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LIGHT'S ON

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LLOYD D. LEVENSON INSTITUTE OF GAMING, HOSPITALITY & TOURISM
AT THE RICHARD STOCKTON COLLEGE OF NEW JERSEY

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About LIGHT'S ON

The Lloyd D. Levenson Institute of Gaming, Hospitality and Tourism in the School of Business at The Richard Stockton College of New Jersey, leverages Stockton's intellectual resources and community connections to provide research and outreach that supports gaming and tourism leaders and policy makers in the Atlantic City region, in the State of New Jersey and beyond. LIGHT'S ON is available as an electronic journal. If you would like to be electronically notified of future releases of LIGHT'S ON, send an email to LIGHT@stockton.edu with the subject line "Subscribe LIGHT".

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INTERVIEW WITH LLOYD D. LEVENSON

By Israel Posner, Ph.D., *Executive Director*

LIGHT: Why did you decide to help found the Lloyd D. Levenson Institute of Gaming, Hospitality and Tourism? Why Stockton?

LDL: There are a several factors that came into play. Ever since President Saatkamp came to Stockton, I began to see the College in a different light. I saw his forcefulness in trying to make Stockton more than just a local college. I then started to take more advantage of the various programs, mostly entertainment in the Performing Arts Center and I saw the intensity that was being put into these programs. I also saw students who appeared very happy being there. The smiles of the students as they walked around campus were very impactful.

Then my wife, Liane, having retired from the practice of law some years ago to help raise our children, saw an opportunity as an empty nester to parley her law degree and English Literature Masters into an Adjunct Professorship at Stockton. The instant love that she developed for the college and the students was an important factor in our thinking. So those were the factors that made me warm to Stockton. The factor that made me want to do an institute is something that goes back many years. As a gaming attorney, I knew that Nevada had, what was then known as the World Gaming Congress with its giant trade show and seminars. Ten years ago it morphed into the Global Gaming Expo (G2E). Mississippi developed and still has its Mississippi Gaming Summit, another congregation of regulators, industry suppliers and operators. Although it was much smaller than the Las Vegas show it made me think why there is nothing similar in Atlantic City, the second largest gaming jurisdiction



Lloyd D. Levenson, Esq.
CEO, Cooper Levenson

in the world? Thankfully, we have very creative people around here such as Mike Pollock (long time Adjunct Professor at Stockton and Managing Partner of Spectrum Gaming Group) who approached me just as he was leaving his position at the Casino Control Commission as its Public Information Officer. He had the idea of developing a gaming conference in New Jersey and not just leave it to Nevada and Mississippi. After initial excitement, we looked at each other and said I'm a lawyer and you're a writer. We've never done anything like this before, but we did it and every year it's been more and more successful; this coming May will be our 15th anniversary of what we now call the East Coast Gaming Congress. Over the years I became familiar with the University of Nevada's International Gaming Institute (IGI) - in fact their Executive Director, Patty Becker is a close friend. I would read in our local newspaper when some issue came up having to do with gaming, hospitality or tourism, they would quote experts from Las Vegas! So the thought hit me - wait a minute - why don't

we have a local institute to provide analysis and insight on policy matters? Why don't we have the east of the Mississippi equivalent of the IGI? We needed a local voice.

LIGHT: And now the pieces of the puzzle are in Atlantic City, a major gaming conference and the Institute at Stockton – so are we ready to rival Las Vegas?

LDL: We have yet to rival Las Vegas as a destination, but I expect the Institute will!

LIGHT: Let's turn the clock back in your career, what sparked your interest in law and how did you get into casino law in particular?

LDL: The real story is that I was terrible in chemistry! Back when I grew up in Newark, you either became a doctor or a lawyer – so law was my choice by default! But once I started law school, I found an instant love for the law; I loved law school! I soon discovered no matter how smart or experienced you are, there's always something new and unexpected. You need to research and develop your own creative approach. There's no instruction manual on how to do it right in law. When you buy a gas grill, there's only one way to assemble it – not in law.

LIGHT: Do you recall what got you interested in casino law? Was that also by default?

LDL: Well I was born in Newark and went to school in West Orange. After law school, I became a prosecutor in two North Jersey counties. Around 1980, I was looking for a new beginning where I wouldn't have to take the bar exam! Casino gaming was just getting off the ground in Atlantic City when a friend of mine, who had been an Assistant Prosecutor with me in Essex County,

Joe Fusco, had just been appointed as Prosecutor in Atlantic County. He was looking for a chief assistant and I very quickly seized the opportunity of doing something that I was experienced in, being a prosecutor, but doing it in an environment that offered possibilities in this exciting new industry. Maybe I could become a gaming lawyer! Back then, if you wanted to be a gaming lawyer, or for that matter any kind of successful lawyer in Atlantic City, it was very difficult because it was a small bar and a cliquey kind of town and very difficult to break into. But, even as newcomer, because I came down as a prosecutor, I kind of wore a white hat and because I was putting bad guys away, that gave me somewhat of a shield even though I was known as a "201" boy (in those days, New Jersey had just two area codes south: 609 and North: 201). I was a bit more aggressive in the way I practiced law than what was the local culture. As luck would have it, someone gave me my first gaming case; I was successful. That led to a second one and before long I developed a reputation for winning cases as a gaming lawyer.

LIGHT: Would you recommend law as a profession today?

LDL: I think about my own experience starting off as a prosecutor, I was sworn in at 8:30 with my family by my side, they handed me a case and I had jury picked by 1:30 that same day; it was truly trial by fire! The best thing that ever happened to me is that I was a prosecutor. It's a bit more bureaucratic today. I have watched the best and worst lawyers in the world. I have learned that the key skill is communicating effectively and being able to think on your feet. You've got to be able to speak and be persuasive. Clients sometimes come to me and ask, "Exactly what's going to

happen?" My response is "I have no idea what's going to happen." And that's the key; You've got to expect the unexpected and be ready to react effectively. You can NEVER predict what's going to happen or be said in a courtroom, so for a student who has or is willing to develop those kinds of communication skills, law is a consideration.

