of these efforts in terms of administration has been tremendous. The industry's human resources budget for 1990 exceeds \$12 million with one-half of that going towards recruitment efforts. Correspondingly, salary and benefit costs for the industry have grown by leaps and bounds, exceeding \$1 billion in 1990. I could go on with the numbers, and will come back later to elaborate upon some of our manpower programs, but I'd like to first get more to the point of what brings us here today.

I have read Assembly Resolution No. 80 introduced on March 1, 1990 by several of the Assemblymen on this Committee. It calls for the Casino Control Commission and the Division of Gaming Enforcement to work jointly to prepare and submit a report to the Committee on the current and future manpower needs of the casino industry as we enter the 1990s, and the resources available to meet those needs. I applaud the Committee for its interest and look forward and anticipate the future needs of this vital State industry and your desire to do what needs to be done to ensure its future success and stability. I hope that, should such a report be produced by the regulators, that you will provide the industry with the opportunity to review it and supplement your information with the industry's input.

The Taj Mahal is opening next month. I hope that you will have an opportunity to see this property while you are here today. It is truly spectacular. More importantly, the

Taj has already significantly contributed to the economics of New Jersey and our region by the \$1 billion in construction investment, thousands of construction jobs, and tax ratables which have resulted from its construction. The industry hopes that the Taj Mahal will be the springboard into the '90s, spurring new growth and job opportunities in Atlantic City and the region.

When any new property opens, there is cause for a concern throughout the industry about available manpower. We know that employees will be leaving existing properties to go to the new property for new opportunities or for just a fresh start in a new environment. We also know that there will be another major industry employer vying for new employees in a shrinking labor pool. The Taj, as of last week, had made over 8000 employment offers and expects to employ some 7200 people.

The reality of the Taj opening has been an event actively planned for by the other houses in terms of manpower needs for months now, if not longer. The existing operators during this period have assessed their current organizations and anticipated needs, have reinforced employee retention programs in an effort to keep experienced employees, and are actively recruiting to fill existing openings due to the Taj opening.

At any given time it has been estimated that there are between 1000 and 2000 job vacancies throughout the industry. Pat, do you have that piece of paper with you? I'll just take time out for a second, if I may, to show you. I'll leave this with you, but this is an ad which ran in Sunday's newspaper, our local newspaper, The Atlantic City Press. It's replicated on virtually a weekly basis. It goes on for -- into the second page, and it advertises varieties of jobs; behind the scenes, in front of the house, security, dealers, etc. This is on an annual basis, Mr. Chairman -- I'm sorry, on a weekly basis -- 52 weeks a year. Of course, this has been somewhat exacerbated by the opening of the Taj.

In the summer and upon opening of new properties, the number of vacancies increases. As I mentioned, the effort to fill the gap intensifies upon the opening of a new property. One of the problems or realities which makes the effort difficult is the requirement to license employees prior to putting them to work. This is especially true in the area of certain casino employees who are ineligible for temporary licensure. With this group of employees, licensing takes, on the average, three to four months to complete. I should say -- and I want to make it very clear -- that the regulatory bodies have worked very carefully with us and very closely with us to limit the amount of time that licensing takes place, and we're thankful for that.

But the problem is threefold: 1) the inability to timely put to work those prospective employees who desire to work and be licensed; 2) the inability to recruit many qualified individuals who could be licensed, simply because they cannot afford to wait three to four months to get a license and, thus, take other jobs outside the industry; 3) and perhaps even most important, the resulting millions of dollars in salary costs incurred by the industry due to payment of overtime wages in job categories such as coin handlers, cage cashiers -- and security personnel. I would also point out -- which is not in the testimony -- that one of the major problems and differences of opinion, very frankly, between us and the regulatory bodies on this singular issue, is the fact that in our judgment, the type of people that we're talking about -- the entry level people that we are talking about -- more often than not, are not the type of people who will wait two, to three, to four months to be licensed. They will merely walk down the street, or they go elsewhere for jobs, but we lose them.

We anticipate getting back to your Committee shortly on our proposals involving temporary licensure for an expanded

number of individuals. We would urge the Committee to actively examine this area and institute reforms where appropriate.

Along these lines I should say that we -- the industry and the regulators -- are actively examining job titles across-the-board in an attempt to achieve uniformity in licensure of positions from property to property and downgrading of certain license categories where appropriate and consistent with the existing statutory mandate. At this point the industry is nearing completion of an analysis and will submit to the regulators a listing of some 50 positions which we feel can be downgraded, thereby enabling temporary licensing or, in some cases, hotel registration.

Another area which we should all take a look at is the residency requirement established for certain employees by the Casino Control Act. It may be that the current residency requirement in place for 12 years has served the main purpose of generating employment in the casino industry for New Jersey residents. At this point we may have enticed, as Director Parrillo alluded to, all of the existing eastern Pennsylvania, Delaware, and New York residents within commuting distance into the State that we are going to be able to achieve, and we can try to close the gap in our job vacancy problems by extending job offers to those non New Jersey residents who live near our borders. The Association has not formulated a position on this. I raise it here because it's the opportune time to do so, and it's something we should all start to take a close look at.

As I mentioned earlier that the industry's human resources departments, along with Association and the regulatory bodies in certain instances, have been aggressively working to close the gap on manpower needs. Some of these efforts are as follows: Job fairs throughout New Jersey and the region, extending as far away in some cases as West Virginia and Ohio. A survey has been mentioned previously of

approximately 14,500 licensed individuals who are currently not working in the industry, to determine if they would be interested in casino hotel employment. So far over 3000 have responded and approximately 1400 have expressed an interest in employment. Extensive efforts in target areas to attract older workers to industry employment, particularly in Ocean County-- Formation of an ongoing committee to recommend methods to reduce employee turnover-- And at this point I would like to again, thank the members of the Commission, pointing out that Commissioner Pat Dodd has been the main thrust in bringing us all to the table on these efforts. But he's been joined by other members of the Commission and Acting Chair Armstrong, and we just congratulate them for that effort. We think it's been excellent.

Coordination with the State Department of Human Services to employ welfare recipients: Through 1989 more than 1000 welfare recipients were employed by the industry through nationally recognized Atlantic City casino demonstration program called REACH. Outreach efforts with colleges, community colleges, and high schools to improve awareness of opportunities available in the industry, and to create curriculum geared toward those opportunities-- In this light, we have been talking with the Stockton State people. We have also begun the preparation of some materials which will be used for coordinated recruiting throughout the industry with the high schools and the colleges in the area.

Continuing analysis of transportation systems to bring employees into the area and coordination with the State, county and municipal transportation agencies: Again, I would digress just for one second. You heard before that the figures projected for New Jersey Transit haven't materialized at this point. Sometimes in our haste to do things, we fail to recognize the interrelationships between events and between circumstances. The vast majority of our people live in

Atlantic County. The vast majority of the people who will work in this industry will always live in Atlantic County. It's a direct contradiction of some of the projections which were handed out initially with respect to the railroad service. The railroad is going to take time to develop. We believe it can become an excellent commuting tool, not only for our people, ultimately if we do some other things, but also for people going back -- reverse commuting into Philadelphia. So we hope that the Legislature, with the administration, will give that railroad time to develop.

In summary, I'd like to reiterate that the most important thing that can be accomplished today -- and which has been started today -- is the opening of a dialogue between your Committee, the industry, and the regulatory bodies. It is important that we look to the future, plan for the future, and make the changes today that are necessary for future success and growth. Thank you very much.

ASSEMBLYMAN ZANGARI: Thank you, Tom. I'm going to go off the schedule a little bit. We have Jack Williams, President of CAGE, Assemblywoman Dolores Cooper, and Assemblyman Fred Scerni. Their presentations are very short. And then we'll get into the questions of everyone here. Mr. Williams-- While I'm waiting for Mr. William to come up, I'd like to recognize Chairman Dave Walters, Commissioner Ken Burdge, Commissioner Jim Hurley, Senator, and Senator Pat Dodd, Commissioner.

Thank you.

JACK WILLIAMS: Good morning, Mr. Chairman.

ASSEMBLYMAN ZANGARI: Good morning.

MR. WILLIAMS: Members of the Committee. For those of you who don't know me, my name is Jack Williams. I am a dealer of casino games in Atlantic City. I've been dealing for almost ten years now. I'm also head of an organization we organized call CAGE, which is Casino and Gaming Employees of New Jersey.

We are a group of nonunion-- We're a group of nonunion and a voluntary organization. Our main objections are strictly to help affect legislation, especially with the Casino Control Act, that would help the dealers or the employees of Atlantic City.

I'd like to thank you for the opportunity to appear here and give you some of the views and suggestions from some of my fellow employees regarding the manpower shortage in Atlantic City.

We feel it is important to note that over 80% of all casino employees do reside outside of Atlantic City -- many with a 30 minute ride or more to their places of employment.

This could be a reflection of Atlantic City itself, as it has not developed enough affordable housing, cleaned up its streets, or curtailed the high crime rate. The Atlantic City governing body has been for years a model of inefficient, unqualified, and nonprogressive leadership. These are good reasons why casino employees avoid residing in Atlantic City.

When you look at the manpower shortage in the casino industry, just what level of manpower is needed? It is not in the level of a casino employees who have the dealing position that has an average salary of approximately \$30,000 per year. It is in the lower scale openings of \$6 to \$7 per hour that there is a shortage.

We have seen some casinos venture out of our State to entice employees to Atlantic City. Could it be that a portion of our State or our area labor pool could, and is currently receiving State aid or assistance that would only equal the same benefits of accepting these \$6 to \$7 per hour opportunities? Could our State assistance programs be too high, and they do not create any incentives to accept these positions?

Could we in some way convince potential employees in this pay scale that there are chances for advancement? The

State, unions, and the casinos themselves have sponsored training programs for advancement in the casino industry. Some casinos even give full reimbursement for games taken at casino gaming schools, and most casinos make it a practice of hiring from within whenever possible when a higher scale opportunity opens.

Could more efficient and economical transportation be of any help? I believe that if we have 24-hour gambling transportation could be easier to schedule for three casino shifts of 10:00 a.m. to 6:00 p.m., 6:00 p.m. to 2:00 a.m. and 2:00 a.m. to 10:00 a.m. rather than the hodgepodge of hours we are currently working with.

Some employees may be dismayed by the long licensing process. The time consumption of investigations by the Division of Gaming Enforcement could be a factor. A possible solution would be to have a temporary licensing program, while the potential employees are being investigated.

Some potential employees may be dismayed by the overregulation of the Casino Control Commission and the Division of Gaming Enforcement. With a loss of many civil rights, the open checkbook type of operation of these agencies and, the horror stories of a DGE investigation, could be a factor in the manpower shortage.

We, as employees, can only give you some of the reasons we feel there is a shortage of casino manpower. We can't give you, the legislators, any surefire solutions. We do believe the situation can only be resolved with intervention from the State level. We would hope that you, the legislators, could possibly find use of some of the executive talent and know-how from the casino industry to help resolve this situation. We do not suggest any key license employees to run for public office. Quite the contrary, we are against that. We do suggest, however, that the excess of executive talent in

marketing from the casino industry act as a source of voluntary information and suggestions to you, our legislators.

Finally, Mr. Chairman and members of the Committee, I wish to thank you again for giving the casino employees a chance to voice an opinion on this subject. If there are any questions you may have, I will be glad to answer them now or in the future. I will be at your service. Thank you.

ASSEMBLYMAN ZANGARI: Thank you, Mr. Williams. Assemblyman Fred Scerni, and then Ms. Cooper will follow Mr. Scerni.

ASSEMBLYMAN SCERNI: Thank you, Mr. Chairman. I believe that at this point, based upon the testimony that we've already heard, the Committee should be aware that in hiring within the casino industry we basically have a two-pronged problem: The first problem is to identify qualified employees. To that extent, the hiring in this industry is similar to hiring in any other industry. You have to identify your potential employees, bring them on board, and properly train them.

However, the unique facet of the casino industry is that once we have identified those persons, they now must be licensed. In Mr. Parrillo's testimony he indicated that licensing of the gaming employees is now down to 45 days. Quite frankly, I congratulate Mr. Parrillo and the Division on that accomplishment. However, the record is full of horror stories of licensing problems that went way beyond the 45 days.

As recently as this morning, I spoke with a constituent who had previously been in the industry licensed as a number two employee -- that is a gaming employee -- for a period of five years. After serving in the industry for five years, this employee decided to go into a family business, and for two years was in the family business. During that period of time he unfortunately let his license lapse. After the two years he sought to reenter the industry. It took him 13 months

to be licensed again, and this is someone who had previously held that same license. In that regard, I believe that it is critical, as Mr. Carver has suggested, that we institute a temporary No. 2 license. My staff is presently preparing that legislation, and I anticipate introducing it within the next week to 10 days. So, at some point in the future, Mr. Chairman, this Committee will have the opportunity to review temporary licensing in regards to No. 2 employees.

I would indicate to the Committee that this is not a totally new concept, because, in fact, temporary licensure for key employees already exists. What I am proposing is that we take that same concept that is utilized at the key level and apply it to the No. 2 license. While Mr. Parrillo has accomplished quite a bit by licensing these persons within 45 days, I do not believe that that process should be subject to the whim of seasonal changes, and I believe that we'd go far in solving the employment problem in the industry by making available a temporary license at the No. 2 level.

I would also suggest to the Committee that we take a very serious look at the residency requirement. Currently anyone to be licensed as a No. 2 employee, is required to be a resident of this State. It appears that we have really exhausted the pool of residents in the Atlantic City, Atlantic County area who wish to participate. The statistics that were presented in Commissioner Armstrong's testimony established that. I question why we need to maintain that residence requirement at this point in time?

Both the Federal and the State government have recently spent substantial sums of money to create the Amtrak/New Jersey Transit railway from Philadelphia into this city. I would ask the question: Is it possible that there are persons currently residing in Philadelphia or its immediate area who would wish employment in this industry? Would those persons avail themselves to the Amtrak system and actually commute on a daily basis?

As we sit here today I do not know the answers to those questions. However, as long as we have the residency requirement, we, in fact, will not get the answers to those questions. And I believe that is is an area that is fertile for discussion and possible reform.

The final point that I would make relates to the fingerprinting of employees. Mr. Parrillo has shared with you the innovative processes that he has initiated and once again I congratulate him. However, there also is a series of horror stories associated with the fingerprinting process. There have been times that constituents have reported to me that it takes three weeks to get fingerprinted. Some people are simply not going to wait that long. I realize that part of the problem is that appointments are made and then broken by potential employees. However, that really is a chicken and egg kind of argument. If you make a new employee wait several weeks to be fingerprinted, it may be that during that period of time they will lost their interest and, in fact, not show up for that fingerprinting.

The fingerprinting process is not legislative. It admittedly is administrative and to the extent that the Division has improved on that system, I congratulate them. But I believe that it is an area that we should be ever mindful of, because something that initially appears to be so minor, in fact, does have a significant impact, and when we are dealing with a labor shortage as we are, any minor point that affects negatively this process should be dealt with and should be corrected.

Mr. Chairman, I will conclude my remarks there, and, if I may, rejoin the Committee?

ASSEMBLYMAN ZANGARI: Thank you very much.
Assemblywoman Dolores Cooper.

A S S E M B L Y W O M A N D O L O R E S G. C O O P E R:
Good morning, Mr. Chairman, and my colleagues in the Assembly.

ASSEMBLYMAN ZANGARI: Good morning.

ASSEMBLYWOMAN COOPER: I want to welcome all of you and our visitors here to my hometown -- hometown for 42 years, Atlantic City. I'm sure your day here will be most informative and interesting.

I'm happy to see that the Committee has decided to hold a hearing concerning Atlantic City in Atlantic City. I hope this becomes the norm, not the exception.

Atlantic City's casinos need a supply of hard working, intelligent employees to operate, as we have already heard from our previous testifiers. However, to ensure that an adequate number of good employees come to Atlantic City, we must also consider such issues as housing and education. To lure good casino employees from outside the area and to keep them here, they require affordable places to live in; that is, safe and clean neighborhoods, and they have to know that their children are growing up in a healthy environment and are getting a good education.

The Housing Committee, of which I am a member, I hope will soon come down here to look at the housing problem in Atlantic City. And we, in this city, must implement ways to make this city safe, because a competent person will not come down here to work if there is not a place for her or him to live.

At this time I'd like to point out to you, and to those assembled here, Assembly Bill No. 2924 and Assembly Bill No. 2925 of which I have one copy and will leave, and for those who want additional copies you may call my office or Legislative Services. Assemblyman David Schwartz and a group of us, including myself, who see this bill, which has come out of Committee and will come up in the Assembly soon for a vote--

ASSEMBLYMAN ZANGARI: Is this on manpower, Ms. Cooper?

ASSEMBLYWOMAN COOPER: What?

ASSEMBLYMAN ZANGARI: Is this on the manpower?

ASSEMBLYWOMAN COOPER: \$135 million bond issue for housing.

ASSEMBLYMAN ZANGARI: We're not talking about housing. We're going to get to that at some time in the future.

ASSEMBLYWOMAN COOPER: Oh. Well, I do want to tell you all that there is this bond issue for housing which will impact the industry.

ASSEMBLYMAN ZANGARI: As Chairman of the Committee I'm sure that I reviewed all of those bills and will get to them sometime in the future.

ASSEMBLYWOMAN COOPER: Okay, and you know-- All right, because that's part of our bond issue.

Presently, there are many families in which both parents work but still cannot afford \$700 to \$800 for rent. Those are not high end figures. A small one bedroom home in Atlantic City costs almost \$600 a month to rent, and you can just about rule out buying a home on a normal casino salary. It's impossible. These are the things we all must consider as we try to increase the work force in the resort.

And once again, welcome to Atlantic City, and I hope that all of us here and at the hearings to come, will make Atlantic City a better place to live and to resolve many of the issues you brought up today.

ASSEMBLYMAN ZANGARI: Thank you very much, Assemblywoman Cooper. Mr. Carver, Ms. Armstrong, and Mr. Parrillo, would you take the table that-- The Committee would maybe like to ask some questions.

MR. CARVER: For the first time, Mr. Chairman, we will define which of the regulatory bodies represents the right wing.

ASSEMBLYMAN ZANGARI: This is not a political-- Brevity is the theme of this meeting this morning.

ASSEMBLYMAN IMPREVEDUTO: Mr. Carver, I recommend that you sit in the middle.

ASSEMBLYMAN ZANGARI: Let me direct my first question to Director Parrillo. Director, you stated that you believe that the Taj has acted responsibly in their recruitment efforts. Do you believe that any additional regulations or legislation is needed at this point?

