OUR MISSION:

The New Jersey Institute for Social Justice is a Newark-based urban research and advocacy organization dedicated to the advancement of New Jersey’s urban areas and residents. Established in 1999 by the Alan V. and Amy Lowenstein Foundation, the Institute provides a dynamic and independent voice for change necessary to create just, vibrant and inclusive urban communities throughout New Jersey. We are pleased to have been referred to as a “social justice think and do tank.”

It is our strong belief that urban areas of New Jersey hold remarkable potential to act as regionally competitive economic engines while providing resilient, vital and attractive communities to their residents. It is our work to identify, analyze and address the underlying causes of social and economic disparities and to challenge the barriers that constrain cities and their residents from achieving their full potential.

The programs of the Institute focus on (1) expanding access to economic opportunity for low-income and minority residents of Newark and other urban areas in the state; (2) promoting local, regional and state government that is effective, equitable and accountable to the concerns of urban residents and their communities; and (3) ensuring the civil rights and other basic entitlements of minorities and low-income individuals in the state. The Institute advances this non-partisan agenda through policy-related research and analysis, development and implementation of model programs, advocacy efforts (including litigation when appropriate) and sustained public education.
LETTER FROM BOARD PRESIDENT AND EXECUTIVE DIRECTOR

On behalf of the Board of Trustees and the staff of the New Jersey Institute for Social Justice, welcome to our third annual report. As you will read in these pages, we are pleased to note significant results that have emerged from our work. In the past year, our efforts have contributed to (1) the state’s commitment to provide up to $30 million to replicate our construction training program; (2) the passage of predatory lending legislation stemming from our comprehensive report a year earlier; and (3) broad-based engagement around prisoner reentry issues, particularly significant given the fourfold increase in persons returning from state prisons to our communities.

What underlies all our work is a core belief in the potential of the Newark area and similar communities throughout the state. The animating vision of our founders, Alan Lowenstein and his late wife Amy, as reaffirmed by our trustees, is that we can tackle the barriers faced by urban communities through objective and independent analysis, and a grounded commitment to act upon that assessment. In this way we, together with a broad array of other institutions and individuals of good faith, can make real and significant differences in the lives of individuals.

We understand that the challenges facing urban areas are multi-faceted and not subject to simple solutions. This explains our continued gratitude that so many others—in both the public and private sectors—share this core belief. This is reflected, for example, in the collaboration between the trade unions, the Newark Public Schools, and the Essex County Vocational schools, among others, that has enabled our construction training program to assist more than seventy Newark residents to join the construction industry. What makes this a departure from the past is the cooperation among stakeholders that historically have viewed themselves as having widely divergent interests.

This is also the premise underlying our prisoner reentry work. As set forth in more detail in this report, there are immense challenges that
hinder the successful reintegration of the more than 16,000 individuals each year who return to society from state prison, predominantly to the state’s poorest and most urban communities. What has emerged from the efforts of the New Jersey Reentry Roundtable, co-chaired by John Farmer, the former Attorney General, and Stanley Van Ness the former Public Advocate, is a clear consensus around what can and should be done. Already as a result of this work, the State of New Jersey has been designated as one of seven states nationwide to participate in the National Governor’s Association Reentry Policy Academy.

These efforts illustrate that the path forward can be charted, and meaningful changes achieved in collaboration with others. It suggests why we express such deeply felt thanks to the broad range of private, public, and non-profit partners with whom we have worked and collaborated to date. It reiterates why we feel so privileged and excited about what we intend to do in the future.

As we move forward, we will remain committed to the solution-oriented approach that has guided our efforts to date. In some circumstances, this will mean applied research, in others the creation of demonstration projects, and in still others sustained advocacy, including legal action when necessary. Throughout, we are dedicated to evaluating our results, refining our approach as appropriate, and developing solutions that are as real as the problems we aim to overcome.

We welcome your considered thoughts and comments. Please contact us if you would like additional information about the Institute or would like to share information with us.