LIGHT: I guess your advice for someone contemplating a career in law is to learn to speak in front of groups or choose another career?

LDL: You have to be able to speak effectively and be quick on your feet. Public speaking is very important for anyone contemplating a career in law. They should take every opportunity they can get. Ditch the words "like" and "you know" and "uh-uh-uh". It's important to have an opportunity and get critiqued. It's good to get feedback in everything you do. That's good in sales or any type of occupation.

LIGHT: If you had a 21 year old son or daughter, would you recommend a career in law today, given how stressed the general economy is and that many law firms are cutting back.

LDL: I would still recommend a career in law with an understanding that a law school graduate may never end up practicing law. I think it's a great post-graduate education. It teaches you how to think. Learning about the law can never hurt, no matter what career you're in.

LIGHT: Let's talk Atlantic City. It's no secret that the gaming industry is very stressed. What needs to happen to make Atlantic City successful?

LDL: Atlantic City can't be as reliant on the gaming dollar as it was in the past. When you look around a Las Vegas casino, you see that they're



not that big, especially when you consider the size of the overall complexes. And that only reflects the fact that over 50% of the earnings on the strip are not from the casino. Most of it is from non-gaming attractions. I understand it's more profitable to earn your money from gaming because the cost of building and running first-class restaurants and entertainment venues is extremely expensive. We need to have the kind of amenities that would encourage tourists to stay for several days or even a week. Why not? When Revel gets done, you'll have the mother of all hotel projects that'll rival any one in Las Vegas. The Atlantic City Boardwalk has tremendous opportunity for improvement. Look at the Pinnacle property – that could be a great project. The Trump Taj Chairman's Tower is a very attractive project. What Harrah's did with their property is terrific. We have a number of places that have reinvented themselves – we need more of that.

LIGHT: So the key is capital expenditure – new investment?

LDL: It can be sprucing up, but the infrastructure is key. We need to take the whole Boardwalk, re-board it and all the stores need to be upgraded. If that were done, there would be such an increase in visitors that we'd see waiting lists.

LIGHT: Do you see the proposed AC District having the authority to create this vision?

LDL: The key is funding – not power; it's about money – if you have enough money you can improve the infrastructure. You can't walk on the Boardwalk and see 'schlock'.

LIGHT: What are your hopes and dreams for the Institute?

LDL: I envision the Institute as a place where the public will turn for insight on public policy related to gaming, hospitality and tourism-

what's in the public interest. It'll be educational opportunities for students as well as people that are already employed - classroom education and applied. I am thrilled to have all casino presidents on the Advisory Board. I hope to collaborate with other institutions who have strengths in areas that we don't and where we can provide expertise in gaming. We need to create reciprocally beneficial relationships. I want people in the industry to look at the Institute as a think-tank. The key is that we need to have the resources to give informed opinions and analysis.

LIGHT: Thank you ■

LIGHT

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-Lloyd D. Levenson



LEGISLATIVE UPDATE

By Israel Posner, Ph.D., *Executive Director*

Atlantic City Tourism District

Following a tough political battle led by Senator Whelan and Assemblyman Burzichelli, both houses of the legislature overwhelmingly approved a bill to create the Atlantic City Tourism District. Although the Governor (and Atlantic City's Mayor) has expressed reservations, there is every indication that he will sign the bill with the Tourism District run by a more robust Casino Reinvestment Development Authority. Under the legislation, the CRDA (after absorbing the ACCVA), in collaboration with the City and with an agreement with a casino owned not-for-profit corporation will control land use, implement a tourism district master plan, provide services, promote commercial and infrastructure development, and control cleanliness, safety and traffic within the district. The Tourism District would encompass the casinos, their hotels, CRDA owned property, the Special Improvement District, the Atlantic City Convention Center and Boardwalk Hall. The legislation also authorizes the CRDA, by resolution, to include other areas of Atlantic City in which the majority of private or public entities are engaged primarily in the tourism trade – presumably areas known as The Walk, the Marina District and Bader Field. There are also provisions in the legislation to subsidize the horse racing industry up to 30 million dollars over the next 3 years as well as to create an Advisory Commission to advise the CRDA. Finally, the legislation provides that in the event that the Atlantic City International Airport is sold or leased, any revenues would flow to fund transportation projects in 8 southern New Jersey counties.

Internet Gambling

Internet gambling bills have now passed both houses of the New Jersey legislature. (Final passage in the Senate and Assembly took place

on January 10 with overwhelming support in both bodies) and await the Governor's signature. The legislation, if signed, would permit gambling over the Internet – actually, NJ Intranet - through licensed Atlantic City casino hotels' websites. The key provision is that the gambler must be 21, a legal resident of the State of New Jersey and have an account with the casino operator whose Internet equipment is located in a secure location in Atlantic City. Gross gaming revenue derived from such wagering, according to the amended bill, would be at the rate of 8% plus 15% (rather than 1.25%) going into the CRDA. The bill also provides that each year the legislature would direct a specific percentage to go to the New Jersey Horse Racing Commission.

The key element of the bill is to create a regulatory framework that would permit Internet gambling within New Jersey in a manner that is consistent with federal law known as the Unlawful Internet Gambling Enforcement Act. The federal law, passed in October of 2006 made it a criminal offense for an operator who is in the business of betting to knowingly accept payments via credit cards, electronic fund transfers and checks that would enable a bettor to participate in Internet gambling having the effect that most online gambling websites became illegal. However, the law apparently does not disallow Internet gambling within a state's borders under certain

conditions. Since the overwhelming shift in Congress toward Republicans on Election Day, smart money says that the current broad Internet federal ban will remain in force. Most Republican leaders in the House and Senate have expressed clear opposition to gambling related bills. The only exception may be a libertarian like Ron Paul.