MR. PARRILLO: Is the question, Mr. Chairman, with respect to the ability of one casino to recruit from another?

ASSEMBLYMAN ZANGARI: Right.

MR. PARRILLO: No, I don't think that-- The last thing, I think, we need is more statutory language to fill in the interstices of the Act. I think there's enough there, enough guidance in the statute. And, of course, throughout the 12 openings, I think each operator has worked well within their discretion and well within their areas of responsibility to limit the negative impact that an opening would otherwise have on the employment market. As I said, the Taj figures are fairly high. As the chart would indicate, they have taken their fair share from the industry, but they've also found, to their credit, workers from outside the industry who have added to the Atlantic City work force.

No, the question really shouldn't be addressed with respect to either the statute or the regulations unless we feel -- and I don't think we've reached the point -- unless we feel that there is industry wide irresponsibility in the way of recruiting. And I certainly don't think it's wise to regulate the movement of employees from one house to the next. I really do think that would infringe on fundamental rights to employment, as well as commerce. So right now, I'm fairly comfortable with the situation. It could always improve, of course, and like I said, to the extent there is a shortage -- a labor shortage -- I think it just has to be dealt with by all responsible constituencies, and we'll have to monitor it. This Committee, the regulators, and, of course, the industry should monitor it very closely.

ASSEMBLYMAN ZANGARI: Any comments on what the future may hold, Commissioner Armstrong?

COMMISSIONER ARMSTRONG: Mr. Chairman, I would essentially agree with Mr. Parrillo's comments. It's also important to note that currently, after the Taj Mahal opens, we do not have imminently planned another casino opening. So I don't think we'll have the full court press that we have with regard to finding people to fill those positions.

I think also that Mr. Parrillo's comments indicated -- his testimony indicated that the recruitment effort with regard to the Taj Mahal has gone very well, and I think that the Division's very frank discussions with the Trump people to indicate that problems could result if, in fact, whole departments were recruited wholesale from another house, could present difficulties. I think that the Trump organization respected that request, and I don't see any need at this point in time for any particular legislation to deal with that issue.

ASSEMBLYMAN ZANGARI: I'm just looking at the chart here, Commissioner, that Caesar's lost 112 gaming employees, gaming related positions, Bally lost 178, Grand 229, Resorts 373, etc., down the line. These are staggering figures when you talk about 1000 or 2000 that you're understaffed and you're losing these type of numbers in these other casinos. How do they make these up?

COMMISSIONER ARMSTRONG: There's no question that it presents a problem for the house, but, Mr. Chairman, let me tell you in all honesty that the two most recent facilities that I've spoken to you about this problem, indicate that they -- you know they recognize that this is a reality when a casino opens, and that it is something that has historically occurred. There has always been recruitment from other facilities whenever a new casino opens. And quite frankly, they attempt to gear up for it, and attempt to anticipate the loss of employees and try to replace them. Two of the houses

that I've spoken to recently indicated that they felt comfortable with their current employment level. They didn't feel it was going to have a detrimental impact on their operations. They felt that they were adjusting accordingly.

I know how the numbers look, but also, frequently after you have a casino opening, there may be some additional shifting around. Some of the employees at the new casino facility may decide to go back to where they were previously employed, and that does happen as well.

ASSEMBLYMAN ZANGARI: I asked that for a particular reason: That I would assume that many of the casino employees would be forced to work overtime and maybe this creates a burnout, lack of desire on the part of the people that want to get to their families, and put in an eight-hour day and are not forced to work 10 or 12 hours a day.

COMMISSIONER ARMSTRONG: Oh, I would assume that in particular job positions there is a certain use of overtime. I think that would vary from casino to casino depending on where their shortages were and what their needs were.

ASSEMBLYMAN ZANGARI: Well, we'll just take those figures that I just stated: 178 positions at Bally's, 229 at Grand, 373 at Resorts. Would that not incur a tremendous cost factor to these casinos because of this problem; in addition to not being able to hire the personnel needed, taking away personnel that was established, paid for, and trained for by the facility, and now being lured to another casino?

COMMISSIONER ARMSTRONG: I think there's no question that there is a cost factor involved. I guess ultimately it comes back to the original question we asked: Whether or not it's possible to, at this point, or really necessary to legislate some remedies for the concerns that are being raised? I think that Director Parrillo has made a very good point; that you also have the concern that it's difficult to tell casino employees that they may not shift to another

facility if that's their desire, whether they're going to a promotion, or a change in job position, or whatever. It is a difficult area, I think, to legislate, when you consider the individual rights of the employees.

ASSEMBLYMAN ZANGARI: Commissioner, I never said anything about legislating, you know, positions.

COMMISSIONER ARMSTRONG: Right.

ASSEMBLYMAN ZANGARI: I think the open free market is -- you know free enterprise is what this country is about.

COMMISSIONER ARMSTRONG: Sure.

ASSEMBLYMAN ZANGARI: But it just concerns me, you know, at a time when we're having a job surplus in Atlantic City, and we have a job scarcity, you know, throughout the State of New Jersey, and this occurs, that something has to be looked at.

This topic that we're discussing today is going to take a great deal of time and energy in trying to resolve the problems and pinpoint the inequities. We're going to have to have dialogue. It's not something that we're here today, and we're going to go back tomorrow and draft legislation. We're not going to do that. We're going to look at the total picture.

As I stated when I took over as Chairman of this Committee, we know that there are a lot of problems. I sat on this Committee in previous years. I'm familiar, somewhat, with what is transpiring in Atlantic City, and would like to have some type of input with my colleagues. It's not an "I," you know, it's a "we" type of operation. And we're going to come here, and we're going to be walking the streets of Atlantic City. We're going to review the problems of housing, the airport, the convention, and everything else. So, you know, don't be misled; you or the press or the Commissioners today, that we're here on a fact-finding mission that we're going to be for a couple of questions we're going to digest.

In the Legislature, as both the Senators know, we have a process to follow, and that's what we're doing here. We're going to follow a process. We're going to have input, and we're going to come back to it time and time again. And maybe, you know, because government doesn't work as fast as other people, although it hasn't been working too fast here in Atlantic City either, I feel quite comfortable. But we will, in the future-- I have no timetable. When we present our fact-finding mission, we're going to come back with a specific recommendation that I'm sure is going to benefit not only Atlantic City, but the State as a whole.

I'm sure that my Committee members at this time would like to ask some questions.

ASSEMBLYMAN IMPREVEDUTO: Yeah, I would. Mr. Carver.

MR. CARVER: Yes, sir.

ASSEMBLYMAN IMPREVEDUTO: Certainly with all due respect to Valerie and Tony and the Commissioners, I suspect you are the person with the answers, as well as, believe it or not, I think that Mr. Williams probably has some of the answers too. I guess we have what's more a parasitic relationship: We're the host, you are the-- We're the parasite, rather, you are the host, and we know very well that should the host die, the parasite will soon follow. We want to keep you healthy. We want you to be healthy. You want to be healthy.

You stand to lose; we lose. You win; we win. I deal with a commission up in the north, so I'm familiar with some of the bureaucracy you need to put up with. From the things that I've read and the things that I hear, there seems to be, to me, that the regulations in Atlantic City probably have regulations. Are you overregulated?

MR. CARVER: If my answers strike you as what you might have read the prisoners of war in World War II told the Swedish Red Cross when they came to find out how they were being treated, I hope you understand.

ASSEMBLYMAN IMPREVEDUTO: I understand that fully. That's why I preface my remarks with the fact that I do deal with another commission up in the north, so I know.

MR. CARVER: I don't mean to be facetious. I come from a different background. I used to work up in Assembly Zangari's area, up at Newark Airport. I was in the public sector for 22 years.

I don't think-- You see, I think it's a mistake for us-- We make this mistake in the industry, to get into specifics at a forum, particularly like this, and particularly with a new group of people starting out on fact-finding. And believe me, I think the three of us together are uniform in our very great thanks that you are here in this process.

I think that philosophically New Jersey's regulatory system, very frankly, breeds what we would see, on our side of the table, as overregulation. All right now, philosophically; I'm not suggesting that at this moment in time. And we will come back to you with specific regulations.

I made a speech a few weeks ago which was unfortunately, misinterpreted, I think, in some quarters. And I said that, you know, why can't we be more like Las Vegas? And I'll just say one thing with reference to that speech. It's my belief, and I think the belief of most of the people in the industry, that in Las Vegas the regulatory process philosophically comes from the basis of how do we make it work. Now, and I say this without prejudice, please, to anybody sitting here with me at the table because--

ASSEMBLYMAN IMPREVEDUTO: I didn't mean to put you on the spot by that.

MR. CARVER: Yeah, but I think it's-- I don't mind being on the spot. And I want to be honest with you. But I think the regulatory process in New Jersey is undergoing change. So, I mean, my remarks are really geared to my five years here and reflection on the 10 years that other people

have told me. It appears to us, over a period of time, that in many cases, the regulatory process in New Jersey comes from the philosophical base, practically, of how do we prevent things from happening?

This is an example of what-- I'll give you a concrete example in relation to today's hearing. I don't know, in all honesty, whether or not temporary licensing for change persons and security guards will alleviate dramatically the employment shortage in those areas. What I do suggest is, that after 12 years, when you have a statute which was written in a vacuum prior to the advent of our opening, and when in good faith we in the industry suggested this might be tried, I think that we should have a compromise and say, "Well, let's try it." I mean, what's really wrong with what we're suggesting?

Now, I'm sure that my associates here on the table today would say, well, this could be the beginning of eroding the process which has made us successful. Well, you see, that's reasonable. People disagree; we don't see it that way. We see a specific need, not for reducing licensing, necessarily, but for perhaps alleviating the up-front necessity of certain things so that we can put the people to work, whom we believe -- for what it's worth -- we believe are the type of people who don't stand around and wait for two and three months, or four months, for a license. That's an example of what I'm talking about.

So, I wouldn't-- I'm not here to complain about regulation. I think we waste so much time in this State with relation to our industry arguing with regulators and they with us, and arguing before forums like this about regulation. I mean, I think regulation should be set aside once and for all, and get on to the really basic problems that we have here; one of them being, by the way -- one of the reasons that we have an employee shortage here in Atlantic City is that all of the things that were supposed to happen to us, particularly in

reference to our host city, have not happened. So, that the national publicity that we constantly get, and that we cannot avoid, although, believe it or not, we do our best to avoid-- But the sheer contrast between these world class facilities that we have placed here and the remainder of this city, which are always in the minds of the press, particularly in the electronic press which can show the difference of one picture, vis-a-vis 10,000 words-- That type of thing, in my judgment has in many cases convinced people, why would I want to come to Atlantic City? Why would I want to work in an industry which is held publicly out as a parasite? I mean, you said you're the parasite. We've been held, very frankly, in the past 10 years, at least in our judgment, to be the parasite. And we think that's wrong. We think that whole process has been negative, and it has literally served to prevent us from accomplishing what we are here to accomplish.

ASSEMBLYMAN IMPREVEDUTO: I think that we can't look at the labor shortage in a vacuum, certainly. And I think you all agree with that. Everything that affects-- I suspect everything that affects Atlantic City affects the labor shortage. We talked a little bit, or someone began to talk about housing. And it's something the Chairman and I discussed on the way up here. How many -- and to any of you, I saw one of the charts -- but how many of the people that work in your industry live here in Atlantic City?

MR. CARVER: Ten thousand. Ten thousand out of--

ASSEMBLYMAN IMPREVEDUTO: What percentage of that--

MR. CARVER: Well, the last count we had, the overall work force was a little less than 18,000. Now maybe Chairman Armstrong has more updated figures, but I think you said 10,000 today, didn't you?

COMMISSIONER ARMSTRONG: Yes, as of October of '89 it was 10,200-some-odd persons.

ASSEMBLYMAN IMPREVEDUTO: Just to get a little finer on that line: Those of those 10,000 who live and work here in this city, are there numbers to show that those -- the jobs that those people are holding are -- forgive me, I don't know the differences -- are dealers, are key personnel, are light bulb changers, custodians? What's the weighted percentage? I mean, are half of them high paying jobs, half of them low paying jobs, 75% low paying?

COMMISSIONER ARMSTRONG: I think in one of the charts we gave -- I think it's one of the ones we gave you -- we have a breakdown which show by category of licensure. If you can bear with me for just a moment. (short pause as she peruses her papers) Yes, again, the numbers are as of October 1989. But as of that time, there were 69 persons in Atlantic City who held either casino key or junket licenses, not holding licenses, just working in those capacities. That is the highest level of licensure and obviously the highest paying jobs available.

Casino gaming positions: There were 3115 residents employed in the gaming positions. There were 547 persons employed in casino nongaming positions. And hotel registrants, which are essentially people working on the hotel side and not involved on the casino floor, consisted of 6530 persons.

ASSEMBLYMAN IMPREVEDUTO: So approximately one-third of the employees who live and work in Atlantic City are in the "higher paying positions" and two-thirds are in the lower paying positions?

COMMISSIONER ARMSTRONG: That would be about right, yes.

ASSEMBLYMAN IMPREVEDUTO: I guess my next question is, what do you perceive as the reason for that? Why do you see-- I'm thinking of the correct verbiage, forgive me. Does the housing in the area, does the area itself, lend itself to bring in people who are making more money?

MR. CARVER: Well, it does. And it does in one sense, and you have to go prior to -- it will regress a little further back than that. I think that-- When we got here 10 years ago, 12 years ago, the city had literally been reduced economically to nonexistence, for the most part. We did not have-- We were a northeastern urban city but in worse shape than all of the others that we all know -- everyone in this Committee is well aware of. So, we began at base zero. We began with a 13-week economy. As a matter of fact, people in this industry will tell you, that at the end of the first summer, a lot of the local people who worked here said, "Well, I'm going home now," because historically they had worked for 13 weeks then gone on relief or some degree of assistance for the remainder of the year.

That was the history of Atlantic City. When people talked of Atlantic City's good days, those were the good days. People worked for 13 weeks, always.

So, the whole character of what we were all about began to change. The reason that we have so few people-- But I look upon it in the other way. I guess I look at it as the glass is half full. The fact that we have local residents who have grown up here in Atlantic City-- I'm talking now all -- male/female, minorities as well as members of the majority, in all categories, up to the highest level of executive in several places. I think it's a good sign.

I think that we can literally, and we have to work harder at this -- and I would be the first to admit I don't think any of us have done enough-- There a man here today by the name of John Bettis who is in the audience who works in the private/public training group in Cape May and Atlantic County who could get into much more detail on this. I think we are going to have to make a greater effort with respect to these institutionally unemployed people who cannot hold jobs, who will not hold jobs, who for whatever reason, educationally,

sociologically, or psychologically, cannot work, that you have in Newark, and you have in Paterson, and you have in New York. We have it here too.

I think we've done a fairly decent job, very frankly, at employing the local populace. We have more to go, but I think we've done pretty well so far.

ASSEMBLYMAN IMPREVEDUTO: I don't think I was questioning the ability or your efforts at hiring the local populace, and I do laud you for that. I think the question needs to be, why don't people want to live or come and stay here in Atlantic City? You move one block from the boardwalk, and I think it's answered itself.

MR. CARVER: Well, again, though, if I may, Assemblyman, I think it's a mistake to single out Atlantic City in that process, and I'll tell you why. I don't know that there are that many people moving into Newark even though there are great opportunities for--

ASSEMBLYMAN IMPREVEDUTO: There's a major difference, however, a major difference, however, because your industry here prides itself -- cannot exist without people coming here.

MR. CARVER: No, absolutely. But what I'm suggesting to you is, is that, in fact, immediately off this island, in fact, immediately one block south of us -- of Atlantic City you find an entirely different atmosphere, and you find a lot of people coming to live here. But that-- The publicity with relation to that doesn't, you know, often get out. I would submit to you we do need housing. We need some housing here in Atlantic City, but I'm not sure, and I'm really getting far afield now, but I think it's something, very frankly -- I'll tell you, it's near and dear to the heart to this industry -- that has to be investigated.

We think we may be starting the housing cycle from the wrong end of the spectrum. And some of the things that Assemblywoman Cooper mentioned here today, and some of the

other things that have been mentioned with relation to our entire region should be looked at in addition to the so-called scarcity of housing in Atlantic City. As a matter of fact, we have built many, many hundreds of new units in Atlantic City, and we have had a great deal of difficulty getting people to live in those units, in many cases.

So, I mean, this is a very complex situation.

ASSEMBLYMAN IMPREVEDUTO: Yes.

MR. CARVER: I don't mean to give you a fast answer, but--

ASSEMBLYMAN IMPREVEDUTO: No, I--

MR. CARVER: --these are other things that I think you're going to have to look at.

ASSEMBLYMAN IMPREVEDUTO: Mr. Chairman, I just have one more question. I'm sorry.

ASSEMBLYMAN ZANGARI: Why have you had a problem putting people in those units that you just built?

MR. CARVER: Well, again, I think that the common consensus is that-- Well, first of all, I-- Chairman, look -- excuse me, Mr. Chairman. I think that there is a lack of desire on the part of people to move from out of the area into Atlantic City at the present time. I think the facts have clearly demonstrated that. I think the evidence is very clear. I think that in good faith those agencies involved in producing housing in Atlantic City have tried their best and are continuing to try their best to reverse that cycle.

But we don't totally agree with that premise. We think there are other things that have to be done first. But, you know, we don't-- We haven't won that battle. But, by the same token, we think that that basic reason of not wanting to move in the city that you saw today, and you cannot deny it, and I don't care if it's called Atlantic City bashing-- I think it's a factual statement that when you come to this town you are either appalled, or you are scared, or it's a negative

perception that you receive. Okay? And until we change that, and there's a lot of things that have to go into changing that perception -- housing only being one of them -- we're always going to have the problems that we have today, in my judgment.

ASSEMBLYMAN IMPREVEDUTO: Mr. Chairman, my final question--

ASSEMBLYMAN ZANGARI: Go ahead.

ASSEMBLYMAN IMPREVEDUTO: --as long as I have the right to come back later on -- it would be to Mr. Parrillo. Could you explain to me-- It takes, we heard, 45 days to have someone licensed to do whatever it is that they do when they get their license. In that 45 days, what is going on? What's happening? What are you looking for? What are you looking at?

MR. PARRILLO: It's essentially the investigative process.

ASSEMBLYMAN IMPREVEDUTO: Yes.

