April 27, 2015

David J. Rosen  
Legislative Budget and Finance Officer  
Office of Legislative Services  
State House Annex, P.O. Box 068  
Trenton, N.J. 08625-0068

Dear Mr. Rosen:

Attached is the response to the question raised by the Senator Jeff Van Drew at the Department of Labor and Workforce Development Senate Budget and Appropriations hearing on April 16, 2015.

Sincerely,

[Signature]

Joseph Latoolf  
Assistant Commissioner/CFO
The closing of casinos in Atlantic City in the fall of 2014 clearly led to the loss of jobs. However, in the months following the closures, the seasonally adjusted unemployment rate for the entire state has remained fairly stable. While the loss of casino jobs has likely had a negative impact on the state economy, the large size and complexity of the New Jersey economy makes it extremely difficult to measure the magnitude of the impact of the casino closures on the state unemployment rate.

The four hotels that closed in 2014 — the Atlantic Club (January), Trump Plaza (September), Showboat (September), and Revel (September) employed approximately 7,800 workers. Approximately 4,900 persons who were previously employed at one of these casino hotels (or shops/restaurants affiliated with the hotels) filed for unemployment insurance benefits due to the closures. Municipalities that were home to the largest number of initial claims were Atlantic City, Little Egg Harbor and Galloway Township. A map of claimants by municipality shows a higher concentration of claimants in the darker shaded areas (only municipalities with at least five claimants were mapped); thereby establishing the areas of greatest impact by the four casino closures.

During the period following the closing of the casinos, the seasonally unadjusted unemployment rate increased in Atlantic County while it decreased statewide. In August 2014, the seasonally unadjusted unemployment rate in Atlantic County was 9.1%. In December 2014, the seasonally unadjusted unemployment rate for the County was 10.7%. During this same period, New Jersey’s seasonally unadjusted unemployment rate trended downward from 6.6% in August 2014 to 5.8% in December 2014. During this same period, the seasonally adjusted unemployment rate for New Jersey decreased slightly from 6.4% to 6.3%. The preliminary, seasonally adjusted unemployment rate for New Jersey was 6.5% in March 2015. A large number of factors impact the unemployment rate in a state as large as New Jersey. As a result, it is extremely difficult to estimate the impact of the casino closures on the statewide unemployment rate.
Honorable Harold J. Wirths
Commissioner
Department of Labor and Workforce Development
John Fitch Plaza, P.O. Box 110
Trenton, New Jersey 08625-0110

Dear Commissioner Wirths:

During the Department of Labor and Workforce Development hearing before the Senate Budget and Appropriations Committee on April 16, 2015, you indicated that a written response would be forthcoming to the following question raised by a member of the committee:

Senator Van Drew:

- In 2014, the Atlantic City region lost approximately 10,000 jobs from the closure of four of Atlantic City’s 12 casinos. According to the U.S. Bureau of Labor Statistics, the Atlantic City region’s decline was the largest non-farm job loss of 318 metropolitan areas studied by the bureau. What impact did the decline of the Atlantic City region have on New Jersey’s unemployment rate generally? By how many percentage points has the unemployment rate increased since the decline in the Atlantic City region?

We would appreciate your providing this information within the next five working days so that it may be utilized by the committee during its continued deliberations. Your response should be directed to us through the following address:

David J. Rosen
Legislative Budget and Finance Officer
Office of Legislative Services
State House Annex, P.O. Box 068
Trenton, New Jersey 08625-0068

Sincerely,

Paul A. Sarlo, Chairman
Senate Budget and Appropriations Committee

c David J. Rosen, Legislative Budget and Finance Office
Charlene Holzbaur, Office of Management and Budget
George LeBlanc, Senate Democratic Office
Christopher Emigholz, Senate Republican Office
Jordan DiGiovanni, Office of Legislative Services