Sports Wagering

Legislation has been introduced in New Jersey that would permit in-person wagering at casinos (one bill would also permit it at NJ racetracks) on results of professional sports events IF and WHEN New Jersey voters approve it and there is change in federal law. The Republican victories at the federal level and in many state houses makes expansion of gambling much more of a challenge. Historically, Democrats at the federal level have been much more favorably inclined toward gambling bills than Republicans.

While legalizing sports betting in the US remains a political challenge, don't count NJ out since a lawsuit is pending that may affect the final outcome. Currently four states are "grandfathered" in (Delaware, Nevada, Oregon and Montana) because they had sports betting laws on their books when Congress passed the 1992 Professional and Amateur Sports Protection Act.

Alternate Routes to a Casino Operator's License

Led by Senator Whelan (S1866) for the past several years, legislation was recently passed by both State house and signed into law by the Governor. It permits two additional routes to obtaining a casino operator's license. The current Casino Control Act requires licensees to have at least 500 first class hotel units and authorizes a minimum 60,000 sq. ft. casino. The amended

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law allows an operator to obtain a “staged” casino license and open with a 200 room hotel and a 30,000 sq. ft. casino and requires the operator to have a first class restaurant and an entertainment venue. It also requires the operator to build to at least 500 rooms within 5 years of opening; if not the operator is subject to certain financial penalties and the license reverts to a small casino license. An alternative for licensure, a small casino license, would permit the licensee to open with a 20,000 sq. ft. casino and 200 first class hotel units. In either case, the casino must be adjacent to the Boardwalk Casino Zone in Atlantic City. Under the terms of the bill, both types of licensees would be required to make annual deposits of 5% of their Gross Gaming Revenue into non-lapsing state funds in escrow to be used by the casino to make required capital expenditures in the property. If the casino does not use the escrowed funds, the money would go to the City for infrastructure improvement or could be available as low interest loans to other casinos in the city.

Bingo

There are many bills in the legislature that support for loosening regulations regarding licensure and serving alcohol.

Direct Shipment of Wine to New Jersey residents

Under proposed legislation New Jersey residents, except those living in dry towns, may under the proposed legislation be able to receive wine

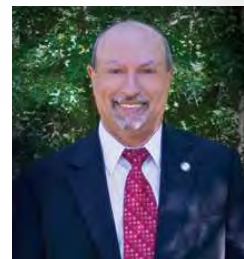
shipments from a licensed manufacturers, wholesalers or retailers in the US. The NJ resident must sign that the receiver is over 21.

Casino (“De”) Regulation

Both houses of the state legislature have passed bills that would fundamentally revise the Casino Control Act of 1977, the law that regulates the licensing of casinos and casino gaming in New Jersey. The bills, awaiting the governor’s signature, proposes that most regulatory matters that are currently within the purview of the Casino Control Commission (CCC) would become the responsibility of the Division of Gaming Enforcement (DGE) in the Department of Law and Public Safety. The CCC would continue to issue casino employee and key employee licenses. The overall intent of the proposed changes is to drastically improve regulatory efficiency without compromising the record of integrity that New Jersey has experienced with its bicameral system of casino regulation.

Lottery

In the near future, New Jersey residents may be able to purchase lottery tickets directly from the Lottery Commission over the internet using a debit card (not a credit card). Sales would still be available in person through local agents as they are now but the legislation would subsidize Lottery agents, due to lost business, from a fund equal to 5% of the amounts generated from the sale of lottery tickets by electronic means. ■



Israel Posner, PhD

is Executive Director of the Lloyd D. Levenson Institute of Gaming, Hospitality and Tourism at The Richard Stockton College of New Jersey. His recent book, “Casino Gaming in Atlantic City: A Thirty Year Retrospective” is available at www.comteqpublishing.com



TRANSPORTATION STORY

Casinos, Not Government, Determined Atlantic City's Transportation Infrastructure

By Anthony Marino, *Consulting Analyst for LIGHT*

The current focus on creating a master plan for the proposed tourist zone in Atlantic City seems like "déjà vu all over again." At the time casinos were legalized in 1977, Atlantic City hired Angelos Demetriou, an internationally renowned city planner and urban designer, to develop a master plan. The plan placed special emphasis on the "waterfront zone" (where casinos would be built) and advocated innovative transportation elements to manage the anticipated traffic surge created by millions of visitors to the resort's casinos.

The much heralded Demetriou plan was published in October of 1978, a few months after the opening of the city's first casino, Resorts International. While Resorts was an instant success, the master plan's transportation component was quickly deemed by the nascent casino industry to be so misguided that if implemented and enforced by government the industry's growth would be permanently stifled.

A battle of "transportation visions" quickly ensued, but lasted less than 18 months. The transportation infrastructure that developed after 1980 did not fulfill the vision of Angelos Demetriou, but of Steve Wynn as well as the executives at Harrahs.

In 1978 both Demetriou and casino developers surmised that the only way most casino patrons could access the resort was via the highway system in cars or buses. Clearly, rail, at least during the early years of casino growth, was not going to deliver the large number of patrons needed for the industry to flourish.

A railroad company literally invented Atlantic City in 1854 as the terminal point for its trains. By 1880 three separate railroads served the resort. But post World War I prosperity and subsequent

highway construction, including the completion of the Atlantic City Expressway in 1965, resulted in dominance over rail by cars and buses for Atlantic City visitor trips.

By 1978 rail access to Atlantic City had been reduced to just three roundtrips daily only on weekdays by a single self-propelled 89 seat rail car whose terminus was at Lindenwold in Camden County. Years would be needed to refurbish and upgrade the sole remaining rail link to the resort.