MR. PARRILLO: It begins with the filing of an application by the employee -- the prospective employee -- according to established forms and procedures. And the level of disclosure on these forms is a direct function of the category of employment that they're seeking. The higher the level of employment, the greater the degree of disclosure.

That piece of paper, those documents are processed through the Commission for filing and sent over to the Division. We get it, we log it into to our system, and we immediately begin the background checks. They call it the requisite four-way record checks, which are done both in the State and on the Federal level, as well.

You have heard some discussion today about some horror stories. I will tell you that we were at a point where the licensing process did extend to about eight months; a large part of that reason was the Taj crunch, but more importantly, there were considerations beyond our control. There was a change in the way the Federal record checks were being

processed, or that the FBI, for a long time, were not processing the record checks, the informational checks we had submitted to them. That accounted for a good chunk of the delay in our process. We've gotten that down. The fact now, that after the record checks, our field investigation for the casino keys and for the casino employees is fairly-- It's on an expedited basis. And the turnaround time from the day we processed -- these are on clean applications now, where there is no derogatory information -- from the day we receive the file from the Casino Control Commission to the day we report on the applicant for a license to the Casino Control Commission, the average day for a casino employee -- the great bulk of employees come under that title, casino employee -- is 45 days.

There is even a greater bulk of employees that fall under the registrant category. They go immediately to work. It takes 48 hours, essentially, to get a registration processed, and once that registration is processed-- We're talking about the hotel side of the picture.

ASSEMBLYMAN IMPREVEDUTO: Yes.

MR. PARRILLO: Those prospective employees are employed, I would say, almost immediately.

Assemblyman Scerni correctly analyzed the fingerprint process. However, I do want to correct a misimpression here; that the longest wait, as far as I know, as my information goes, for fingerprinting, was seven to eight days. Two reasons: Again, the Taj Mahal crunch -- and you're talking about over 7000 applications -- and the degree of no shows we were experiencing from the industry.

What we've done is like what the airlines have done: We're overbooked, essentially, because we anticipate a certain level -- a certain number of employees just not showing up. And we can accommodate the system now within three days. It's a continual refinement of the administrative process. There are going to be lapses. I cannot say there won't be. We're a

human institution, and we rely on human resources as much as the industry does. But I can safely say that at this point in time, the employee licensing process is about as fast-tracked as it's ever been.

ASSEMBLYMAN IMPREVEDUTO: Is there a possibility that one can say that-- I guess you go to our State Police first with the fingerprints and they look to see if there's anything in New Jersey--

MR. PARRILLO: You've got it, yeah.

ASSEMBLYMAN IMPREVEDUTO: --about this person, and then from the State Police it goes to the FBI, and they look to see if there's anything about that person?

MR. PARRILLO: Yes. There are State checks, Federal checks, intelligence checks.

ASSEMBLYMAN IMPREVEDUTO: If a person were to clear a State check, are you informed as it proceeds--

MR. PARRILLO: Oh, yes.

ASSEMBLYMAN IMPREVEDUTO: --or does the State come back and say, "Hey, we've got nothing on Mary-Smith"?

MR. PARRILLO: In fact, if it were not-- If it were at the State-- If it were limited to the State level, the turnaround time on casino employees -- not keys because, again, keys require more of a field investigation: financial network, statements, IRS returns, and all that. But if the-- And I'm not suggesting that the system be reduced to this. But if the system were to stop at the State record check level, the turnaround time would even be quicker, no question about it.

The largest part of the delay, as I said before, was at the national level -- the national record check level.

ASSEMBLYMAN IMPREVEDUTO: Could you, would it be wise to-- Maybe it wouldn't be wise to, maybe we should try, maybe we should look at it, but would it make sense, at least, to say that if a person were to pass the State check and come back clean, clean, clean, that he would then be temporarily employed while awaiting the rest of the--

MR. PARRILLO: For the casino key category--

ASSEMBLYMAN IMPREVEDUTO: Let's talk about dealers and that kind. Is that a key?

MR. PARRILLO: Yeah. No, I want to address--

ASSEMBLYMAN IMPREVEDUTO: Okay.

MR. PARRILLO: --the dealer category. But on an analogous level we essentially do that for the casino keys that are temped in. We do a cursory review of the backgrounds so that they -- the casino keys -- can be temped in.

ASSEMBLYMAN IMPREVEDUTO: Why couldn't you do that with dealers?

MR. PARRILLO: Historically it's been viewed that the casino keys were allowed to be temped in because they were going, generally, from a licensed position -- they were already licensed -- to a higher level, a key position. So that they were already through the system, and there was a level of comfort the regulators experienced with the casino keys.

With the gaming employees, it was felt that since they have direct access to the money and to the games -- the integrity of the games -- that the licensing system be plenary as opposed to temporary. I think that's the benefit of the historical background.

Now whether or not that needs to be looked at, revisited, I leave that with the-- This is a matter of legislative judgment.

ASSEMBLYMAN IMPREVEDUTO: No, no, I know that.

MR. PARRILLO: Okay.

ASSEMBLYMAN IMPREVEDUTO: But legislative judgment based on--

MR. PARRILLO: On regulatory expertise.

ASSEMBLYMAN IMPREVEDUTO: Absolutely.

MR. PARRILLO: I understand. Well, we're willing to give you about as much expertise as we have.

ASSEMBLYMAN IMPREVEDUTO: Mr. Carver, just in line with that, do you see a problem whether a person passes the State test and while awaiting the Federal people to come back and say this is a good guy or this is a bad guy, about that guy working in your casino because he's going to be dealing with your money and your games?

MR. CARVER: I think the State-- To answer your question in the best way I can, I think the State has every right, as well as obligation, to feel satisfied that anybody who is directly concerned -- dealers being one of the groups -- involved in the games passed the strictest of regulatory tests. We've always accepted that.

There are, however, concomitant areas of the floor where people are not involved in the games that we would submit to you that the point that you're driving at we think is a good one; where you probably could do certain things to alleviate the time element involved.

ASSEMBLYMAN IMPREVEDUTO: In other words, let that person work while the Federal check is going on.

MR. CARVER: You see, I guess-- One of the things that's an incongruity, too, is the fact that if I were to come to Atlantic City and operate a casino, the highest position in the place, my casino could be temporarily licensed as well as myself could receive a temporary license. Now, Mr. Parrillo's explained the historical background of that, but what we're saying is that as you go down the list, we're talking about 50 positions right now that we're going to submit to these folks to take a look at. We think there are some positions that perhaps the historical perspective doesn't necessarily fit anymore, and that's what we should take a look at.

ASSEMBLYMAN IMPREVEDUTO: Thank you.

MR. PARRILLO: Let me just suggest this, that if -- and this is my instinct in the matter -- if a situation can be dealt with administratively rather than through statutory

revision, as Tom had suggested-- If you can look at, revisit, the level of positions to see whether or not there can't be some interim controls placed on those positions, but give the regulators the kind of comfort they need in the period that they are being investigated while working, then that should be exhausted before the Committee most respectfully jumps into the legislative arena and starts amending the Casino Control Act which has already been amended about, you know, 80 times since its inception -- which is not bad.

I think it indicates the flexibility of both the document and the regulators. I think Valerie and I have lived through January '88 reforms, which by the way, the industry and the regulators did sit down together and did propose things to both alleviate some of the problems in the industry, as well as to beef up some law enforcement reforms, one of which was biennial licensure, which I think is working just fine.

But as a basic proponent, I guess, of the idea that if you can do some things through administrative change as opposed to statutory revision, you should try to presumably exhaust that avenue, and neither of which should be engaged in unless this Committee is convinced that the question of licensing is a substantial detriment, a substantial employment barrier to Atlantic City.

I think this Committee might want to read a Rutgers University study. Its Institute of Management and Labor Relations issued a study back in the mid-'80s which indicated that our licensing process in New Jersey has not substantially hindered the labor supply of the Atlantic City casinos. Now I'm not saying that after five years the situation hasn't changed to the extent that that shouldn't be looked at again, but I think you should be fully informed as to the--

MR. CARVER: Can I just add one point, and it really relates to what I said before. Again, I would enter this demur: Why should we have to prove that the statute is a

substantial problem? You see, that's where you get into arguing forever. I don't think that the burden should be on anybody to have to make that assessment. I think that, again, if there's a problem, that perhaps another look at -- I'm not suggesting a legislative look, I agree with Tony in that regard -- but maybe we should take a look at it, and rather than to have to go to an adversarial proceeding to prove beyond a reasonable doubt, or in our case, with clear and convincing evidence a certain point, maybe we don't have to go that far anymore in certain areas.

ASSEMBLYMAN IMPREVEDUTO: Thank you, Mr. Chairman.

ASSEMBLYMAN MECCA: May I?

ASSEMBLYMAN ZANGARI: Vice Chairman Mecca.

ASSEMBLYMAN MECCA: I just want to follow up on a few questions there -- comments. The 45-day wait, or that month-and-a-half it might take someone to get licensed. Is that really affecting employment?

MR. PARRILLO: Well, that's the key. Let me say this. I agree with Tom to the extent that we shouldn't be approaching this thing from an adversarial basis. I only meant to raise the issue as to whether or not licensing is a substantial detriment, to say one thing, and that is: It would be a mistake to single out one thing and focus all our attention on that, if, indeed, the problem is multifaceted; if the problem is pay, work hours, work schedule.

You heard Jack William talk about the inflexibility of scheduling. If that's the extent, that's an employment barrier and we're futzing around with licensing requirements, I don't want to distract the energy as well as the attention of this Committee on something that may only be a piecemeal part of the problem, as opposed to the major components.

All I'm saying is I don't know if anyone here can tell you the effect of the licensing process on the employment situation. I suspect it's a factor but not an important

factor. I suspect that the greater cause is that we've tapped out locally. We've got to geographically extend our markets. We've got to do it through innovative recruitment. We've got to do it through a better environment. And as far as the regulators go, if we can help the situation as we are trying to, we offer our time and our energies.

ASSEMBLYMAN MECCA: Now, Assemblyman Scerni spoke a little bit about the opening of employment to out-of-staters, especially in Philadelphia, and I had a question on that. Has anyone on the Commission -- has anyone down here done any kind of a survey or a kind of assessment whether opening up to Philadelphia residents would produce any more employees?

COMMISSIONER ARMSTRONG: I'm not aware that we've done a survey, but the numbers that I've supplied to the Committee certainly indicate that Atlantic County and the surrounding four counties clearly contain the bulk of employees, which suggests that close location is important. I think it's also important to understand what the residency requirement currently is. There is no residency requirement currently for the registrants though--

ASSEMBLYMAN MECCA: Right.

COMMISSIONER ARMSTRONG: --hotel registrants which constitutes about 48% of the work force-- The residency requirement imposed upon the other categories of licenses-- And I'm just providing this by way of information so that you understand what is required of them. When they come in to pick up their license, they must at that time submit an affidavit of residence, which indicates that they are currently residing in New Jersey. But, no, we have not done a study to determine what the impact would be if the residency requirement was removed.

ASSEMBLYMAN MECCA: And what you're-- Tom, are you going to address this?

MR. CARVER: Well, I was just going to say we have not done formal surveys either; except that there is a strong feeling among the executives in the industry that we might be able to attract some people from -- maybe substantial people, because there is a great employee pool right outside of Camden that we now don't go to.

ASSEMBLYMAN MECCA: All right. What is it, an hour commute from Philly to AC on the train?

COMMISSIONER ARMSTRONG: It would be approximately an hour to an-hour-and-15 minutes.

ASSEMBLYMAN MECCA: All right. It would have to be substantial employees than that would come that far. We're not talking anyone of that 48% category that would travel an hour to an hour-and-half each way to make it here to--

COMMISSIONER ARMSTRONG: Yeah. I think you could probably reasonably assume that the registrants are not going to be able to travel as far, simply because the cost of the commute and the fact that they are in the lower paying positions. That's probably a reasonable assumption.

ASSEMBLYMAN MECCA: I had a question about-- I was looking at the preparation materials for today's hearing, and I was curious about the fact that some language assistance or language courses are given to some of their employees. Is that what I read, and can you tell me a little bit more about that?

MR. CARVER: Well, I wish I could get into more detail. I'd be very happy to-- Varieties of courses are given at each of these houses, some of which we don't even know about until something like this comes up where I will investigate, you know, what are you doing? But I know Caesar's has done some of this work. I know the Trump folks have, Tropicana has, because we do have high numbers of people who, of course, Spanish is their first language.

So, in an attempt to get them to be able to serve the public, and of course most of these people are in the entry

level positions, and like most public service industries, we operate, basically, upside down. In other words, our lower level people-- It's like dealing with the police force. Those are the people who often control the attitude and the perception of the city, how they handle the public. And that's the same with us. It's our entry level people for the most part who have more dealings with the public than the people at the top of the triangle. So, we try to make every effort we can to inculcate a service attitude and a service industry feeling into those people. Language being, of course, a primary one.

ASSEMBLYMAN MECCA: Right.

MR. CARVER: But I can get you more specific details on this if you want.

ASSEMBLYMAN MECCA: I'd be curious. Finally, though, I wanted to give each of you the opportunity to tell us -- the Committee here -- what you think the top priority ought to be? I'll start with you, Tom.

MR. CARVER: Do you have your pencils and paper?
(laughter)

ASSEMBLYMAN MECCA: Yeah, that's what we're here for.

MR. CARVER: Just very quickly, what we have--

ASSEMBLYMAN ZANGARI: No, take your time.

MR. CARVER: I don't know. We did an issue paper for the new administration. I'm going to take a liberty. I haven't handed it out to everybody, but you should have it -- if you don't have it you should have it. I know I will make copies of that.

And by the way, we've given the issue paper to our colleagues on the other side of the regulatory situation, some of which they agree with, some of which I'm sure they don't. But it does list all of the areas of concern to us in a rather general method. We are now prioritizing that list in specific areas, with two basic categories: One is revenue enhancement

areas, and the other one is in cost reduction areas. As you might suspect, the cost reduction areas do enter into the arena of the Casino Control Act.

The cost enhancement areas, without getting specific, do include the possibility of having new games in Atlantic City. There are games that other jurisdictions allow patrons to participate in, such as keno, which we don't have in Atlantic City. We will make a recommendation to the Legislature that they look at this.

We will also make other recommendations to the Legislature, and we'll have this within a two-week period. I will have the issue papers for you on your desks by Thursday. Today is Tuesday. I'll have them in Trenton by Thursday for you so that you can take a look at it.

We do have a total list of priorities, but there is one basic adjustment that must be made, and if it isn't made, in my humble judgment and I think the judgment of my colleagues in the industry, we will not succeed, and that's the attitude that the casino industry is an integral part of the economic and social fabric of this State.

We are not an alien force. We are not here to take over the State government. We are not here to do anything but what we are. And what we are are public companies engaged in the business of casinos. Casino gaming is a recognized industry, and it's only -- as has been pointed out-- It's not legal in all states, but these are public companies. They will always be casinos. If you kiss us we will not turn from frogs to knights. We will always be frogs. But we're pretty good frogs. We've done a lot of great economic things for this State. We can continue to do more if we have an attitude which just recognizes us as a business, and says, you're a highly regulated industry from now and forever, but we're going to deal with you as a business entity which has created a lot of self-pride in the State of New Jersey.

If that changes-- And I will have to tell you in all honesty: In the eight years prior to today and prior to the advent of this new administration, we have characterized the State's attitude as abandonment, abdication, and remoteness. And we think that the facts bear that out.

And if that does not change, then eight years from now, or four years from now a new Assembly group will be sitting here saying, "What's wrong?" And that's really what we're asking for, Assemblyman.

ASSEMBLYMAN MECCA: Thank you. Anybody else?

MR. PARRILLO: Yeah, I have a-- Well, it's not a wish list, but I do think that one of the things this Committee can do is to look, essentially, at the ways and methods by which this industry is financed with a view towards making the environment more attractive for financing. And what I mean by that is simply this: We've seen in the last decade heavy reliance by this industry on junk debt, essentially, debt financing. And I think it's about time that we look to see ways of attracting equity into this city; investment monies, positive investment monies.

One of the things I had suggested in the past -- I believe the Association has this as an issue in its issue paper as well -- and that involves the de-licensing of institutional investors. I think that will open the doors for more money and more institutional type money in this city.

The other thing I want to say, and it's simply this: I think the regulatory system has worked well down here. I think it's one of the success stories of this industry. I think that Tom Carver was right on the money when he said that we have so many other problems to worry about down here that we shouldn't spend a whole heck of a lot of time on the regulatory system; that we have to be concerned about infrastructure, and about so many other things that go into making this city top-notch.

And those decisions require political judgments. They require judgments that are fair and firm, but specific; judgments which are capable of resolving the many conflicts of positions that you will see both between the industry and the city, the industry and the State, as well as amongst various members of the industry themselves.

I think we need to have consensus. I think we need to have time to deliberate on what is going to make this city a success, and those, I think in the final analysis, are going to require legislative and political type judgments.

The regulators are here. I think I speak for the Commission. I know I speak for the Attorney General and the Division. We are here to lend you whatever bureaucratic expertise, with whatever administrative expertise we can lend you. And we're always going to be here to testify if you need us.

But I do think in the final analysis, the solutions lie in some tough decisions that have to be made on the State level and the legislative level. And I wish you luck.

ASSEMBLYMAN MECCA: Thank you. Valerie.

COMMISSIONER ARMSTRONG: Quite frankly, the Commission does not have a specific legislative agenda to offer to you today. However, I would indicate that-- I think that really, the most pressing issues for the casino industry, and I say this as a regulator-- It's not so much the question of the regulatory system itself, and I think our -- the bigger issues, the bigger picture. I'm specifically referring to the further development of tourism here.

We have outstanding issues concerning the convention center, questions about further development of the airport, and I also think a need, probably, for the development of some non-casino tourism and attractions. And I think that specific attention and priority paid to those issues, is going to have a significant, positive impact on the industry and on the surrounding region.

I'd also like to observe, however, -- and I indicated this in my testimony earlier -- that undoubtedly this Committee will get requests for amendments and changes to the regulatory system. And quite frankly, I feel that discussion of some of those issues can be quite healthy, and very often some of that change can result, quite frankly, in better regulation. I would urge, however, that as those discussions take place, that the Committee consider the fact that the regulatory system has worked. I think the fact that in 12 years' time we will shortly have our next casino opening. We will have 12 casinos within the city. That industry is grossing almost \$3 billion a year. That's quite significant, and to me suggests the regulatory system has been effective. It can always be fine-tuned and utilized to become more effective.

But I would urge you as you hear the requests for changes, that you consider the basis for it, consider that the system has worked, and figure out whether or not those changes really are necessary.