Sincerely,

Nicholas deB. Katzenbach
Kenneth H. Zimmerman
ECONOMIC OPPORTUNITY

Over $10 billion of construction activity is projected in northern New Jersey over the next decade. This includes the state’s Abbott school construction program that will result in an expenditure of $2 billion in the Newark area alone. The Institute has initiated a long-term strategy to work with key stakeholders to develop the policies and programs necessary to ensure that urban residents are full participants in this growing sector. To date, the Institute has achieved the following:

• Established the Newark/Essex County Construction Careers Program (including a specific focus on driver’s license restoration);

• Identified and promoted a specific set of policies and program initiatives to expand local hiring and contracting; and

• Helped to create a local collaborative involving the building trades, the city administration and council, developers and others to create a comprehensive sectoral initiative in construction.

Preparing the Workforce

The Institute sponsors the Newark/Essex County Construction Careers Program (N/ECCCP), a multifaceted 6–10 week program designed to prepare recent high school graduates and urban residents to join the fifteen construction and building trades unions in Essex County. To date, over seventy graduates have become apprentices or journey workers in the building or related trades. Initially developed with private support, the program is now funded by the School Construction Corporation and Department of Labor, with additional support from the Port Authority of New York and New Jersey and the Prudential Foundation.

Since its inception in the summer of 2001, the program has focused on academic preparation, industry exposure and support services. Since then, N/ECCCP has reinforced its commitment to the success of participants by addressing driver’s license suspension, financial literacy and other barriers that hinder otherwise qualified workers from accessing construction jobs.

N/ECCCP summer 2003 graduate, Dominique Drew, a first-year glazier apprentice with Painters Local 711, at a school construction site in Newark.

N/ECCCP summer 2001 graduate, Jefferson Acquoi, a third-year electrician apprentice at Local 164 Apprentice Training School.
The state has presented N/ECCCP as a model of best practice, and the Institute has provided technical assistance to other state-funded programs being developed throughout New Jersey.

**N/ECCCP Program Components**

<table>
<thead>
<tr>
<th>Component</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Academic Preparation</td>
<td>75% participants achieved test scores necessary to enter most trades</td>
</tr>
<tr>
<td>Labor Liaison</td>
<td>Expands relationships with individual unions. Provides mentoring support during critical first year of apprenticeship.</td>
</tr>
<tr>
<td>Driver’s License Restoration</td>
<td>Technical assistance and matching fund to restore driver’s licenses (participants provide 50% of funds)</td>
</tr>
<tr>
<td>Programs Partners</td>
<td>Workforce Investment Board, One-Stop Career Center and Community-based organizations assist with outreach, recruitment, and support services during and post program.</td>
</tr>
<tr>
<td>Revolving Loan Fund/Credit Union</td>
<td>Used by increasing numbers of graduates to pay for start-up costs of entering the trades.</td>
</tr>
</tbody>
</table>

The most important result, the placement of program graduates, continues to accelerate with over half of the summer 2003 graduates becoming union apprentices. The chart below illustrates the distribution of graduates who have joined the construction trades unions.

"This effort represents more than just numbers of individuals placed, it also has increased awareness of the building trades within urban communities and the opportunities they provide for high-quality, portable, long-term careers."

Martin Schwartz, President,
Essex County Building and Construction Trades Council

For more information, including an evaluation and updated performance data, see our website: www.njisj.org/reports.html
Real World Barriers — Driver’s License Restoration

Operation of the N/ECCCP has highlighted many of the real life issues that often prevent urban residents from joining the construction trades and other quality work opportunities, such as the impact of suspended driver’s licenses. In New Jersey most suspensions are imposed for failure to pay fines and fees, not poor driving. Like a number of employers, all construction trades require a valid driver’s license to ensure that workers will be able to get to job sites that often are not accessible by public transportation, particularly by 7 am when the workday begins.