It was similarly assumed that air transportation was not a viable immediate alternative. In 1978 the city's Bader Field runways were too short and the municipal airport located at the Pomona facility (operated jointly with the Federal Aviation Administration and New Jersey Air National Guard) would require years of infrastructure improvements to handle large numbers of commercial passengers.

With rail and air modes unable to develop rapidly enough to capture a meaningful share of the visitor travel market, cars and buses would have to deliver the patrons. But how could a small island city, a veritable dead end cul de sac, absorb and distribute the huge number of vehicles without immense traffic jams?

To casino planners the answer was simple: widen highways and city streets, build large, multistory parking structures adjacent to all casinos, and incorporate in each garage a section allowing buses to deliver and pick up patrons.

To Demetriou this option was an abomination. In his view, ugly multistory parking structures in the tourist zone would destroy the city's appeal as a seashore resort as well as its historical core. The city would be overwhelmed with environmentally polluting buses and cars. Life for city residents would be intolerable.

His proposal? Develop a series of "intercept" parking sites outside the casino zone or along the three highways connecting Atlantic City and the mainland. Instead of driving into the casino zone, most automobiles of both patrons and casino employees would be funneled to these remote sites. Their occupants would ride into the city's casino district on shuttle buses. Perhaps over time those buses would be replaced with some form of a people mover system. The integrity of the historical core would be maintained. Traffic jams would be non-existent. It was Atlantic City's version of Disney World's traffic management system.

....THE MASTER PLAN'S TRANSPORTATION COMPONENT WAS QUICKLY DEEMED BY THE NASCENT CASINO INDUSTRY TO BE SO MISGUIDED THAT IF IMPLEMENTED AND ENFORCED BY GOVERNMENT THE INDUSTRY'S GROWTH WOULD BE PERMANENTLY STIFLED.



But behind closed doors casino planners argued that after driving long distances visitors would be unwilling to leave their cars short of their actual destination, some burdened with luggage, and then be herded on to shuttle buses. The intercept concept worked in Disney World because the company owned and controlled all of the land, was not in an urban environment, and had no competitors. Individual casino operators complained that if these shuttle buses had multiple stops, the last casino on the route would lose patrons to earlier stops. Who would pay for these intercept sites? Who would pay for the buses? To casino planners, the negatives of the Demetriou plan were endless.

But Demetriou's concept was initially supported by various government agencies, most notably the state Department of Environmental Protection (DEP). As a condition for obtaining a license, the first three casinos that opened (Resorts International, May 1978, Caesars, June 1979, and Ballys, December 1979) had to develop plans to park off-site their own employees as well as initially denied the right to build multistory patron self-parking garages.

All three were located on the Boardwalk. Near the three casinos there was vacant land which immediately became patron parking lots. Local entrepreneurs bought other vacant land and/or nearby buildings to tear down and replace with parking lots or sell to casinos. Land speculation was rampant and market forces immediately undermined Demetriou's plan. Since motorists were never restricted from driving directly into town, flat lots on vacant land and on-street parking allowed motorists to park within reach of the first three casinos.

One aspect of Demetriou's plan did take root. Off-site parking for employees of the initial casinos was developed along both the White and Black Horse Pikes on the outskirts of the city and later in the median of the Atlantic City Expressway approximately three miles offshore in the city of Pleasantville (see rendering of Expressway garage in the next column). The relatively high cost of parking daily near their work sites and the free parking and shuttle bus system provided by their casinos were incentives for casino employees to park in the off-property lots.

But would the intercept parking concept work for casino patrons? Encouraged by the state DEP, the agency that operated the Atlantic City Expressway studied the feasibility of remote parking structures in 1979-80. However, in 1981 plans to erect over-the-road patron intercept garages outside the resort were scrapped because the infrastructure (garages and transfer system) was extremely expensive and

there was no guarantee of a market because the state was unwilling to chance alienating patrons by including intercept parking as a condition for licensing casinos.

New Jersey Expressway Authority 1979 Annual Report



Two casinos in particular adamantly lobbied for on-site, multistory parking garages. Harrahs pointed out to state regulators that its proposed remote site in the Marina district required a large parking structure since there were no existing vacant lots nearby and, moreover, no streets to park on!



Steve Wynn noted that his Golden Nugget site was in the densely populated Chelsea residential area with few vacant lots and where resident vehicles already filled all on-street parking spaces. Without access to a garage, patron vehicles parked on nearby streets would create an intolerable parking nightmare for residents.

Both Harrah's and Wynn also complained that if their properties were denied on-site parking structures the original three casinos would have a major business advantage since they were located in areas that at least offered some available parking options for their patrons.

Confronted with the logic of competing market forces, urban geography, and no guarantee that patrons would accept intercept parking, the state and city abandoned Demetriou's master plan proposals. Harrah's and the Golden Nugget in 1980, and subsequently all casinos, were granted permits to construct on-site, multistory garages.

Since then approach highways and streets have been widened directly into the casino zone. Multistory parking garages fill the landscape. More widenings and garages are planned, as are technological improvements to the traffic control system.

It will be interesting to see if the master plan for the new autonomous tourist district will recommend different transportation options. ■



Anthony Marino, MA
was Deputy Executive Director
of the Atlantic City Expressway at the
time of the intercept parking debate.