ASSEMBLYMAN MECCA: Thank you.

ASSEMBLYMAN ZANGARI: Assemblyman Scerni.

ASSEMBLYMAN SCERNI: Everyone's talking about preferring administrative solutions over legislative, and I just want to make sure I'm on track here. The temporary No. 2, we are in agreement, would require a legislative change; is that correct? I mean, you don't have a different opinion than that, do you Tony?

MR. PARRILLO: I believe that to get a temporary license for a gaming employee level 2, yeah, you would probably need to change the statute.

ASSEMBLYMAN SCERNI: Okay. Now the 45 days that you have talked about is within your shop; is that correct?

MR. PARRILLO: Just within my-- From the day we receive it to the day it gets out.

ASSEMBLYMAN SCERNI: And it comes to you from the Commission?

MR. PARRILLO: That's correct.

ASSEMBLYMAN SCERNI: Informationally, what is the time between the receipt by the Commission to the receipt by the Division?

MR. PARRILLO: On the front end, two days.

ASSEMBLYMAN SCERNI: Now, you've raised the other issue. That's on the front end. At the end of your 45 days you are basically issuing a report as to the Division's position on that application. Is that true?

MR. PARRILLO: Yeah, and if it's within 45 days, it's a clean report. So, it's recommending licensure.

ASSEMBLYMAN SCERNI: Okay. From the issuance of that report until the licensing, what kind of time frame, because I'm correct that we now have to go back to the Commission?

MR. PARRILLO: I think it's approximately one week, if I'm not mistaken. I think that's improved substantially, too.

ASSEMBLYMAN SCERNI: And that's on clean applications?

MR. PARRILLO: On clean applications, which are the large bulk of the--

ASSEMBLYMAN SCERNI: That is the majority?

MR. PARRILLO: That is clearly the majority.

ASSEMBLYMAN SCERNI: Just playing with those numbers a little bit, we're between 50 and 60 days then, realistically?

MR. PARRILLO: Presumably, yeah.

ASSEMBLYMAN SCERNI: Okay. If we went to a temporary system, and temporary No. 2, I know -- I mean, I think I know -- that at the key level the temporary has a 30-day window on it; that it has to be decided within 30 days. Am I correct in that?

MR. PARRILLO: I believe so.

F R E D G U S H I N: (speaking from audience) It's 30 to 45.

MR. PARRILLO: Apparently it cannot be decided before 30. But it's generally--

ASSEMBLYMAN SCERNI: And that usually the target date is 30 days on the key. So, if we applied that same standard to the No. 2s, we are roughly cutting it in half?

MR. PARRILLO: Yeah, well, 20 days, 30 days.

ASSEMBLYMAN SCERNI: Let me just toss out another issue. Those questions are for my clarity because I am going to go with legislation on that issue. Let me ask Tom, though-- I mean, from your perspective, Tom, there is a benefit to having this temporary at the No. 2 level, right?

MR. CARVER: Absolutely.

ASSEMBLYMAN SCERNI: I want to make sure I wasn't spinning wheels--

MR. CARVER: As soon as somebody comes in they can go to work, I mean, within reasonable time, anyway.

ASSEMBLYMAN SCERNI: --because even when we talk this 50 to 60 days, we're talking best case scenario, and there are others that will be longer.

Here's an issue for you that relates to employment, and you say you would prefer to deal with things administratively rather than legislatively, so maybe you can help me in terms of whether this can be dealt with administratively. I'm going to go from 2-1s to 2-2s: My understanding is that on the casino floor the cocktail waitress, the porter who cleans, now gets a 2-2 which is something less than gaming related. Am I correct in that?

MR. PARRILLO: Yes, if they don't have access to-- If they're on the casino floor but don't have access to what has been described as protected areas, I guess, where the money is--

ASSEMBLYMAN SCERNI: Okay, and therein comes the rub, because what is reported to me is the following scenario: Cocktail waitress working the floor, not in protected areas -- protected area basically being the inside of the pit--

MR. PARRILLO: That's correct.

ASSEMBLYMAN SCERNI: --for some reason, pit manager takes a glass from the rail, puts it behind pit manager in the pit. At some point says to cocktail waitress, "Please, come over here and get that out of here." That waitress has now gone into the restricted area. Take the same scenario, apply it to the porter who runs the vacuum cleaner. Somebody's got to vacuum the inside of that pit. Are we going to require that the person with the vacuum and the waitress who once or twice a day under the supervision of the pit boss goes in to pick up a couple of glasses, are we requiring that person to have a 2-1? And if we are, is there a way that administratively we cannot require them to have a 2-2, but basically permit them on their 2-2 to do this very limited function under the supervision of higher licensed people?

MR. PARRILLO: If I'm not mistaken, and I don't want to be held to this-- If I'm not mistaken, I think that is the kind of situation that can be dealt with administratively. I've really got to check the '88 reforms to see how they described that particularly geographic area you're talking about.

ASSEMBLYMAN SCERNI: I am telling you that it is being flagged as an issue of concern for me--

MR. PARRILLO: Okay.

ASSEMBLYMAN SCERNI: --and people are looking to me for a response. So, I either do it administratively by talking with you and Val, or we do it legislatively.

MR. PARRILLO: Yeah, I understand your point.

ASSEMBLYMAN SCERNI: I know Val is grabbing at a microphone there.

COMMISSIONER ARMSTRONG: Yeah.

MR. PARRILLO: Okay, you take over.

COMMISSIONER ARMSTRONG: I feel I need to clarify something here. With the 1988 amendments to the Casino Control Act which redefined the term "casino employee," the waiters and

waitresses, the cleaning people, who are on the casino floor, not in a restricted area, and that restricted area is defined in the Casino Control Act very specifically. I don't know if you want me to tell you what they are, but it includes certain defined areas, sensitive areas within the casino hotel, and also any areas that are defined as restricted under the casino's certificate of operation. Those waiters and waitresses and maintenance people who are not required to go into restricted areas, need now only be registrants. No prequalification necessary. They pay their \$30 and go to work in several days.

If they're required by their employment duties to enter the restricted areas, they then must have a nongaming casino employee license.

ASSEMBLYMAN SCERNI: So that the issue is 4 versus 2-2, basically?

COMMISSIONER ARMSTRONG: Right. So--

ASSEMBLYMAN SCERNI: Is that a problem for you, Tom. Because I'm being told that this is a problem. I didn't mean to interrupt, Val.

COMMISSIONER ARMSTRONG: Oh, no. I was going to say, I think, Assemblyman Scerni, in response to your question that-- My response to that is that it would require legislative change because the Casino Control Act specifically defines a casino employee as those persons whose employment duties require or authorize acts as to restricted casino areas. So, I think it would require change in lieu of administrative regulation. If that's helpful.

MR. CARVER: Well, Fred, to be frank with you, we think that the regulatory system has worked from day one for very simple reasons. And it has worked from day one. New Jersey should be very proud of that. The people who run these businesses are clean as a whistle, and you know the regulatory process they're put through to prove that. And No. 2, every single dime is accounted for.

I mean, to really have to get into detail -- and I know we have to -- but to really-- You multiply this by issue after issue after issue as to whether or not if the girl takes the empty glass from outside the pit or inside the pit-- I mean, in our judgment, that's ridiculous. I don't know any other way to phrase it.

I mean, we don't see the integrity of New Jersey's gambling industry rising or falling on that act, to be frank with you. Now I don't know if you have to do a-- I guess, I think Val is right, that you do have to address it legislatively.

ASSEMBLYMAN SCERNI: I mean, off the top of my--

MR. CARVER: But it would be a problem, frankly, as you described it, yes.

ASSEMBLYMAN SCERNI: So, it is, in fact, a problem within the industry.

MR. CARVER: I believe it is, yes.

ASSEMBLYMAN SCERNI: And would it be fair to say that part of the solution would be to deal with the level of licensing in regard to the individual, rather than where the individual is?

MR. CARVER: I would say that's true. If they are not engaged in the games and what we would agree to is the integrity of the games, yes, we think a separate look should be taken of those people, in general. I mean, maybe in detail we might disagree, but I don't want to put words in anybody else's mouth either.

COMMISSIONER ARMSTRONG: Assemblyman Scerni, if I can just give you another piece of information that may be helpful to you. Those waiters, waitresses, and maintenance people who are required to have the nongaming employee license are eligible for a temporary license which will take about two weeks for them to obtain that at that level, as opposed to the key where the petition has to be on file for 30 days.

ASSEMBLYMAN SCERNI: They're a temporary at the 2-2 level?

COMMISSIONER ARMSTRONG: Yes.

MR. CARVER: Assemblyman, is your legislation going to address the issue of the change persons? That's really a--

ASSEMBLYMAN ZANGARI: Tom, when it comes, you know, we're--

MR. CARVER: No, I just wondered if--

ASSEMBLYMAN SCERNI: What I'll do-- We're in the process of putting it together now.

MR. CARVER: All right.

ASSEMBLYMAN SCERNI: Within the next few days, if you or someone from your office want to sit down with me, we can--

MR. CARVER: All right.

ASSEMBLYMAN SCERNI: I'll plug you right in. Give me your thoughts, and before I introduce it, maybe we can factor some of these other concerns in.

MR. CARVER: Thank you.

ASSEMBLYMAN ZANGARI: Let me just sum up by thanking all those who took time from their busy schedule to testify this morning: Tony Parrillo, Valerie Armstrong, Tom Carver, Jack Williams, Assemblyman Scerni, Assemblywoman Cooper, my staff, my colleagues on both sides of the aisle.

In preparing for today's meeting I reviewed some of the local press that I've been reading for the past couple of weeks, and I noted that recently a columnist in The Atlantic City Press, Dan Hanagan (phonetic spelling) said about the people who come to Atlantic City, and I quote, "Those people will be exposed to a magnificent building that can fill them with awe. If they dare wander a few blocks away, however, they will see sights that will turn their stomachs and make them question why anyone would want to visit here."

Today we took our first step in our journey of exploring the problems of Atlantic City, and you may rest

assured that it is our intention to walk those streets that Dan Hanagan described, and to work as hard as humanly possible to attempt to improve the quality of all the aspects of life in Atlantic City.

We will scrutinize the issues that have an impact, very carefully at future hearings, including but not limited to, the airport, the convention center, and the housing. I will be speaking with Senator Codey and try to arrange a joint hearing, or two or three -- whatever it takes. As I stated on the outset, I'm awfully displeased at the way government works. We have a Committee hearing and oversight on top of oversight, and I think, you know, the things that we've heard today, to lessen the bureaucracy is going to be to the benefit of Atlantic City to move forward after 12 years. You know that we've seen a lot of progress in my estimation. And I've been here since 1950 when I came down looking for a honeymoon site and stood right across the street here at the Marconi Hotel with my three children.

Unfortunately, like Newark, and all the cities throughout the nation, not only in New Jersey, we suffered a decay in housing. But Tom Carver said something about housing in Newark; people don't come. Well, I wish that you would come to Newark today. Hovnanian has taken the bull by the horn and is building beautiful condominiums in the center of the central ward of Newark. You can't buy properties in Newark today. People want to come there. People are going to want to come here. We're going to make sure that they want to come. This is the backbone of our-- This is the tourist industry. The late Guy Muziani who served Camden County, often, you know, had his heart on seeing the growth of Atlantic City. And just for that sake alone, I held it in high esteem. We're going to work very, very hard.

This Committee is going to be a working Committee. The rapport that I have with a couple of my colleagues; Senator

Dodd and Senator Hurley, with the second time that I'm meeting Valerie Armstrong and the other Commissioners, Tom Carver, who I've known for a long time, Tony Parrillo, who I've known for a long time. We're going to be talking to you directly, personally, one to one. We're going to be grilling not only you; the casino personnel, the casino owners. We're going to walk the streets. You believe me. I'm not going to make promises, but this Committee is not going to give you lip service. We're going to get to the heart and meat of whatever it is that it takes to make sure that Atlantic City becomes the number one tourist attraction in the country. Thank you very much. Meeting adjourned.

(HEARING CONCLUDED)

APPENDIX

STATEMENT BY:

VALERIE H. ARMSTRONG, ACTING-CHAIR
NEW JERSEY CASINO CONTROL COMMISSION

BEFORE THE

ASSEMBLY INDEPENDENT AUTHORITIES COMMITTEE

TUESDAY, MARCH 20, 1990

Good morning Mr. Chairman and members of the Committee. Welcome to Atlantic City. I'd like to commend the committee for coming here to hear the views of the people who are directly involved with the casino labor force. We hope that today will be the first of many visits you will make here to explore the complex issues surrounding this industry.

The Casino Control Commission has worked diligently in cooperation with the Division of Gaming Enforcement to prepare information which addresses the specific concerns outlined in Assembly Resolution 80. Your focus on the current and future manpower needs of the casino industry, the availability of qualified casino employees and the impact on the casino employee labor pool of the opening of a new casino is extremely timely.

Much of the information we will provide to you has been derived from the commission's licensing records which have been maintained by this agency for the past 12 years. The information is accurate and documented.

I mention that point because inevitably this committee may be asked by various groups or individuals to consider certain amendments to the Casino Control Act's licensing requirements, due among other things, to a real or perceived labor shortage.

The level of integrity which exists today in the Atlantic City casino industry is attributable to highly effective regulation. A critical component of that integrity is the licensing system. We must never assume that once integrity is established it cannot be impaired. Regulators will continue to require the

highest level of integrity. We are not opposed to listening to sensible arguments for amendments to the regulatory structure which could result in more effective regulation. However, any request for change must be clearly and factually justified by its proponent, must leave no doubt that integrity will be preserved if not enhanced, and must also take into account the unique nature of the industry. It is important to remember that the casino licensing structure was put into place for the protection of the employees, the public and the industry.

My purpose today is not to advocate, oppose or debate anticipated requests for changes to the Casino Control Act, but rather I will give you a general sense of the history of casino employment from the opening of the first Atlantic City casino up to the opening of the Taj Mahal next month. Ultimately we will provide you with a final written report which will, of course, contain considerably more detail.

As you know, the Taj Mahal Casino Hotel is scheduled to open its doors on April 2nd. This facility will offer 120,000 square feet of casino space (that's about the size of 2 football fields), 1,250 hotel rooms, 148,500 square feet of meeting and exhibition space, and numerous restaurants and lounges. This structure will not only be the largest casino in Atlantic City, it will also employ more people than any other.

Discussions about the impact of this opening on the region, the city and the rest of the casino industry covered a variety of topics. However, considerable attention was devoted to the labor force issue. You will be hearing more about the Taj opening from the Division of Gaming Enforcement.

It may be important for you to consider today's discussions in the context of the entire socio-economic picture of labor needs and demands in the area, the state and this entire section of the country. The rate of growth of the economy and the demographics of population trends are issues which should be factored into any discussion about the changing face of the labor market. They may not necessarily be unique to the Atlantic City experience.

The good news for many is that there are jobs available both within and outside the casino industry.

In fact, the creation of jobs for New Jersey workers was one of the promises offered to support the case for what was then commonly referred to as the casino "experiment" in Atlantic City. When the first casino opened in May of 1978, 3,226 people were employed in the industry. Today, with the opening of the Taj Mahal just ahead, we estimate that the employment figure for April, 1990 will approximate 52,000 full and part-time workers. **CHART A** details the development of casino employment on a quarterly basis over the last 12 years. This total includes individuals who are employed in any capacity in a casino hotel facility. The Casino Control Act provides for four categories of employment; hotel registrants, non-gaming casino employees, gaming related casino employees and key employees.

As impressive as the numbers reflected in **Chart A** may be, there are other details which should be factored into your review. Casino Control Commission records indicate that as of January 1990, (**CHART B**) approximately 130,000 licenses or hotel registrations are active and enable their holders to work in the

industry. However, a word of caution is appropriate. Individuals may be counted more than once in this total if they have more than one license. Hotel registrants once in the system remain forever and are not as easily tracked as licensees. However, we recognized in April of 1989 that 23,362 casino key and casino employee licensees were working in the casino industry (keep in mind that that number does not include hotel registrants working - only those licensed individuals). Yet our records indicated that 40,975 individuals held active licenses. The commission decided that it might be helpful to find out if those with active licenses wanted to work in the casino industry and if not, why not.

The Casino Control Commission, in cooperation with the Casino Association, developed a questionnaire, ("Available for Casino Employment (ACE)" Survey), to send to individuals licensed by the Commission who were not currently employed in the casino industry. The primary purpose of this survey was to match individuals who are licensed by the Commission, but are unemployed in the industry, with casino hotels recruiting employees. The second goal of the survey was to acquire data which could be used in analyzing why these individuals were not employed by an Atlantic City casino hotel.

Surveys were mailed last November to 14,523 persons. Ultimately 5,112 surveys were returned with 1,427 persons indicating they would like to be contacted for casino employment. Their names and addresses were released to the Atlantic City casino industry.

To date, the commission has been notified of only 26 individuals who have obtained employment in the Atlantic City casino hotel industry as a result of the ACE survey. The commission is awaiting further placement information from the casino industry.

If we recognize that more people have come through the licensing system than are employed (178,000 licenses and registrations issued since 1978) -- last year alone we issued 14,200 licenses and registrations -- then attention moves to turnover trends in the casino industry. An analysis of the employee turnover issue in the casino industry was prepared by the commission's Division of Affirmative Action and Planning in August, 1988. Updates of that report estimate that there is an annual casino labor force turnover of approximately 52%, or 20,000 positions per year.

Due to the lack of an exit interview procedure at the facilities involved in the study, it was impossible to determine the underlying root causes for the turnover problem. For example, excessive absenteeism may have been the identified cause for termination but the underlying cause may be related to a host of other problems including better opportunities outside the industry, lack of upward mobility, unhappiness with work hours, lack of day care programs, problems with transportation, to name just a few.

In a cooperative effort to address this concern, the Casino Control Commission, Division of Gaming Enforcement, Casino Association and labor leaders have met to work toward the development of a proposal to respond to the problem. Complete details of this project will be incorporated in our final report.

The commission has also compiled data about the home counties of casino employees. Not unexpectedly, the statistics indicate that more casino employees (31,711) live in Atlantic County than any other. (In fact, over 10,000 residents of Atlantic City are casino licensees). Camden (2,492), Cape May (2,310), Cumberland (2,625), and Ocean (2,071), are close competitors for the #2 spot. Proximity to the workplace appears to have direct impact on the decision an employee makes about where he or she wants to work. Complete copies of this report will, of course, be provided to you.

As you specifically focus on the impact the opening of the new casino will have on the casino employee labor pool, it may be helpful to recognize how much has been done in anticipation of this event. As I indicated earlier, the Division of Gaming Enforcement will detail most of this for you in its presentation.

The commission has attempted to foresee the needs of a changing workforce environment and has utilized creative attempts to address the labor needs of the region. Under the direction of Commissioner Pat Dodd, and with the participation of other Commission members and staff, several committees have been developed with new approaches in mind.

In cooperation with the casino industry, the Casino Association and the Department of Labor, the commission established an Older Workers Committee to see if the casino industry could tap into the available resource of older workers living within a one hour drive of Atlantic City.

Also, the Older Workers Committee in cooperation with NJ Transit is exploring the concept of expanding the existing bus

service from Dover Township to better accommodate the casino shifts. A pilot program for feeder service between the villages and the transit lines with funding through the Casino Revenue Fund Program and other options such as car and van pools are being explored.

Two job fairs for older workers were recently held. A total of 1,600 job applications were received in one day and more than 400 follow-up interviews were scheduled.

The details of the results of these efforts will be included in our final report.

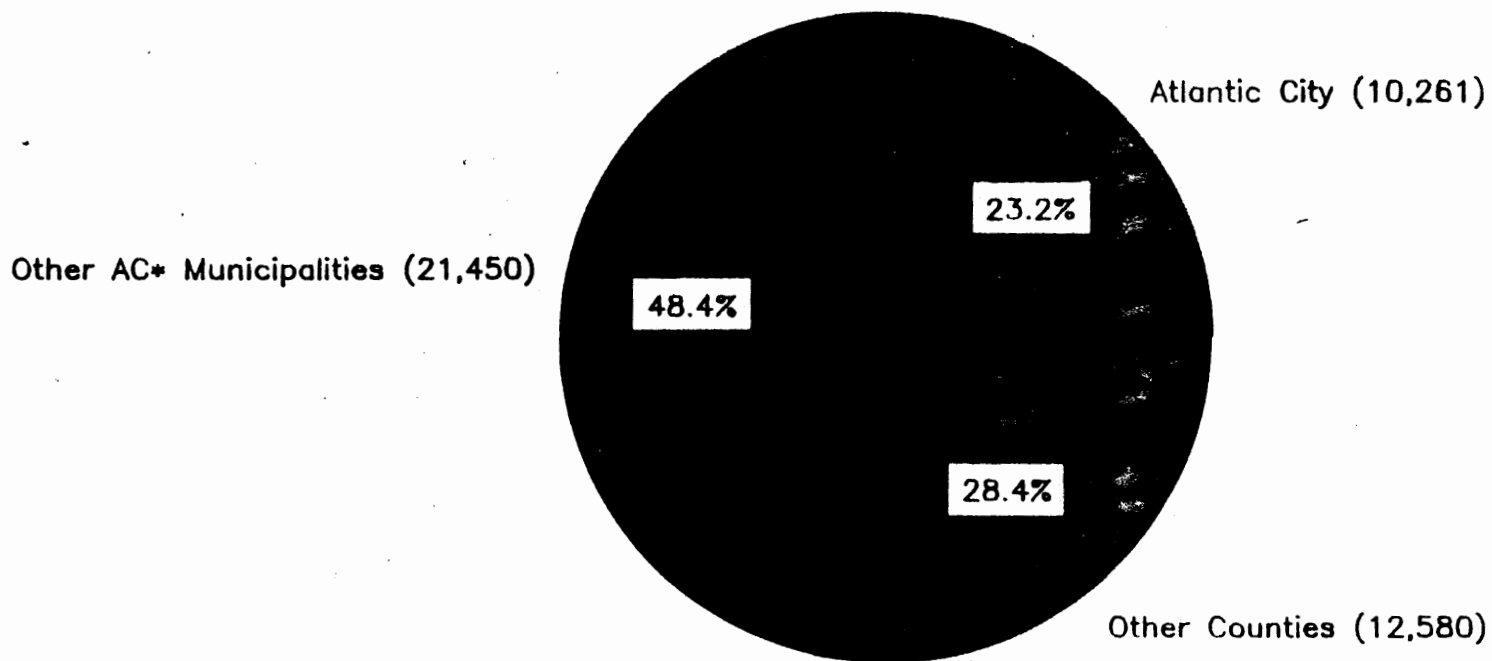
As you continue this hearing today, please be assured that the Casino Control Commission will be following the presentations very closely. I pledge to you our full cooperation and look forward to additional opportunities to meet and work with you. I hope you have found this presentation helpful. My staff will be available to address any concerns you may have as your day progresses.

Thank you.

CASINO/HOTEL EMPLOYEES BY LOCATION

REPORT DATE 01/02/90

TOTAL EMPLOYMENT = 44,291



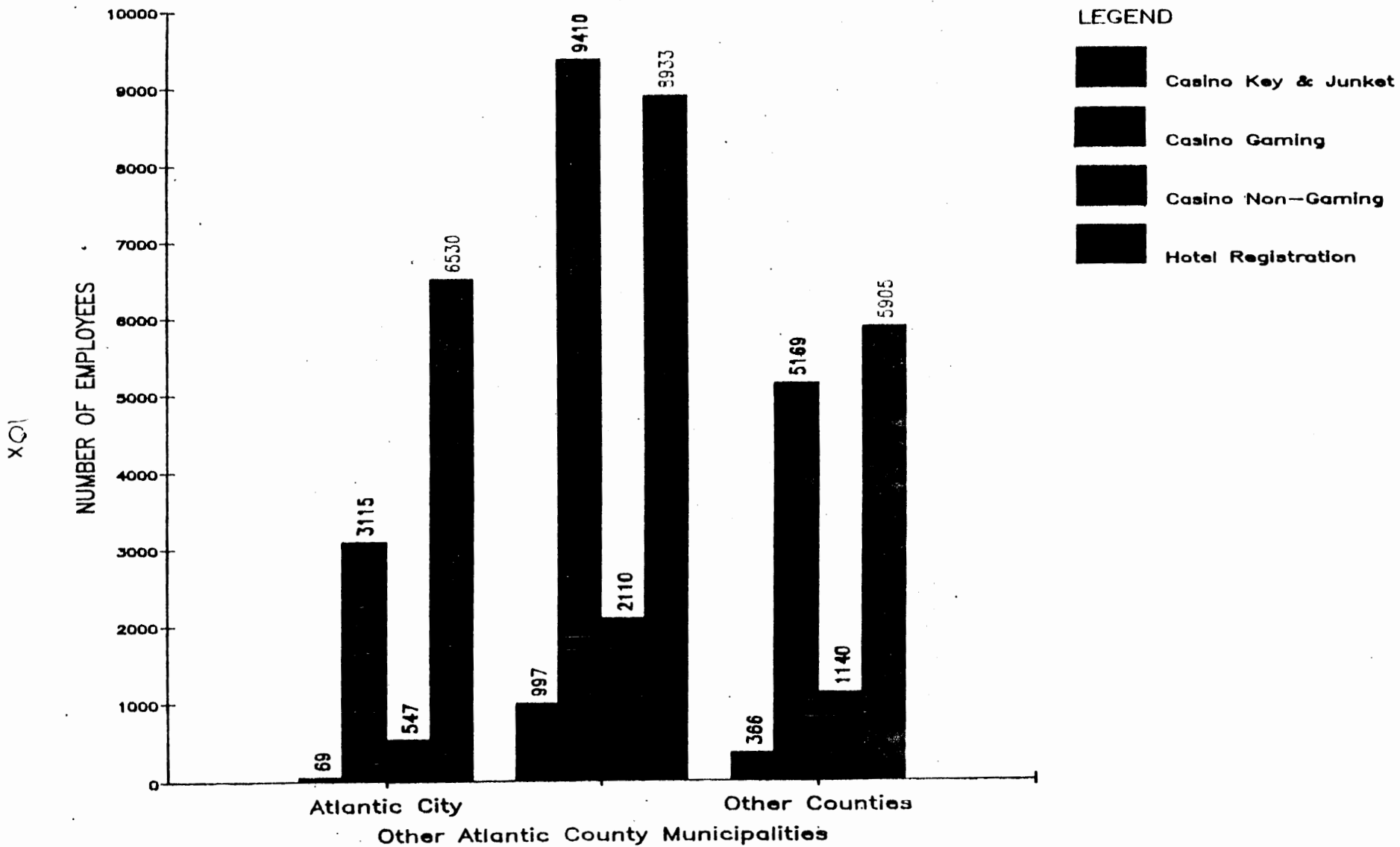
31

*Other Atlantic County Municipalities

SOURCE: CASINO CONTROL COMMISSION AS OF OCTOBER 18, 1989

RESIDENCE OF CASINO/HOTEL EMPLOYEES

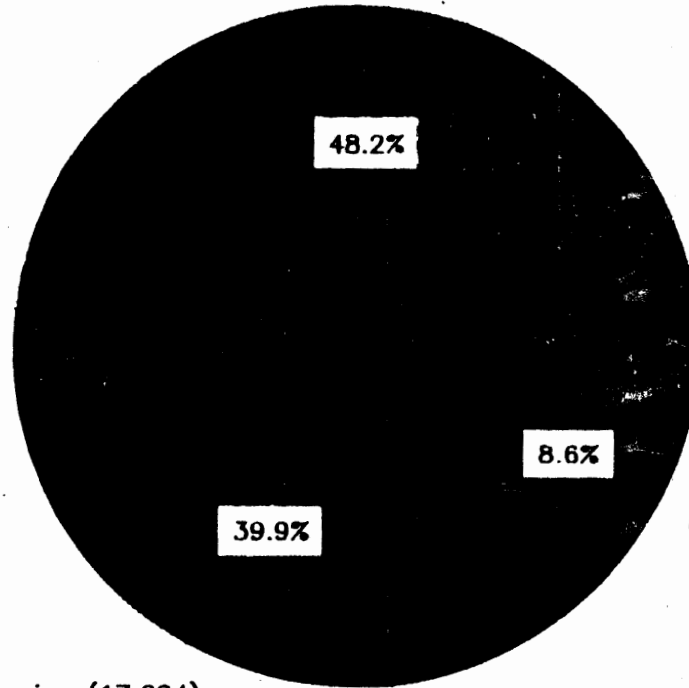
REPORT DATE 01/02/90



SOURCE: CASINO CONTROL COMMISSION AS OF OCTOBER 18, 1989

**CASINO/HOTEL EMPLOYMENT BY
LICENSE CATEGORY, REPORT DATE 01/02/90
TOTAL EMPLOYMENT = 44,291**

Hotel Registration (21,368)

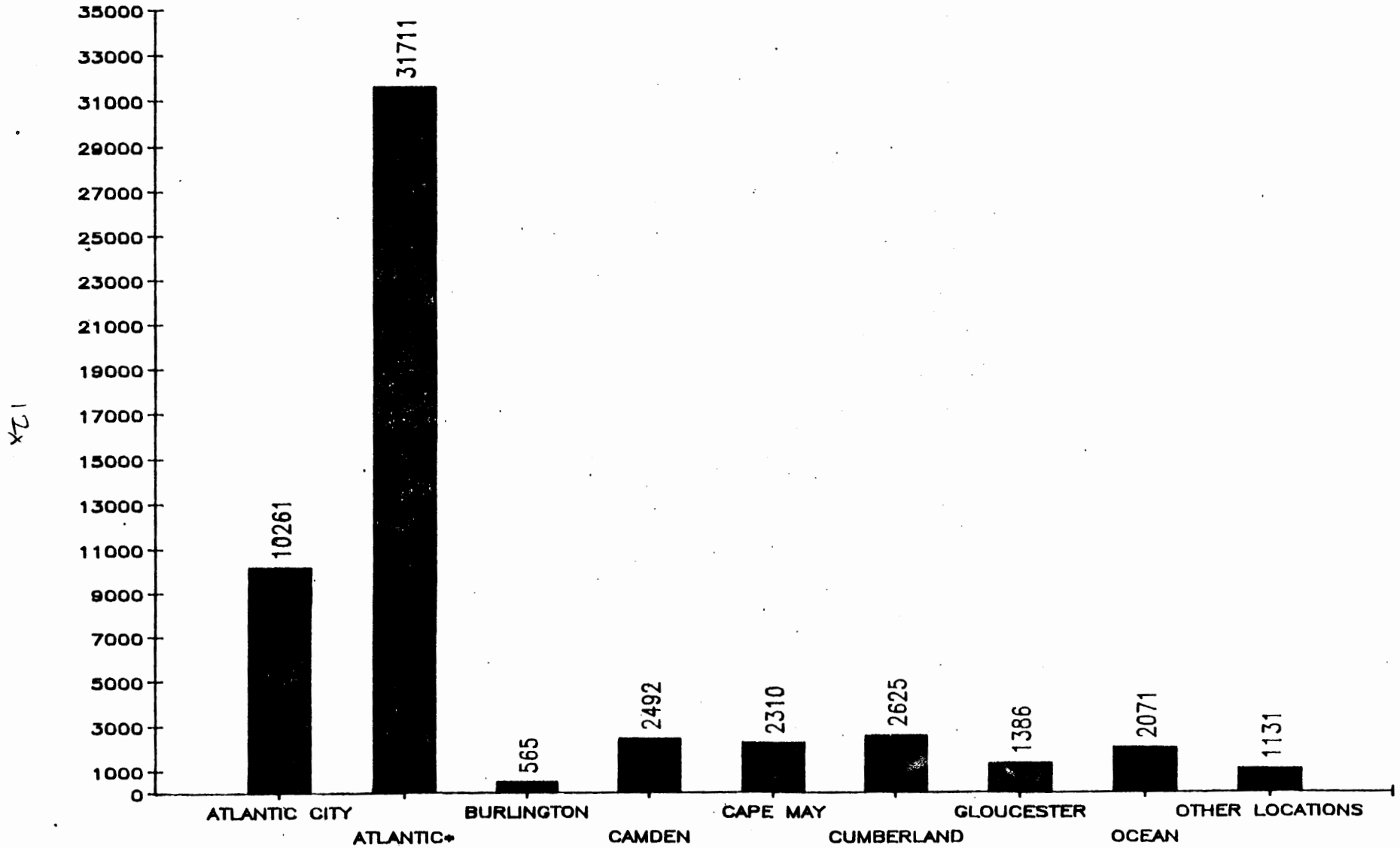


Casino Key & Junket (1,432) 3.2%

Casino Non-Gaming (3,797)

Casino Gaming (17,694)

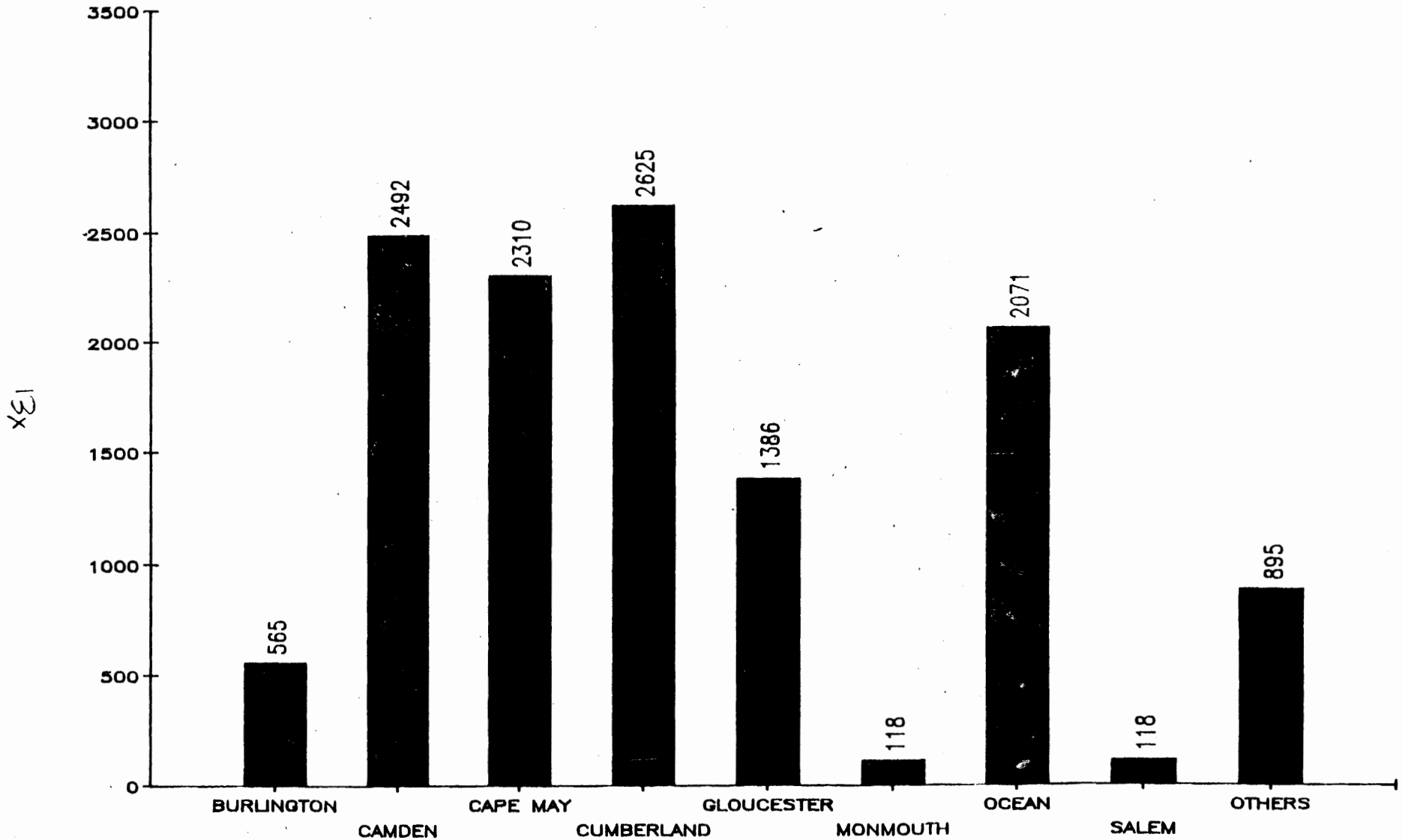
CASINO/HOTEL EMPLOYEES BY LOCATION, REPORT DATE 01/02/90



*ATLANTIC COUNTY TOTAL CONTAINS ATLANTIC CITY FIGURES

SOURCE: CASINO CONTROL COMMISSION AS OF OCTOBER 18, 1989

**CASINO/HOTEL EMPLOYEES
NON-ATLANTIC COUNTY RESIDENTS, 01/02/90**



SOURCE: CASINO CONTROL COMMISSION AS OF OCTOBER 18, 1989

Date Produced: 19-Mar-90

CASINO HOTEL EMPLOYMENT BY LICENSE CATEGORY
1978 - 1990

	Dec-78	Dec-79	Dec-80	Dec-81	Dec-82	Dec-83	May-84	Aug-84	Oct-84	Jan-85	Apr-85	Jul-85
Casino Key Employees (11)	107	374	701	922	931	1,000	1,232	1,253	1,248	1,249	1,366	1,382
Casino Employees (Gaming Related) (21)	1,372	4,807	8,997	11,843	11,950	12,845	15,889	16,090	15,992	15,563	16,562	17,533
Casino Employees (Non-Gaming Related) (22)	343	1,200	2,247	2,958	2,984	3,208	4,043	4,018	3,978	3,999	4,219	4,348
Hotel Registrants (40)	1,404	4,919	9,206	12,119	12,228	13,144	16,558	16,464	16,201	15,239	16,010	18,078
Junket Representatives ^{1, 2} (95)	0	0	0	0	0	0	0	0	0	0	0	0
Total	3,226	11,300	21,151	27,842	28,093	30,197	37,722	37,825	37,419	36,050	38,157	41,341

Number of Casino/Hotels Operating³ 1 3 6 9 9 9 10 10 10 10 10 11

¹ Junket Representative employees were combined with the casino key employee category until 1983. Between 1983 to 1988 Junket Representative employees were combined with casino gaming related employee license categories. A separate license category was created in January 1988. See legislative history of M.J.S.A. 5:12-102 et seq.