*He is now retired from SJTA
and is an adjunct professor at
Richard Stockton College.*



ECONOMIC UPDATE

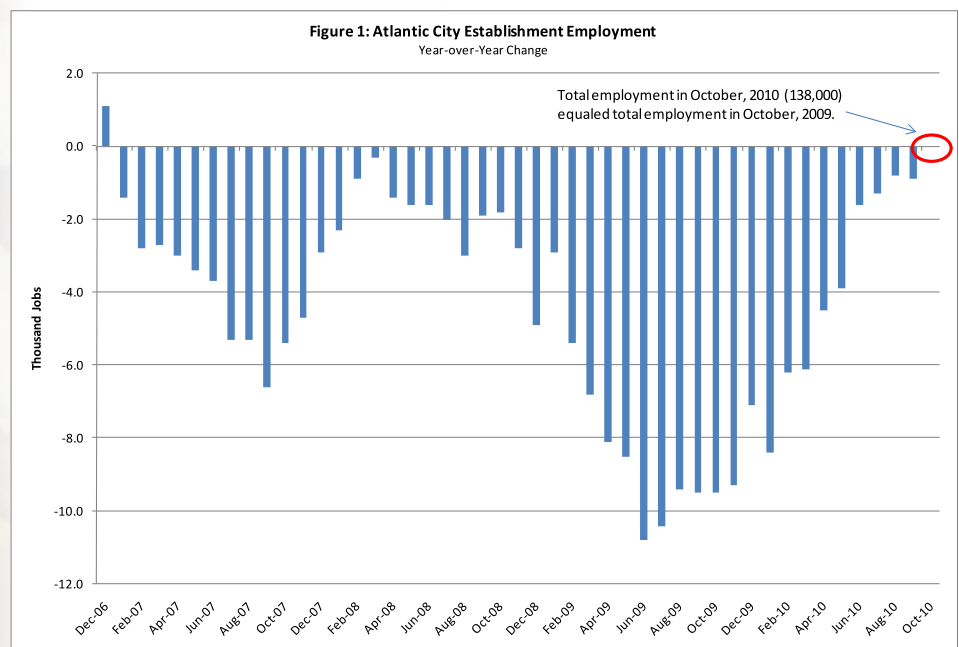
By Oliver Cooke, Ph.D., Associate Professor of Economics,
The Richard Stockton College of New Jersey

Atlantic City Economy Shows Modest Signs of Stabilizing

While the damage wrought on Atlantic City's economy by the Great Recession is likely to take several years to repair, this past fall brought signs that (barring a national double-dip recession, whose probability has declined steadily over the past several months) the worst may finally be over. Recent employment data indicate that the metropolitan area economy's virtual free-fall has abated. Year-over-year establishment job growth in October was flat (0%). October represented the first month since December 2006 that employment in the metro area did not contract on a year-on-year basis. (Figure 1) At the same time, Atlantic City's unemployment rate, which stood at a seasonally adjusted 12.1% in October, remains extremely elevated (nearly three percentage points above the state's unemployment rate).

The modest improvement in the local economy last fall was driven by easing in the rate of job contraction across several industries. The pace of job contraction in the vital leisure and hospitality sector slowed to 0.6% in the third quarter from 6.2% in the first quarter. The pace of job loss in the construction sector slowed to 5.9% from its torrid first-quarter rate of 24.7%. Rates of job loss in financial services and professional/business services, meanwhile, slowed to 2.3% and 0.3%, respectively, from 9.7% and 7.8%.

While the overall rate of job loss in the metro area's private sector slowed to 0.5% in the third quarter from 5.7% in the first quarter, the pace of job contraction in the public sector accelerated. Whereas total government employment was shrinking at a 0.5% year-on-year rate in the first quarter, it was contracting at a 2% clip in the third





quarter. This reflects the acute fiscal situations at the state and local government levels and the austerity measures they have produced. It seems likely that these fiscal realities will continue to constrain overall job growth over the coming year. While these very modest signs of stabilization clearly represent a positive development for the regional economy, they should not be misconstrued—the regional economy remains in a very deep hole. Indeed, if job growth in Atlantic City averages 1.4% per year over the next several years—its average between 1996 and 2006 (excluding the 2001 recession)—it will take roughly six years before employment returns to its December, 2007 level. Given the significant challenges the regional economy faces, along with the continuing drag the housing market represents, annual job growth of 1.4% may prove unattainable.

Effects of the Great Recession

Figure 2, which provides data on food stamp reciprocity and family poverty, makes clear that the Great Recession (which officially ended in the summer of 2009) has taken a heavy toll on the region's residents. These data indicate that the number of households receiving food stamps in the Atlantic City metropolitan area (which is coincident with Atlantic County) rose 79% between

2006 (the last full year prior to the onset of the national recession, which officially began in December 2007, but which was well underway by the third quarter of that year) and 2009. For Cape May, the increase was 67%. These increases were significantly greater than those recorded on the state (39.2%) and national level (29.8%). Data for Cumberland County (which comprises the Vineland-Millville-Bridgeton metropolitan area) indicate that the number of households receiving food stamps actually fell 14.3%. This decline is not explained by a drop in the number of households (which actually rose) and seems highly suspect in light of regional, state and national trends.

The share of families with related children under 18 years of age living in poverty also rose significantly in Atlantic and Cape May Counties between 2006 and 2009. Whereas this poverty rate increased 3.4 percentage points (to 13.6%) in Atlantic County, it rose 4.3 percentage points (to 14.3%) in Cape May. As with food stamp reciprocity, both of these increases were larger than those recorded by the state (1.3 percentage points) and nation (1.6 percentage points). Additional analysis of the Great Recession's effects on the regional economy will appear in the forthcoming winter edition of *The South Jersey Economic Review* <http://intraweb.stockton.edu/eyos/page.cfm?siteID=14&pageID=159>. ■



Oliver Cooke, PhD

is Associate Professor of Economics at The Richard Stockton College of New Jersey where he teaches macroeconomics, urban economics, economic history and political economy. He is also editor of *The South Jersey Economic Review* (SJER), a biannual electronic publication that analyzes the Southern New Jersey regional economy. The SJER can be accessed at <http://intraweb.stockton.edu/eyos/page.cfm?siteID=14&pageID=159>.