² Junket Representative functions can be performed by persons licensed as casino key employees.

³ See attached list indicating the opening and closing dates for each casino.

SOURCE: Employment data prior to 1984 and for January 1990 were reported by the casino hotels. The remaining data was taken from the Casino Control Commission Employee License Data Base (ELB-062) and was adjusted for data entry delay.

X71

Date Produced: 19-Mar-90

Page 2

CASINO HOTEL EMPLOYMENT BY LICENSE CATEGORY

1978 - 1990

	Oct-85	Jan-86	Apr-86	Jul-86	Sep-86	Jan-87	Apr-87	Jul-87	Oct-87	Jan-88	Apr-88	Aug-88
Casino Key Employees (11)	1,389	1,358	1,351	1,355	1,350	1,447	1,446	1,462	1,465	1,468	1,458	1,454
Casino Employees (Gaming Related) (21)	17,008	16,520	16,729	17,449	17,105	17,399	17,501	17,902	17,802	17,541	17,462	17,939
Casino Employees (Non-Gaming Related) (22)	4,418	4,380	4,430	4,384	4,406	4,647	4,747	4,834	4,942	4,887	4,658	4,499
Hotel Registrants (40)	17,130	16,284	16,828	17,455	16,804	17,270	18,135	18,765	18,322	18,043	18,358	20,808
Junket Representatives ^{1, 2} (95)	0	0	0	0	0	0	0	0	0	0	3	12
Total	39,945	38,542	39,338	40,643	39,665	40,763	41,829	42,963	42,531	41,939	41,939	44,712
Number of Casino/Hotels Operating ³	11	11	11	11	11	11	12	12	12	12	12	12

¹ Junket Representative employees were combined with the casino key employee category until 1983. Between 1983 to 1988 Junket Representative employees were combined with casino gaming related employee license categories. A separate license category was created in January 1988. See legislative history of N.J.S.A. 5:12-102 et seq.

² Junket Representative functions can be performed by persons licensed as casino key employees.

³ See attached list indicating the opening and closing dates for each casino.

SOURCE: Employment data prior to 1984 and for January 1990 were reported by the casino hotels. The remaining data was taken from the Casino Control Commission Employee License Data Base (ELB-062) and was adjusted for data entry delay.

15X

Date Produced: 19-Mar-90

CASINO HOTEL EMPLOYMENT BY LICENSE CATEGORY
1978 - 1990

	Oct-88	Jan-89	Apr-89	Jul-89	Oct-89	Jan-90	Apr-90 ⁴
Casino Key Employees (11)	1,480	1,467	1,473	1,395	1,410	1,432	1,689
Casino Employees (Gaming Related) (21)	17,795	17,697	17,723	17,751	17,694	17,975	21,876
Casino Employees (Non-Gaming Related) (22)	4,316	4,190	4,166	3,901	3,797	3,857	4,241
Hotel Registrants (40)	21,009	20,856	21,043	21,692	21,368	21,708	25,778
Junket Representatives ^{1, 2} (95)	12	14	16	17	22	22	27
Total	44,612	44,224	44,421	44,756	44,291	44,994	53,611
Number of Casino/Hotels Operating³	12	12	12	11	11	11	12

¹ Junket Representative employees were combined with the casino key employee category until 1983. Between 1983 to 1988 Junket Representative employees were combined with casino gaming related employee license categories. A separate license category was created in January 1988. See legislative history of H.J.S.A. 5:12-102 et seq.

² Junket Representative functions can be performed by persons licensed as casino key employees.

³ See attached list indicating the opening and closing dates for each casino.

⁴ Figures for April 1990 are projections which reflect the opening of the Taj Mahal. The Taj Mahal has reported as of March 12, 1990 that they have made employment offers to 8,617 persons, however it is anticipated that at opening the casino hotel will employ 7,243 persons.

SOURCE: Employment data prior to 1984 and for January 1990 were reported by the casino hotels. The remaining data was taken from the Casino Control Commission Employee License Data Base (ELB-062) and was adjusted for data entry delay.

16X

CCC CHART B

Date Produced: 19-Mar-90

NUMBER OF ACTIVE LICENSES AND REGISTRATIONS ^{1, 2}

Page 1

1983 - 1990

	Jan-83	Apr-83	Jul-83	Oct-83	Jan-84	Apr-84	Jul-84	Oct-84	Jan-85	Apr-85	Jul-85	Oct-85
Casino Key Employee Licenses (11)	1,905	1,852	1,935	1,882	1,892	1,897	1,982	2,015	2,054	2,119	2,146	2,175
Casino Employee Licenses (Gaming Related) (21)	23,055	21,726	21,001	21,993	23,063	24,582	26,286	26,799	27,295	27,825	29,125	29,991
Casino Employee Licenses (Non-Gaming Related) (22)	6,030	5,723	5,911	6,292	6,646	6,821	7,310	7,263	7,402	7,271	7,411	7,653
Hotel Registrants ³ (40)	35,395	36,212	37,922	39,914	40,604	41,427	45,770	47,307	47,747	49,220	52,020	54,278
Junket Representatives (95)	0	0	0	0	0	0	0	0	0	0	0	0
Total	66,385	65,513	66,769	70,081	72,205	74,727	81,348	83,384	84,498	86,435	90,702	94,097

¹ Includes temporary licensees.

² Individuals are counted more than once if they possess different licenses or registrations.

³ Hotel registrations do not expire, therefore this category will continue to increase even if holders of hotel registrations leave the industry.

Source: Casino Control Commission Employee License Data Base (ELB-010).

17X

Date Produced: 19-Mar-90

NUMBER OF ACTIVE LICENSES AND REGISTRATIONS ^{1, 2}

Page 2

1983 - 1990

	Jan-86	Apr-86	Jul-86	Oct-86	Jan-87	Apr-87	Jul-87	Oct-87	Jan-88	Apr-88	Jul-88	Oct-88
Casino Key Employee Licenses (11)	2,180	2,148	2,144	2,128	2,156	2,201	2,193	2,269 ¹	2,285	2,272	2,260	2,313
Casino Employee Licenses (Gaming Related) (21)	30,552	31,102	32,240	32,745	33,171	33,366	33,838	33,538	32,791	32,226	32,183	31,991
Casino Employee Licenses (Non-Gaming Related) (22)	7,757	7,756	7,947	8,028	7,972	8,037	8,173	8,029	7,880	7,616	7,173	6,996
Hotel Registrants ³ (40)	55,092	55,866	58,729	60,182	60,982	62,408	65,396	67,855	69,475	70,940	73,775	77,011
Junket Representatives (95)	0	0	0	0	0	0	0	0	0	12	66	73
Total	95,581	96,872	101,060	103,083	104,281	106,012	109,600	111,691	112,431	113,066	115,457	118,384

¹ Includes temporary licenses.

² Individuals are counted more than once if they possess different licenses or registrations.

³ Hotel registrations do not expire, therefore this category will continue to increase even if holders of hotel registrations leave the industry.

Source: Casino Control Commission Employee License Data Base (ELB-010).

181

Date Produced: 19-Mar-90

NUMBER OF ACTIVE LICENSES AND REGISTRATIONS ^{1, 2}

Page 3

1983 - 1990

	Jan-89	Apr-89	Jul-89	Oct-89	Jan-90
Casino Key Employee Licenses (11)	2,343	2,320	2,346	2,367	2,424
Casino Employee Licenses (Gaming Related) (21)	32,198	32,119	32,787	32,038	32,419
Casino Licensees Licenses (Non-Gaming Related) (22)	6,775	6,536	6,491	6,210	6,057
Hotel Registrants ³ (40)	79,501	81,252	84,083	87,227	88,810
Junket Representatives (95)	92	116	144	167	198
Total	120,909	122,343	125,851	128,009	129,908

¹ Includes temporary licensees.

² Individuals are counted more than once if they possess different licenses or registrations.

³ Hotel registrations do not expire, therefore this category will continue to increase even if holders of hotel registrations leave the industry.

CCC CHART C

Date Produced: 19-Mar-90

TAJ MAHAL RECRUITING PROFILE ¹

Page 1

	CAESARS	BALLY	GRAND	RESORTS	CLARIDGE	SHOWBOAT	MARINA	TROP	SANDS	TOTAL NON-TROMP CASINOS
Casino Key Employees (11)	12	3	5	35	19	20	8	11	11	124
Casino Employees (21) (Gaming Related)	112	178	229	373	286	265	160	322	236	2,161
Casino Employees (22) (Non-Gaming Related)	5	17	11	38	12	31	14	10	8	146
Hotel Registrants (40)	87	92	89	187	79	181	78	160	77	1,030
Junket Representatives (95)	0	0	1	0	0	1	0	0	0	2
TOTAL	216	290	335	633	396	498	260	503	332	3,463
Number of Employees of the Casino/Hotel as of March 1990	4,027	4,533	3,418	4,089	2,740	3,973	4,387	5,039	3,444	35,650
Percentage of Employee Loss By Casino	5.4%	6.4%	9.8%	15.5%	14.5%	12.5%	5.9%	10.0%	9.6%	9.7%

¹ Data supplied by Taj Mahal as of March 12, 1990.

20X

	TOTAL NON-TRUMP CASINOS	PLAZA	CASTLE	TOTAL ALL CASINOS	TAJ MAHAL NON-CASINO RECRUITING	GRAND TOTAL TAJ MAHAL RECRUITING	PROJECTED TAJ MAHAL STAFFING	PRIORITY REQUEST SUBMISSIONS BY TAJ
Casino Key Employees (11)	124	33	24	181	76	257	222	30
Casino Employees (Gaming Related) (21)	2,161	154	133	2,448	1,453	3,901	2,969	725
Casino Employees (Non-Gaming Related) (22)	146	17	15	178	206	384	565	98
Hotel Registrants (40)	1,030	124	107	1,261	2,809	4,070	3,482	710
Junket Representatives (95)	2	1	0	3	2	5	5	0
TOTAL	3,463	329	279	4,071	4,546	8,617²	7,243²	1,563

Number of Employees
of the Casino/Hotel
as of March 1990

35,650	4,761	4,479	44,890
--------	-------	-------	--------

Percentage of Employee
Loss By Casino

9.7%	6.9%	6.2%	9.1%
------	------	------	------

¹ Data supplied by Taj Mahal as of March 12, 1990.

² Total Taj Employee figure reflects employment offers of 8,617 persons, however it is anticipated that at opening the casino hotel will employ 7,243 persons, which reflects 19% greater employment offers given than actual employment needed.

Date Produced: 19-Mar-90

CASINO CONTROL COMMISSION

CCC CHART D

EMPLOYEE LICENSE BUREAU OPERATING REPORT FROM INCEPTION TO DECEMBER 31, 1989 ¹

APPLICATIONS FOR:	APPLICATIONS ACCEPTED FOR FILING	APPLICATIONS PENDING	REGISTRATIONS & LICENSES DENIED AND WITHDRAWN	PLENARY AND TEMPORARY LICENSES ISSUED & REGISTRATIONS ASSIGNED	TOTAL INACTIVE LICENSES AND REGISTRATIONS ²	TOTAL REVOKED AND SUSPENDED LICENSES & REGISTRATIONS	TOTAL ACTIVE LICENSES AND REGISTRATIONS
CASINO KEY (11) EMPLOYEE LICENSES	4,910	335	199	4,376	1,926	26	2,424
CASINO (21 & 22) EMPLOYEE LICENSES	79,856	3,347	2,580	73,929	34,678	775	38,476
HOTEL ⁴ REGISTRANTS (40)	100,037	N/A	106	99,931	9,321	1,800	88,810
JUNKET ⁵ REPRESENTATIVES (95)	323	116	2	205	5	2	198
TOTAL	185,126	3,798	2,887	178,441	45,930	2,603	129,908 ³

¹ Individuals are counted more than once if they possess different licenses or registrations.

² Licenses which have expired.

³ Total includes issuance of 271 temporary licenses, and 129,637 plenary licenses and registrations assigned.

⁴ Hotel registrations do not expire, therefore this category will continue to increase even if holders of hotel registrations leave the industry.

⁵ Number of junket employee applications submitted subsequent to change in Casino Control Act, January 1988.

SOURCE: Casino Control Commission Employee License Data Base (ELB-010)

TESTIMONY OF
ANTHONY J. PARRILLO
DIRECTOR
N.J. DIVISION OF GAMING ENFORCEMENT

BEFORE
ASSEMBLY INDEPENDENT AUTHORITIES COMMITTEE

MARCH 20, 1990
ATLANTIC CITY

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE

ON BEHALF OF THE ATTORNEY GENERAL AND THE DIVISION OF GAMING ENFORCEMENT, I WOULD LIKE TO THANK YOU FOR THE INVITATION TO APPEAR TODAY TO DISCUSS WHAT I CONSIDER TO BE ONE OF THE MOST CRITICAL ISSUES FACING CASINO MANAGEMENT IN THE 1990'S--THAT IS THE MANPOWER AND STAFFING NEEDS OF THE CASINO GAMING INDUSTRY IN WHAT MAY VERY WELL HAVE BECOME A STRAINED AND DWINDLING LABOR MARKET. [AS YOU WELL KNOW, ASSEMBLY RESOLUTION 80 CALLS FOR THE DIVISION AND CASINO CONTROL COMMISSION TO PREPARE A JOINT REPORT TO THIS COMMITTEE ON THE ATLANTIC CITY LABOR SITUATION WITH SPECIAL EMPHASIS ON THE IMPACT OF THE TAJ MAHAL OPENING ON THE CASINO EMPLOYEE LABOR POOL. THAT REPORT WILL BE FILED WITHIN A MONTH. TODAY, I HOPE TO PROVIDE YOU BACKGROUND AS WELL AS A PREVIEW OF SOME OF OUR FINDINGS WITH AS MUCH UP-TO-THE-MINUTE INFORMATION AS POSSIBLE.]

AS YOU KNOW MR. CHAIRMAN, THE TAJ MAHAL IS SCHEDULED TO COMMENCE OPERATIONS ON APRIL 2, 1990 AND WE ARE CURRENTLY IN THE PROCESS OF REVIEWING CONTROLS, INSPECTING ALL GAMING EQUIPMENT, REVIEWING SURVEILLANCE PROCEDURES AND MOST IMPORTANTLY FOR OUR

DISCUSSION TODAY, PROCESSING EMPLOYEE LICENSING APPLICATIONS. OBVIOUSLY, ONE OF THE MOST CRITICAL COMPONENTS OF A SUCCESSFUL OPENING AND OF A SUCCESSFUL ONGOING OPERATION IS AN ADEQUATE LABOR SUPPLY--THAT IS HAVING ENOUGH PEOPLE AVAILABLE TO STAFF ATLANTIC CITY'S GAMING HALLS.

MR. CHAIRMAN, EMPLOYMENT OPPORTUNITIES AND THE CREATION OF NEW JOBS ARE ONE OF THE MAJOR SUCCESS STORIES OF CASINO GAMING. TWELVE YEARS AFTER ITS INCEPTION, THERE IS TODAY, (AS OF JANUARY, 1990) A TOTAL OF 44,994 INDIVIDUALS DIRECTLY EMPLOYED IN THE GAMING INDUSTRY. IN ADDITION, TENS OF THOUSANDS OF OTHER INDIVIDUALS ARE EMPLOYED BY INDUSTRIES THAT DIRECTLY OR INDIRECTLY SERVICE THE CASINOS, BY CONSTRUCTION COMPANIES AND SUBCONTRACTORS. FINALLY COUNTLESS NEW JOBS HAVE BEEN INDIRECTLY CREATED AS A RESULT OF THE CASINO INDUSTRY BOOM HERE IN SOUTH JERSEY.

SO THE GOOD NEWS IS THAT THERE ARE JOBS APLENTY. THE BAD NEWS IS THAT THERE DOESN'T SEEM TO BE ENOUGH PEOPLE TO FILL THEM. FUELED BY THE CASINO BOOM, THE EXPANSION OF POSITIONS HAS FAR OUTPACED THE WANING SUPPLY OF WORKERS--THE SO-CALLED "BABY BUST"

PHENOMENON--RESULTING IN WHAT SOME EXPERTS SAY IS NOW A REAL LABOR SHORTAGE. INDEED, NOT ONLY ARE HOTELS AND TOURISM AMONG THE MAJOR AREAS OF JOB GROWTH STATEWIDE, BUT THE GEOGRAPHIC AREA WITH THE HIGHEST INCREASE IN THE 1980'S HAS BEEN ATLANTIC COUNTY WITH A 92% GROWTH RATE. EXCLUDING THE MORE THAN 7200 POSITIONS CREATED BY THE TAJ MAHAL, RIGHT NOW THERE MAY BE AN ESTIMATED 1,000 TO 2,000 CASINO HOTEL JOB OPENINGS.

[TO FULLY UNDERSTAND THE PRESENT LABOR SITUATION IN ATLANTIC CITY, IT IS FIRST NECESSARY TO UNDERSTAND THE LABOR MARKET FROM A HISTORICAL PERSPECTIVE. CHART 1 SETS FORTH THE OPENING DATES OF EACH OF THE CASINO HOTELS AND THE CUMULATIVE TOTAL OF INDIVIDUALS EMPLOYED IN THE INDUSTRY AS EACH CASINO HOTEL OPENED. I THINK TWO IMPORTANT CONCLUSIONS CAN BE DRAWN FROM THESE CHARTS. FIRST, THE PRESENT EMPLOYMENT FIGURE, AS I NOTED EARLIER, IS 44,994 INDIVIDUALS. EVEN WITH THE CLOSING OF THE ATLANTIS CASINO HOTEL IN MAY 1989, THE OVERALL DIRECT EMPLOYMENT IN ATLANTIC CITY CASINOS NOW IS THE HIGHEST IT HAS EVER BEEN. SECOND, AS I NOTED EARLIER, THE TAJ MAHAL WILL OPEN IN APRIL 1990; THAT CASINO HOTEL WILL

EMPLOY APPROXIMATELY 7,200 ADDITIONAL INDIVIDUALS IN VARIOUS CASINO KEY, CASINO EMPLOYEE AND CASINO HOTEL REGISTRANT POSITIONS. WHEN THE TAJ MAHAL OPENS, IT IS ESTIMATED THAT THE TOTAL NUMBER OF INDIVIDUALS EMPLOYED DIRECTLY BY THE TWELVE OPERATING CASINOS WILL APPROACH 52,000 PEOPLE. THAT ALONE CONSTITUTES A POSITIVE ACCOMPLISHMENT.]

TO DATE, THE REGULATORY PROCESS HAS BEEN ABLE TO PROVIDE A POOL OF LICENSED INDIVIDUALS AVAILABLE FOR EMPLOYMENT IN THE CASINO GAMING INDUSTRY. FROM THE START OF CASINO GAMING THROUGH 1989, THE DIVISION HAS PROCESSED, INVESTIGATED AND REPORTED UPON 4,278 CASINO KEY EMPLOYEES; 73,766 CASINO EMPLOYEES AND ABOUT 100,000 INDIVIDUALS WHO HAVE BEEN REGISTERED AS CASINO HOTEL EMPLOYEES. THIS CONSTITUTES COMPELLING PROOF THAT THE REGULATORY SYSTEM WORKS, AND WORKS WELL.

SINCE THE EARLY CASINO OPENINGS, THE DIVISION HAS MONITORED STAFFING TRENDS IN THE INDUSTRY. I THINK IT IS IMPORTANT TO NOTE THAT EVERY CASINO SINCE THE OPENING OF RESORTS IN MAY 1978 HAS

RECRUITED FROM OTHER OPERATING CASINOS IN ATLANTIC CITY. THAT IS NOT A NEW PHENOMENON.

I WOULD HOWEVER LIKE TO TAKE A MINUTE TO FOCUS ON THE LAST THREE CASINO OPENINGS -- THE PLAZA, TRUMP CASTLE AND THE SHOWBOAT. THE PLAZA OPENED IN MAY 1984 UNDER THE PARTNERSHIP OF DONALD TRUMP AND HARRAH'S. DESPITE THE FACT THAT IT WAS THE FIRST CASINO TO OPEN IN SOME THIRTY MONTHS SINCE THE TROPWORLD CASINO OPENED IN NOVEMBER 1981, AND THAT THERE APPEARED TO BE SUFFICIENT TIME FOR THE LABOR MARKET TO STABILIZE AFTER THE OPENING OF THE FIRST NINE CASINOS, IN FACT, WE SAW A BIDDING WAR DEVELOP FOR CERTAIN CATEGORIES OF CASINO EMPLOYEES. FOR EXAMPLE, IN THE POSITION OF SLOT ATTENDANTS AND TELLERS -- SOME CASINOS OFFERED BONUSES TO WORKERS TO STAY AT THEIR FACILITIES AND OTHER CASINOS OFFERED BONUSES TO ATTRACT CASINO EMPLOYEES FROM OTHER FACILITIES. ONE CASINO EVEN OFFERED AS HIGH AS A \$1,000 SIGN-UP BONUS TO ATTRACT SLOT ATTENDANTS.

WHEN TRUMP CASTLE OPENED IN JUNE 1985 AND THE SHOWBOAT OPENED IN APRIL 1987, THERE CONTINUED TO BE SIGNIFICANT COMPETITION AMONG

THE CASINOS FOR EMPLOYEES. NEWSPAPER ARTICLES IN 1986 AND 1987 ADDRESSED THE PERCEIVED NEGATIVE IMPACT THAT THE OPENING OF THE SHOWBOAT WOULD HAVE ON THE EMPLOYMENT SITUATION FOR THE REST OF THE INDUSTRY. SIMILAR TO NOW, THERE WERE DOOMSDAY SCENARIOS FORECAST. AS WE KNOW, NOTHING DRASTIC HAPPENED AND THE INDUSTRY WAS ABLE TO ADJUST ACCORDINGLY. CHART 2 GRAPHICALLY DEMONSTRATES HOW MANY PEOPLE WERE RECRUITED BY CASTLE AND SHOWBOAT RESPECTIVELY FROM THE OTHER OPERATING CASINOS WHEN THEY OPENED.

BETWEEN THE OPENING OF THE SHOWBOAT CASINO IN 1987 TO THE PRESENT, HOWEVER, I THINK IT IS FAIR TO SAY THAT THE LABOR SHORTAGE IN ATLANTIC CITY HAS WORSENERED. CERTAIN INTERIM DEVELOPMENTS SUCH AS THE TROPWORLD EXPANSION AND BALLY'S NEW HOTEL TOWER HAVE STRAINED AN ALREADY DWINDLING LABOR MARKET. THESE EXPANSIONS COUPLED WITH THE STATE'S ROBUST ECONOMY OF THE 80'S SUGGEST THE CASINOS MAY HAVE JUST TAPPED OUT LOCALLY AND MUST START LOOKING ELSEWHERE FOR SOLUTIONS. OF COURSE, THE FARTHER GEOGRAPHICALLY THE SEARCH EXTENDS, THE GREATER IT SEEMS THE TRADITIONAL BARRIERS TO EMPLOYMENT IN ATLANTIC CITY'S CASINO INDUSTRY BECOME: I.E., THE

WORK HOURS, THE SCHEDULES, LOW PAY LEVELS FOR ENTRY LEVEL POSITIONS, THE LACK OF DAYCARE, THE LACK OF SUBSIDIZED TRANSPORTATION, ETC. ALL OF THIS CONTRIBUTES TO THE DIFFICULTY OF RECRUITING OUTSIDE THE LOCAL MARKET AND ALSO HELPS EXPLAIN THE HIGH RATES OF STAFF TURNOVER IN THE CASINO INDUSTRY.

WITH THIS AS BACKGROUND, LET ME EXPLAIN HOW WE, AS REGULATORS, APPROACHED THE OPENING OF THE TAJ MAHAL. FROM PREVIOUS EXPERIENCES, WE RECOGNIZED EARLY ON THE SIGNIFICANT IMPACT OF THE TAJ MAHAL ON THE OVERALL EMPLOYMENT SITUATION IN ATLANTIC CITY, ESPECIALLY SINCE ITS MAMMOTH SIZE WOULD REQUIRE MORE WORKERS THAN NEEDED TO STAFF ANY OTHER FACILITY IN TOWN. CONSIDERING THE CRUNCH ALREADY EVIDENT IN THE JOB-RICH CASINO INDUSTRY, IT WAS ALL THE MORE IMPORTANT THAT THE REGULATORY AGENCIES TAKE AN ACTIVE ROLE IN MINIMIZING THE IMPACT OF THE OPENING ON TAJ VIS-A-VIS THE REST OF THE GAMING INDUSTRY.

BEGINNING LAST MAY, THE DIVISION DEVELOPED A TWO TRACK APPROACH RELATIVE TO THE EMPLOYEE LICENSING AND STAFFING NEEDS OF THE TAJ MAHAL CASINO. FIRST, DIVISION REPRESENTATIVES PERIODICALLY

MET WITH TAJ EXECUTIVES AND EXPLAINED TO THEM THAT WHOLESAL
RECRUITMENT FROM EXISTING CASINOS WOULD HAVE A DETRIMENTAL IMPACT
ON THE REST OF THE INDUSTRY. WE EXPLAINED TO TAJ THAT TO RECRUIT
WHOLE DEPARTMENTS AWAY FROM EXISTING CASINOS OR CAUSE SERIOUS
STAFFING DISRUPTIONS FOR THE REST OF THE CASINO INDUSTRY MAY BE
VIOLATIVE OF THE LETTER AND SPIRIT OF THE CASINO CONTROL ACT WHICH
WARNS AGAINST NEW CASINOS ADVERSELY AFFECTING EXISTING OPERATIONS.
WE FURTHER EXPLAINED THAT THE LEVELS OF STAFF RECRUITMENT UTILIZED
BY THE CASTLE AND SHOWBOAT WOULD SERVE AS UNOFFICIAL GUIDELINES AND
YARDSTICKS AGAINST WHICH "AN ADVERSE IMPACT" COULD BE MEASURED. I
SHOULD NOTE THAT TAJ MAHAL EXECUTIVES UNDERSTOOD OUR CONCERNS AND I
BELIEVE THEY ACTED, AT LEAST TO DATE, IN A RESPONSIBLE MANNER IN
RECRUITING STAFF.

ON ANOTHER TRACK, THE DIVISION ALSO OFFERED TO EXPEDITE THE
PROCESSING OF INDIVIDUALS RECRUITED BY THE TAJ FROM OUTSIDE THE
CASINO INDUSTRY AS AN INCENTIVE TO EXPAND AND EXTEND MANAGEMENT'S
LABOR SEARCH.

CHART III DEPICTS THE TAJ MAHAL STAFFING NEEDS AND DEPICTS THE NUMBER OF PRIORITY APPLICATIONS SUBMITTED TO THE DIVISION FOR PROCESSING TO RECEIVE LICENSES.

THE CHART SHOWS THAT TAJ WILL HAVE ABOUT 7,200 PEOPLE WORKING IN THE FACILITY BY APRIL 1990. ABOUT 1,550 EMPLOYEES HAVE BEEN SUBMITTED BY TAJ THROUGH THE LICENSING PROCESS. THESE ARE INDIVIDUALS WHO HAVE NOT PREVIOUSLY BEEN LICENSED AND PRESUMABLY ARE EITHER FROM OUTSIDE THE INDUSTRY OR, IF INSIDE, HAVE BEEN PROMOTED OR UPGRADED INTO POSITIONS REQUIRING LICENSURE. THAT LEAVES ABOUT 5,650 PEOPLE STILL NECESSARY TO STAFF THE FACILITY. OF THIS NUMBER, TAJ RECRUITED 1294 CASINO KEYS AND CASINO EMPLOYEES FROM THE REST OF THE INDUSTRY AT LEAST AS OF DECEMBER 1989. THE REMAINDER OF TAJ'S GAMING STAFF ARE COMPRISED OF INDIVIDUALS LICENSED BUT NOT WORKING IN THE INDUSTRY. WITH RESPECT TO HOTEL REGISTRANTS, TAJ ANTICIPATES A STAFFING LEVEL OF 3500 WITH A MINIMUM 710 RECRUITED FROM OUTSIDE THE INDUSTRY.

WE ALSO SAT DOWN WITH THE REST OF THE INDUSTRY COLLECTIVELY IN VARIOUS COMMITTEE MEETINGS AND INDEPENDENTLY ON AN INDIVIDUAL

BASIS. WE INFORMED THE INDUSTRY THAT AS A PRACTICAL MATTER, THEY WOULD OBVIOUSLY BE LOSING STAFF TO THE TAJ MAHAL. WE EXPLAINED THAT INDIVIDUALS WILL BE LEAVING THEIR FACILITIES FOR PROMOTIONS, MORE PAY AND THE MERE FACT THAT A NEW CASINO ALWAYS GENERATES SHIFTS IN THE WORKFORCE. THE DIVISION TOLD EACH OF THE HOUSES THAT THEY WOULD BE WELL SERVED TO BEGIN PLANNING FAR IN ADVANCE OF THE TAJ MAHAL OPENING HOW THEY WILL BACKFILL STAFF RECRUITED BY THE TAJ.

IN AN EFFORT TO MANAGE AND CONTROL WHAT COULD HAVE BEEN A SERIOUS SITUATION, THE DIVISION HAS KEPT CLOSE TABS ON THE EMPLOYEE STAFFING SITUATION WITHIN THE ENTIRE INDUSTRY. WE HAVE CAREFULLY TRACKED THE MOVEMENT OF EMPLOYEES FROM HOUSE TO HOUSE AND KEPT THE INDUSTRY ABREAST OF OUR FINDINGS. BEGINNING IN EARLY DECEMBER, 1989 THE DIVISION NOTIFIED EACH CASINO LICENSEE OF THEIR LIKELY LOSSES, BY POSITION, AS A RESULT OF TAJ RECRUITMENT. THIS PERMITTED THE INDUSTRY TO PLAN FOR THE BACKFILLING OF GAMING RELATED POSITIONS IN EACH OF THEIR HOUSES. A SECOND REPORT WAS SENT TO THE INDUSTRY IN EARLY FEBRUARY 1990 WHICH UPDATED THE

LIKELY LOSSES AS A RESULT OF THE TAJ MAHAL OPENING. THE KEY TO MANAGING THE STAFFING SITUATION IN THE INDUSTRY HAS BEEN, IN MY OPINION, MAINTAINING CLOSE COMMUNICATION WITH ALL PARTIES DURING THIS CRITICAL TIME. LASTLY, THE DIVISION HAS PRIORITIZED APPLICATIONS FOR EACH HOUSE IN ITS EFFORTS TO BACKFILL POSITIONS LOST AS A RESULT OF TAJ RECRUITMENT.

WHILE THERE ARE STILL SEVERAL VARIABLES THAT MAY CHANGE THE TAJ MAHAL EMPLOYMENT SITUATION, I AM VERY OPTIMISTIC THAT THIS SITUATION HAS BEEN SUCCESSFULLY MANAGED TO DATE WITH MINIMAL DETRIMENT TO THE ENTIRE INDUSTRY. IN ADDITION TO PRIORITIZING EMPLOYEE LICENSING APPLICATIONS, THE DIVISION HAS WORKED CLOSELY WITH THE INDUSTRY IN A VARIETY OF PROJECTS DESIGNED TO PROCESS POTENTIAL EMPLOYEES THROUGH THE SYSTEM AS EXPEDITIOUSLY AS POSSIBLE. DIVISION REPRESENTATIVES ATTENDED VARIOUS JOB FAIRS THROUGHOUT THE STATE TO EXPLAIN THE INVESTIGATIVE PROCESS TO PROSPECTIVE EMPLOYEES. IN KEEPING PACE WITH THE CASINOS' EFFORTS TO RECRUIT FROM MORE DISTANT LOCALES AND TO FACILITATE THE PROCESSING OF THESE EMPLOYEES, THE DIVISION HAS SENT OUR

FINGERPRINT PEOPLE TO LOCATIONS WITHIN AND OUTSIDE OF THE STATE WHERE AT LEAST 25 PEOPLE WILL BE HIRED TO WORK BY ONE OR MORE CASINOS. FOR EXAMPLE, DIVISION FINGERPRINTERS HAVE ACCOMPANIED TAJ MAHAL RECRUITERS TO NEWARK AND CAMDEN, NEW JERSEY AS THEY RECRUITED PEOPLE TO WORK IN THE HOTEL. FINALLY, HERE IN ATLANTIC CITY WE HAVE EXPANDED THE HOURS OF OUR IDENTIFICATION UNIT ON A DAILY BASIS AND INITIATED SATURDAY HOURS ON AN AS-NEEDED BASIS.

SEVERAL OTHER PROGRAMS ARE WORTH MENTIONING AT THIS POINT. THE DIVISION HAS FOR THE LAST SEVERAL YEARS PERMITTED EACH OF THE CASINO LICENSEES TO SUBMIT INDIVIDUALS RECRUITED FOR SUMMER EMPLOYMENT FOR EXPEDITED OR FAST TRACK TREATMENT TO ENSURE HEAVY SEASONAL NEEDS ARE SATISFIED. OVER THE COURSE OF THE LAST SEVERAL YEARS, WE HAVE PROCESSED OVER 1,800 SUCH APPLICATIONS. IN ADDITION, THE DIVISION HAS WORKED WITH SEVERAL JTPA PROGRAMS IN THE SOUTH JERSEY AREA. OUR EFFORTS HERE HAVE BEEN DIRECTED TO PARTICIPANTS OF THE JTPA PROGRAMS, SITTING DOWN WITH JOB COUNSELORS SO THAT THEY UNDERSTAND THE INVESTIGATIVE PROCESS AND PRIORITIZING APPLICATIONS. BETWEEN 1987 AND 1989, THE DIVISION PROCESSED OVER

3,200 OF THESE APPLICATIONS. IN TOTAL, THESE TWO PROGRAMS HAVE BROUGHT AN ADDITIONAL 5,000 EMPLOYEES INTO THE INDUSTRY ON A PRIORITY BASIS. (SEE CHART IV) THESE ARE JUST TWO EXAMPLES WHERE COOPERATION BETWEEN THE INDUSTRY AND REGULATORS HAS RESULTED IN MEANINGFUL RESULTS.

DESPITE THE EFFORTS OF THE REGULATORS, YOU WILL NO DOUBT HEAR TODAY FROM CRITICS WHO FAULT THE LICENSING PROCESS FOR THE LABOR SHORTAGE. I MUST DISAGREE. INDIVIDUALS APPLYING FOR LICENSURE WITH CLEAN BACKGROUNDS ARE BEING PROCESSED THROUGH THE DIVISION'S EMPLOYEE LICENSING INVESTIGATIVE PROCESS WITHIN 45 DAYS. THIS ALONE SHOULD CONSIDERABLY EASE PRESSURES ON THE EMPLOYMENT SITUATION AND ASSURE THAT THOSE INDIVIDUALS RECRUITED BY THE CASINO INDUSTRY CAN BEGIN WORK ON A TIMELY BASIS. OF COURSE HOTEL REGISTRANTS CAN GO TO WORK ALMOST IMMEDIATELY, THAT IS WITHIN 48 HOURS OF RECEIVING A HOTEL REGISTRATION. I AM CONFIDENT THAT DESPITE THE TIGHT LABOR MARKET IN ATLANTIC CITY, NO GAMING TABLE OR RESTAURANT WILL REMAIN CLOSED BECAUSE OF A LACK OF LICENSED STAFF.