Figure 2: The Great Recession's Toll

Indicator/Area	2006	2009	% Change
No. Households receiving Food Stamps in the past 12 months			
Atlantic County	4,778	8,553	79.0%
Cape May County	1,864	3,114	67.1%
Cumberland County	5,848	5,012	-14.3%
New Jersey	125,306	174,459	39.2%
U.S.	9,019,877	11,707,519	29.8%
Share of Families with Related Children under 18 in Poverty			
Atlantic County	10.2%	13.6%	3.4*
Cape May County	10.0%	14.3%	4.3
Cumberland County	18.6%	18.3%	-0.3
New Jersey	9.4%	10.7%	1.3
U.S.	15.0%	16.6%	1.6

* Percentage point changes.

Source: American Community Survey, U.S. Census Bureau.



HOSPITALITY & TOURISM UPDATE

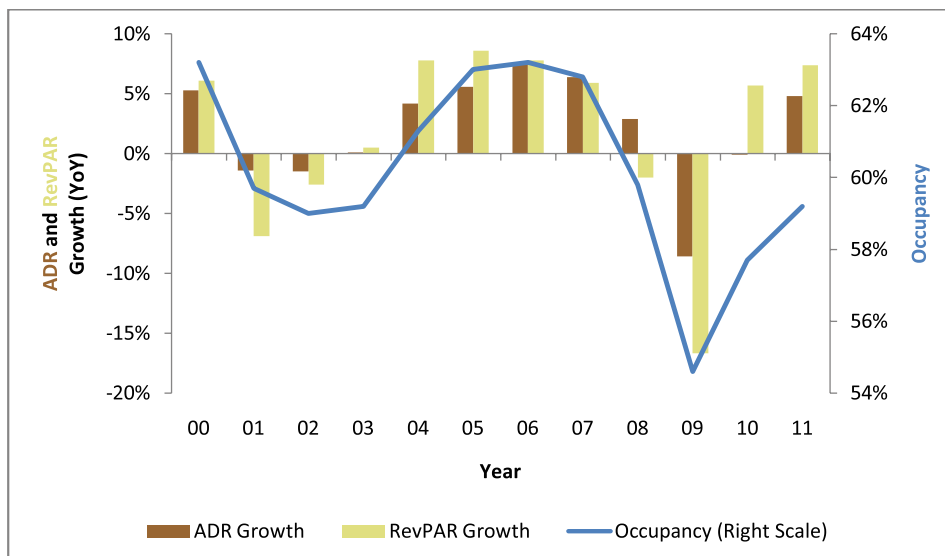
2010 Begins the Recovery for the Lodging Industry in the US and in New Jersey

By Dr. Brian J. Tyrrell, *Associate Professor of Hospitality and Tourism Management*

The US lodging industry has experienced increases (year over year or YoY) in room demand for every month of 2010, with all but the first two months at or near the +8% level (Smith Travel Research 2010). Of course, these figures come on the heels of a particularly challenging 2009 in which the lodging industry experienced its lowest occupancy percentage (55.2%) of the last decade as well as a decline (-8.6%) in Average Daily Rate (ADR) (PriceWaterhouseCoopers 2010; see figure 1). The industry is expected to end 2010 with higher revenues (+5.7%) as a result of continued ADR (Average Daily Rate) and RevPAR (Revenue per Available Room) growth as well as decelerating increases in the nation's supply of lodging (+2.0%). PriceWaterhouseCoopers believes this deceleration of the US lodging supply will continue into 2011 and will be instrumental to the projected continued recovery of the US lodging industry next year.



Figure 1: PwC's lodging industry forecast anticipates strong rate-based growth in 2011



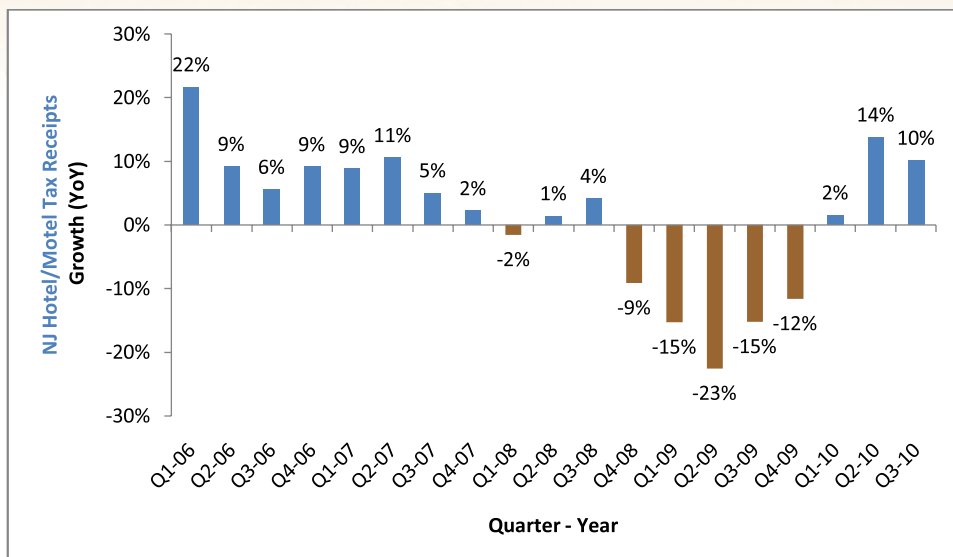
Source: PriceWaterhouseCoopers 2010

More locally, the New Jersey lodging industry experienced an even more robust recovery in 2010 when compared to the nation's lodging performance. This recovery in New Jersey is demonstrated by gains in the amount of hotel/motel tax receipts collected in the state of New Jersey for each quarter thus far of 2010 (see figure 2). Indeed, the gains in hotel/motel tax receipts of 14% and 10% in the second and third quarters of 2010 are quite impressive, particularly when one considers that, collectively, the second and third quarters typically represent roughly two-thirds of annual receipts.