TO BLAME THE LICENSING SYSTEM FOR CHRONIC LABOR SHORTAGES IS

TO IGNORE THE REAL PROBLEM AT HAND AND MAKE IT MORE DIFFICULT TO COME TO GRIPS WITH IT. THE INDUSTRY SIMPLY MAY HAVE TAPPED OUT LOCALLY AND MUST LOOK ELSEWHERE FOR SOLUTIONS. AND THESE SOLUTIONS, IT NOW APPEARS, LIE IN NEW AND MORE INNOVATIVE APPROACHES TO RECRUITING AND MAINTAINING ITS WORKFORCE.

IN SIZING UP NEW LABOR POOLS CASINO EMPLOYERS HAVE TO AGGRESSIVELY RECRUIT OFF-SITE AND AT PUBLIC SCHOOLS, COLLEGES, INNER-CITY STREET FAIRS AND JOB BANKS TO SPARK SOME INTEREST IN THEIR BUSINESS. AND ONCE THE WORKERS ARE HIRED, THESE SAME EMPLOYERS MUST MAKE EVERY EFFORT TO RETAIN THEM THROUGH UPWARD MOBILITY PROGRAMS, TRAINING, PROMOTIONS AND OTHER CAREER DEVELOPMENT OPPORTUNITIES.

THESE ARE, BY NO MEANS, SIMPLE SOLUTIONS. BUT IF THEY ARE IGNORED, THE LABOR SHORTAGE MAY ULTIMATELY BECOME A CRISIS WHICH AFFECTS QUALITY OF SERVICES, PATRONAGE AND ULTIMATELY REVENUES. ONE OF THE PROBLEMS WITH WAITING AROUND UNTIL THEN IS THAT WE MAY VERY WELL HAVE LOST A GENERATION OF WORKERS IN THE MEANTIME.

State of New Jersey
Division of Gaming Enforcement

Cumulative Casino Industry Employment		
Casino Hotel	Openinig Date	Total Employees
RESORTS	May 1978	3,236 ¹
BRC	June 1979	8,310
BALLY	December 1979	11,300
SANDS	August 1980	14,457
MARINA	November 1980	18,144
GNOC (Bally's Grand)	December 1980	21,152
PLAYBOY (Atlantis)	April 1981	25,039
CLARIDGE	July 1981	27,727
TROPWORLD	November 1981	30,759
TRUMP PLAZA	May 1984	37,722
TRUMP CASTLE	June 1985	41,341
SHOWBOAT	April 1987	41,829
PRESENT	January 1990	44,994
TRUMP TAJ-MAHAL	April 1990	52,000+

1) Junket representative employees are included in the overall total number of employees.

Source: Employment data prior to 1984 were reported by the casino hotels; the remaining data was taken from the joint Division of Gaming Enforcement and Casino Control Commission Licensing Data Base.

State of New Jersey

Division of Gaming Enforcement

Trump Castle and Showboat openings Recruiting Profile

Trump Castle Recruitment Final Figures (Gaming Related Positions)

<u>Job</u>	<u>PIT</u>	<u>FLOOR</u>	<u>BOX</u>	<u>PIT</u>	<u>COIN</u>	<u>CHANGE</u>	<u>SLOT</u>	<u>SECURITY</u>	<u>SLOT</u>	<u>COUNT</u>	
<u>Category</u>	<u>BOSS</u>	<u>PERSON</u>	<u>PERSON</u>	<u>DEALER</u>	<u>CLERK</u>	<u>CASHIER</u>	<u>PERSON</u>	<u>CASHIER</u>	<u>OFFICER</u>	<u>ATTEND.</u>	<u>ROOM</u>
Overall	8%	86%	40%	54%	25%	73%	61%	78%	14%	8%	0%
Percentage											
Recruitment ¹											

Showboat Recruitment Final Figures (Gaming Related Positions)

<u>Job</u>	<u>PIT</u>	<u>FLOOR</u>	<u>BOX</u>	<u>PIT</u>	<u>COIN</u>	<u>CHANGE</u>	<u>SLOT</u>	<u>SECURITY</u>	<u>SLOT</u>	<u>COUNT</u>	
<u>Category</u>	<u>BOSS</u>	<u>PERSON</u>	<u>PERSON</u>	<u>DEALER</u>	<u>CLERK</u>	<u>CASHIER</u>	<u>PERSON</u>	<u>CASHIER</u>	<u>OFFICER</u>	<u>ATTEND.</u>	<u>ROOM</u>
Overall	36%	42%	35%	53%	33%	16%	16%	68%	22%	23%	54%
Percentage											
Recruitment											

¹ This percentage reflects the percent of staff in these categories recruited from operating casinos.

39x

State of New Jersey
Division of Gaming Enforcement/Casino Control Commission
TAJ MAHAL RECRUITING PROFILE¹

	BALLY		RESORTS		SHOWBOAT		TROP		TOTAL	
	CAESARS	GRAND	CLARIDGE	MARINA	SANDS	Non-Trump Casinos				
Casino Key Employees (11)	12	3	5	35	19	20	8	11	11	124
Casino Employees (Gaming Related) (21)	112	178	229	373	286	265	160	322	236	2,161
Casino Employees (Non Gaming Related) (22)	5	17	11	38	12	31	14	10	8	146
Hotel Registrants (40)	87	92	89	187	79	181	78	160	77	1,030
Junket Representatives (95)	0	0	1	0	0	1	0	0	0	2
TOTAL	216	290	335	633	396	498	260	503	332	3,463
Number of Employees of the Casino/Hotel as of March 1990	4,027	4,533	3,418	4,089	2,740	3,973	4,387	5,039	3,444	35,650
Percentage of Loss By Casino	5.4%	6.4%	9.8%	15.5%	14.5%	12.5%	5.9%	10.0%	9.6%	9.7%

¹ Data supplied by Taj Mahal as of March 12, 1990.

XGX

State of New Jersey
Division of Gaming Enforcement/Casino Control Commission
TAJ MAHAL RECRUITING PROFILE¹

	TOTAL NON-TRUMP CASINOS	PLAZA CASTLE	TOTAL ALL CASINOS	TAJ MAHAL NON-CASINO RECRUITING	GRAND TOTAL TAJ MAHAL RECRUITING	PROJECTED TAJ-MAHAL STAFFING	PRIORITY REQUEST SUBMISSIONS BY TAJ MAHAL
Casino Key (11) Employees	124	33 24	181	76	257	222	30
Casino Employees (Gaming Related) (21)	2,161	154 133	2,448	1,453	3,901	2,969	725
Casino Employees (Non Gaming Related) (22)	146	17 15	178	206	384	565	98
Hotel (40) Registrants	1,030	124 107	1,261	2,809	4,070	3,482	710
Junket (95) Representatives	2	1 0	3	2	5	5	0
TOTAL	3,463	329 279	4,071	4,546	8,617²	7,243²	1,563
Number of Employees of the Casino/Hotel as of March 1990	35,650	4,761	4,479	44,890			
Percentage of Loss By Casino	9.7%	6.9%	6.2%	9.1%			

¹ Data supplied by Taj Mahal as of March 12, 1990.

² Total Taj Employee figure reflects employment offers of 8,617 persons, however it is anticipated that at opening the casino hotel will employ 7,243 persons, which reflects 19% greater employment offers given than actual employment needed.

X11h

State of New Jersey
Division of Gaming Enforcement

DGE Priority Programs for Employee Licensing

A. SUMMER EMPLOYMENT

1986	691
1987	270
1988	496
1989	386
1990 to Date	78
TOTAL	1,921

B. SOUTH JERSEY JTPA PROGRAMS

1987	1,461
1988	1,100 Approximate
1989	650
TOTAL	3,211

TESTIMONY OF
THOMAS C. CARVER, PRESIDENT
OF THE CASINO ASSOCIATION OF NEW JERSEY
BEFORE
ASSEMBLY INDEPENDENT AUTHORITIES
COMMITTEE ON CASINO-HOTEL MANPOWER NEEDS

ATLANTIC CITY, NEW JERSEY

MARCH 20, 1990

Gentlemen, thank you for the opportunity to appear at today's hearing. The casino industry is very pleased and encouraged at the interest shown by your committee and the current administration to focus on the needs of the Atlantic City region and the casino industry. We appreciate your taking time out of your busy schedules so early in the 1990 Legislative term to come to Atlantic City and meet with us.

Today's topic - the manpower needs of the casino industry - is a topic that has always been a top priority and concern to the industry. Since the days when the first casino opened in 1978 to the present, casino executives have constantly searched for and implemented new programs to expand the pool of employees from which to draw. It is a great credit to the industry's Human Resources Departments that we have been, to a very large extent, able to fill our manpower needs in an ever growing industry in a region which was sparsely populated when the industry first came to town. In fact, when one thinks of the tremendous regional growth which the casino industry has generated in the past 12 years, and the non-casino job opportunities which have been created as a result of that growth, the success of our programs is even more amazing. Today the industry directly

employs 45,000 and will employ over 53,000 upon the opening of the Taj Mahal. What were once personnel offices taking in employment applications are now full blown Human Resources Departments with services not only geared toward global recruitment but also emphasizing intensive training, upward mobility and management intern programs and employee retention. For example, most houses currently have in place New Hire Orientation programs, basic skills training, English language training, cultural diversity and guest services training. The costs of these efforts in terms of administration has been tremendous. The industry's Human Resources budget for 1990 exceeds \$12 million dollars with 1/2 of that going toward recruitment efforts. Correspondingly, salary and benefit costs for the industry has grown in leaps and bounds, exceeding \$1 billion dollars in 1990. I could go on with the numbers, and will come back later to elaborate upon some of our manpower programs, but I'd like to first get more to the point of what brings us here today.

I have read Assembly Resolution No. 80 introduced on March 1, 1990 by several of the Assemblymen on this committee. It calls for the Casino Control Commission and the Division of Gaming Enforcement to work jointly to prepare and submit a report to the committee on the current and future manpower needs of the casino industry as we enter the 1990's and the resources available to meet those needs. I applaud the committee for its interest and good sense to

look forward and anticipate the future needs of this vital state industry and your desire to do what needs to be done to assure its future success and stability. I hope that should such a report be produced by the regulators that you will provide the industry with an opportunity to review it and supplement your information with the industry's input.

The Taj Mahal is opening next month. I hope that you will have an opportunity to see this property while you are here today. It is truly spectacular in appearance. More importantly the Taj has already significantly contributed to the economics of New Jersey and our region by the \$1 billion in construction investment, thousands of construction jobs and tax ratables which have resulted from its construction. The industry hopes that the Taj Mahal will be its springboard into the 90's spurring new growth and job opportunities in Atlantic City and the region.

When any new property opens there is cause for concern throughout the industry about available manpower. We know that employees will leave existing properties to go to the new property for new opportunities or just a fresh start in a new environment. We also know that there will be another major industry employer vying for new employees in a shrinking labor pool.

The Taj Mahal, as of last week had made over 8,000

employment offers and expects to employ some 7,200 people.

The reality of the Taj opening has been an event actively planned for by the other houses in terms of manpower needs for months now - if not longer. The existing operators during this period have assessed their current organizations and anticipated needs, have reinforced employee retention programs in an effort to keep experienced employees and are actively recruiting to fill existing openings due to the Taj opening.

At any given time it has been estimated that there are between 1,000 and 2,000 job vacancies throughout the industry. In the summer and upon opening of new properties the number of vacancies increases. As I mentioned, the effort to fill the gap intensifies upon the opening of a new property. One of the problems or realities which makes the effort difficult is the requirement to license employees prior to putting them to work. This is especially true in the area of certain casino employees who are ineligible for temporary licensure. With this group of employees, licensing takes, on the average 3 to 4 months to complete. The problem is threefold:

- (1) The inability to timely put to work those prospective employees who desire to work and be licensed; and
- (2) The inability to recruit many qualified indivi-

duals who could be licensed simply because they cannot afford to wait 3 to 4 months to get a license and, thus, take other jobs outside of the industry.

- (3) The resulting millions of dollars in salary costs incurred by the industry due to payment of overtime wages in job categories such as coin handlers, cage cashiers and security personnel.

We anticipate getting back to your committee shortly as to our proposals involving temporary licensure for an expanded number of individuals. We would urge the committee to actively examine this area and institute reforms where appropriate.

Along these lines I should say that we - the industry and the regulators - are actively examining job titles across the board in an attempt to achieve uniformity in licensure of positions from property to property and downgrading of certain license categories where appropriate and consistent with the existing statutory mandate. At this point the industry is nearing completion of its analysis and will submit to the regulators a listing of some 50 positions which we feel can be downgraded thereby enabling temporary licensing or, in some cases, hotel registration.

Another area which we should all take a look at is the residency requirement established for certain employees by the Casino Control Act. It may be that the current residency requirement in place for 12 years has served the main purpose of generating employment in the casino industry for New Jersey residents. At this point we may have enticed all of the existing eastern Pennsylvania, Delaware and New York residents within commuting distance into the state that we are going to be able to achieve and that we can try to close the gap on our job vacancy problems by extending job offers to these non-New Jersey residents who live near our borders. The CANJ has not formulated a formal position on this - I raise it here because it's the opportune time to do so and it's something we should all start to take a close look at.

I mentioned earlier that the industry Human Resources departments along with CANJ and the regulators in certain instances have been aggressively working to close the gap on manpower needs. Some of these efforts are as follows:

- o Job Fairs throughout New Jersey and the region.
- o Survey of approximately 14,500 licensed individuals who are currently not working in the industry to determine if they would be interested in casino hotel employment. So far over 3,000 have responded and approximately 1,400 have expressed an interest in employment.

- o Extensive efforts in target areas to attract older workers to industry employment.
- o Formation of an ongoing committee to recommend methods to reduce employee turnover.
- o Coordination with State Dept. of Human Services to employ welfare recipients. Through 1989 more than 1,000 welfare recipients were employed by the industry through nationally recognized Atlantic City Casino (REACH) Demonstration Program.
- o Outreach efforts with colleges, community colleges and high schools to improve awareness of opportunities available in the industry and create curriculum geared toward those opportunities.
- o Continuing analysis of transportation systems to bring employees into the area and coordination with state, county and municipal transportation agencies.

In summary, I'd like to reiterate that the most important thing that can be accomplished today - and which has been started today - is the opening of dialogue between your committee, the industry and the regulators. It is important that we look to the future, plan for the future and make the changes today that are necessary for future success and growth.

(2)

Could we in some way convince potential employees in this pay scale that there are chances for advancement? The State, Unions and the Casinos themselves have sponsored training programs for advancement in the casino industry. Some casinos even give full reimbursement for games taken at casino gaming schools. And, most casinos make a practice of hiring from within whenever possible when a higher scale opportunity opens.

Could more efficient and economical transportation be of help? I believe that if we had twenty-four hour gambling transportation would be easier to schedule for three casino shifts of 10:00 AM to 6:00 PM, 6:00 PM to 2:00 AM and 2:00 AM to 10:00 AM rather than the hodge-podge of hours we have presently.

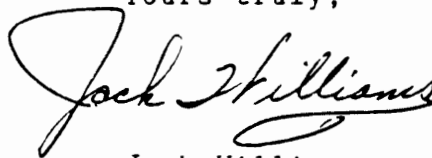
Some employees may be dismayed by the long licensing process. The time consumption of investigations by the Division of Gaming Enforcement (DGE), could be a factor. A possible solution would be to have a temporary licensing program while the potential employees are being investigated.

Some potential employees may be dismayed by the over-regulation of the Casino Control Commission (CCC) and the Division of Gaming Enforcement. With a loss of many civil rights, the open check-book type of operation of these agencies and, the horror stories of a DGE investigation, could be a factor in the manpower shortage.

We as employees can only give you some of the reasons we feel there is a shortage of casino manpower. We can't give you, the Legislators any sure fire solutions. We do believe the situation can only be resolved with intervention from the state level. We would hope that you, the Legislators could possibly find use of some of the executive talent and know how from the casino industry to help resolve this situation. We do not suggest any key license employee to run for public office. Quite the contrary, we are against that. We do suggest however that the excess of executive talent in marketing from the casino industry act as a source of voluntary information and suggestions to you, our Legislators.

Finally, Mr. Chairman and members of the Assembly Independent Authorities Committee, I wish to thank you again for giving the casino employees a chance to voice an opinion on this subject. If there are any questions you may have I will be glad to answer them to the best of my ability now, and in the future. I am at your service.

Yours truly,



Jack Williams
President: CAGE

52X

7-11-55
151



**CASINO & GAMING EMPLOYEES
OF NEW JERSEY**

"DEDICATED TO BRING
HUMAN DIGNITY TO OUR
PROFESSION"

P.O. Box 241
Berlin, South Jersey,
08009

Dennis L. Riley, Esq.
Legal Representative
609-627-1600

Jack Williams
President
609-767-9438

Midge Fasoia
Director
609-645-8911

Michael Jennetta
Director
609-641-1189

Edward O'Donnell
Director
609-783-3464

Michael Rametta
Director
609-625-3454

Rocco Saponare
Director
609-822-7870

TO: Assembly Independent Authorities Committee
State House Annex CN-068
Trenton, N.J. 08625

FROM: Casino & Gaming Employees of N.J.
PO Box 241
Berlin, N.J. 08009

March 20, 1990

Dear Sirs,

Thank you for the opportunity to appear here and give you some of the views and suggestions from some of my fellow employees regarding the manpower shortage in the casino industry.

We feel it is important to note that over 80% of all casino employees reside outside of Atlantic City. Many with a 30 minute ride or more to their places of employment.

This is a reflection of Atlantic City itself as it has not developed enough affordable housing, cleaned up its streets or curtailed the high crime rate. The Atlantic City governing body has been for years a model of inefficient, unqualified and non-progressive leadership. These are good reasons why casino employees avoid residing in Atlantic City.

When you look at the manpower shortage in the casino industry, just what level of manpower is needed? It is not in the level of a casino dealing position that has an average salary of approximately \$30,000 per year. It is in the lower scale openings of \$6.00 to \$7.00 per hour that there is a shortage.

We have seen some casinos venture out of our state to entice employees to Atlantic City. Could it be that a portion of our area labor pool could, and is currently receiving state aid or assistance that would only equal the same benefits of accepting these \$6.00 to \$7.00 per hour opportunities? Could our state assistance programs be too high and do not create any incentives to accept these positions?