Still, it is important to keep in perspective that we are still not at pre-decline levels. Those declines began in earnest in the fourth quarter of 2008 (-9%). Thus, it is instructive to compare the twelve months ending in the third quarter of 2008 with



Figure 2: Quarterly Change (YoY) in Hotel/Motel Tax Receipts, state of New Jersey



Source: New Jersey Division of Taxation

the twelve months ending in the third quarter of 2010 to get a sense of the extent of the recovery.

For the twelve months ending in September of 2008, the state of New Jersey collected \$83.3 million in hotel/motel tax receipts. That twelve month period bested the most collected in any other twelve month period since the inception of the tax in July of 2004 and, thus, can reasonably be assumed to be the height of the market. The comparable figure for the twelve months ending in September of 2010 was just shy of \$73.1 million. Thus, through the twelve months ending in the third quarter of 2010, the state of New Jersey is still -12.3% off the pre-decline highs of the twelve months ending in the third quarter of 2008. Of course, using the twelve months ending in September of 2010 necessarily includes the decline of -12% in the fourth quarter of 2009.



Seaview: recently acquired by The Richard Stockton College of New Jersey

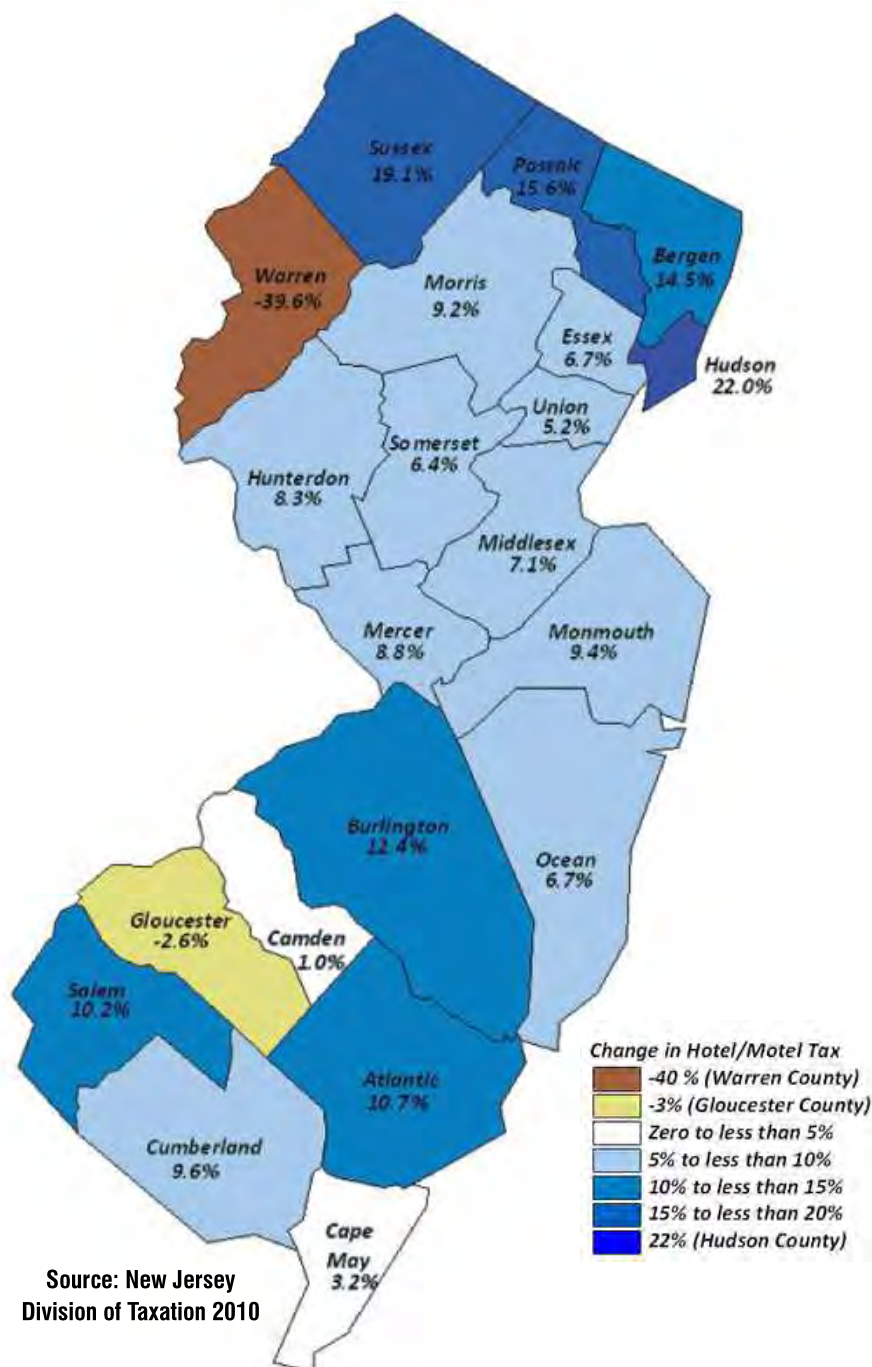
Figure 3

Through the first three quarters of 2010, the State of New Jersey has collected 9.3% more hotel/motel tax receipts when compared with the first three quarters of 2009. The recovery of the lodging industry in 2010 in New Jersey appears to be occurring almost in almost every county state-wide when we examine the hotel/motel tax receipts for 2010 in more detail (see figure 3).

Compared with the first three quarters of 2009, only Warren (-39.6%) and Gloucester (-2.6%) Counties had lower hotel/motel tax receipts for the first three quarters of 2010. Warren county (at \$60,437) ranks last in hotel/motel tax receipts, accounting for only one-tenth of 1% of all hotel/motel tax receipts through Q3 of 2010. Meanwhile Gloucester (at \$577,011) ranks fifth from last and only accounts for 1% of all hotel/motel tax receipts for the same period.

Meanwhile, Hudson County (at \$3.7 million) is leading the recovery (percentage-wise), having gained on 2009 by 22.0% through the first three quarters of 2010. This is particularly impressive when one considers that Hudson County was the fifth largest contributor to hotel/motel tax receipts in the state. Also very impressive is that the leader in hotel/motel tax receipt collections, Bergen County (at \$7.6 million) was able to best their 2009 figures by 14.5% for the first three quarters of 2010.

It appears the recovery of the lodging industry in the state of New Jersey is fully underway. Hopefully this good news will be forthcoming in the next update as well. ■



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Brian J. Tyrrell, PhD

has been a professor at The Richard Stockton College of New Jersey since 2005. He came to the college from the University of Nevada Las Vegas Where he spent four years on the faculty of the William F. Harrah College of Hotel Administration. Prior to that, Dr. Tyrrell completed his Doctoral Studies at Purdue University in Hospitality and Tourism Management.



ACADEMIC UPDATE

By Donna Albano, EdD., *Coordinator, Academic Programs*

In my dual roles as Coordinator of Academic Programs in the Lloyd D. Levenson Institute of Gaming, Hospitality and Tourism (LIGHT) as well as Director of the Hospitality & Tourism Management Studies (HTMS) in the School of Business, my goal is to build bridges connecting the academic side of the College with LIGHT and the industry. The HTMS program is in its 10th year at the College and flourishing with hundreds of students and now hundreds of alumni active in the hospitality and tourism industry.

The mission of the Hospitality and Tourism Management Studies degree program is to imbue students with the knowledge, skills, values and strategic perspectives essential to obtaining leadership roles in the service professions throughout the world. The program also fosters research and scholarship that will engender excellence in hospitality management. We fulfill our mission by being committed to teaching excellence, contributing to the college community and having a positive impact on the wider community.

We are proud of our outstanding faculty who are dedicated to our students and rapidly growing program and graduates. HTMS faculty members have the ongoing challenge of maintaining a high level of academic rigor in our classrooms in order to prepare the next generation of students for the rapidly changing world of the hospitality and tourism industries. Students are exposed to relevant and dynamic courses that provide them with a broad base of knowledge that prepares them for entry level supervisory and management positions. We have developed a Cooperative Education component that requires an internship for all HTMS students and ties the classroom to the real world of work. We use the latest technology in tourism geographical information systems incorporate industry tours, guest speakers and introduce new electives into the curriculum consistent with emerging needs and trends.

The hallmarks of the School of Business at Stockton College include:

- A curriculum delivered in the context of a nationally recognized public liberal arts college
- A personalized approach to teaching and learning as evidenced by small classes, systematic advising, and substantial student access to faculty
- Research and service that blends the practical and theoretical, with an emphasis on application and supporting pedagogical excellence.

In addition, the faculty must engage in the academic affairs of the college in order to maintain

and obtain academic accreditation standards, contribute to the general studies curriculum, and expand the academic offerings. Currently, the School of Business is pursuing accreditation from the Association to Advance Collegiate Schools of Business (AACSB). Accreditation by the AACSB provides the framework to evaluate a business school's mission, operations, faculty qualifications, research, curriculum, and other critical areas. Accreditation ensures students and parents that the School of Business is providing a quality education that meets national standards. This five plus year endeavor has required our entire HTMS faculty to engage in the process of rigorous self evaluation and analysis of program standards in order to achieve accreditation.





The HTMS faculty appreciates the importance of strong relationships with our industry partners, so the program supports many networking functions, community activity, and memberships in all of the local hospitality and tourism groups and associations. As a result of our support of the community and industry, we can provide internships, work experiences and improved chances for employment upon graduation for our students. In conjunction with our industry partners, we have cultivated several scholarship programs throughout the region to support our student's academic endeavors. Our industry partners have often been guest lecturers (and sometimes teach) in our classes, provide property tours and support the fundraising endeavors of our student run organization, the Hospitality & Tourism Management Society.

As the HTMS program grows, so do our needs. By establishing a strong relationship between HTMS and the Lloyd D. Levenson Institute of Gaming, Hospitality and Tourism the College's relationship with the industry is better able to engage faculty, students and others in research, conferences and report writing, thus supporting sound decision making among policy makers and leaders in the region's three largest industries.

In this, the first year of research awards by the Levenson Institute, three HTMS Faculty members and a member of the Economics Faculty won awards. Dr. Cliff Whithem, Professor of Tourism and Hospitality Management and Dr. Michael Scales, Associate Professor of Tourism and Hospitality Management will study practical guidelines for increasing customer loyalty by improving service quality in Atlantic City casino hotels and Dr. Brian Tyrrell Associate Professor of Tourism and Hospitality Management along with Dr. Oliver Cooke, Ph.D. Associate Professor of Economics will study the perceptions of safety, density of economic activity in the proposed Atlantic City Tourism District.

Both are timely and relevant topics and precisely the type of research that will benefit The Richard

Stockton College, the Lloyd D. Levenson Institute of Gaming, Hospitality and Tourism (LIGHT), and the local hospitality & tourism industry. We look forward to reporting the results of their work in a future newsletter.

Equally exciting to report, our newest faculty member, Dr. Bill Quain, has been funded by a Provost's Research Experience for Undergraduate Award to support research and research-related endeavors for both the faculty member and her/his undergraduate student working on particular project. Dr. Quain is currently working on a project entitled Comment Cards 2.0 - Using the Internet, The 80/20 Rule, and Social Media to Analyze Customer Feedback.

We are truly a program on the go! I look forward to keeping you posted on our progress and working closely with Dr. Israel Posner, Executive Director of the Lloyd D. Levenson Institute of Gaming, Hospitality and Tourism. ■



Donna Albano, EdD

is Coordinator of Academic Programs in the Lloyd D. Levenson Institute of Gaming, Hospitality and Tourism and Director of the Hospitality and Tourism Management Studies Program in the School of Business at The Richard Stockton College of New Jersey

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