The Institute Uses Many Resources to Help Participants — An Ex-Offender Returns Home

The construction trades are one of the few employment opportunities that can offer middle-income wages to ex-offenders. One of the strongest graduates of the Summer 2003 class was a 38-year-old father of eight who had completed a 12-year prison sentence. Referred to the program by his parole officer, he achieved perfect attendance, improved his test scores significantly, and provided an important positive role model for younger participants.

The Roofers Local 4 noted his performance and accepted him into their apprentice program. Unfortunately, his driver’s license had been suspended due largely to stolen identity while he was incarcerated. He had multiple tickets in several municipalities. This could have kept him from joining the roofers.

With the legal and technical assistance of Institute staff and financial assistance from the Department of Labor/School Construction Corporation’s Driver’s License Restoration matching fund, he got his license back. As a first year apprentice, he earns $13 per hour with benefits. “It is gratifying to be able to support my family and make an honest living. This is the first real pay check I have ever received,” he said.
In 2001, the Institute issued a comprehensive report *Roadblock on the Way to Work*, which examines the nature and implications of driver’s license suspension in New Jersey. As a result of this report, the Governor’s Fix DMV Commission identified socioeconomic fairness as a special concern in recommending reform of the surcharge suspension program.

The Institute this year developed *Getting Back on the Road*, a manual to assist workforce development professionals and others to successfully navigate the court systems and government agencies to restore suspended driver’s licenses. More than 500 manuals have been distributed statewide and over 400 individuals have been trained in its use. This year, a pilot program is under development with the Essex County courts for individuals with licenses suspended for economic reasons to allow for the (1) consolidation of fines; (2) development of manageable payment plans; and (3) restoration of driving privileges provided payments remain current.

**Building the Demand for Local Workers**

The New Jersey School Construction Corporation will be building more than $6 billion worth of schools in Abbott districts under a newly developed statewide Project Labor Agreement (PLA). The PLA is an agreement between the state and organized labor to help ensure that school construction is completed in a timely and cost effective fashion. While controversial because of the benefits to organized labor, this PLA also contains important provisions to strengthen the demand for entry-level workers (apprentices), many of whom will be graduates of programs like N/ECCCP.

To further this effort, the Institute developed and distributed a *Community Resource Toolkit* and, in coalition with state and
local organizations, held a series of local and statewide workshops in four locations attended by over 400 individuals explaining the objectives of the PLA. The Toolkit also illustrates how local officials, including school boards and superintendents, local elected officials and community groups can effectively participate in its implementation, particularly in monitoring the employment component of the PLA.

A Broader View of Construction Opportunity

School construction and the statewide PLA for schools represent only a fraction of the programs and policies required for urban residents and local, minority- and women-owned businesses to participate in construction sector growth over the next decade. This year, together with the Newark Alliance, an organization representing the seven largest corporations in Newark, the Institute began to focus on aggregate, regional, public and private sector construction activity to determine means to maximize local employment and business opportunities in a comprehensive and long-term fashion. Key stakeholders

Greater Newark Construction Opportunity Collaborative

List of Members/Participants

- Newark Alliance
- Essex County Building and Construction Trades Council
- City of Newark — Mayor’s Office
- City of Newark — City Council
- MCJ Foundation
- PSE&G Foundation
- Prudential Foundation
- Newark Workforce Investment Board
- New Jersey Institute for Social Justice
- Nicholson Foundation
- County of Essex
- Faith-based Community
- Port Authority of New York and New Jersey
- Gus Heningburg
- Robert Curvin
- Ray Bramucci
(see list) formed the Greater Newark Construction Opportunity Collaborative (GNOC), a collaboration between public, private, and non-profit entities in the greater Newark area committed to use major construction projects as a stimulus for local employment and contracting opportunities based on four principles:

• Opening Industry Gates. Key components of the construction industry, including the public sector, trade unions, general contractors and others, must take explicit actions to ‘open the gate’ to new workers and businesses.

• No lowering of appropriate standards. To maximize the number of local workers and firms qualified to do the work and to ensure that their ability to meet legitimate qualifications established for that purpose.

• A win-win and long term orientation. Each set of stakeholders has legitimate interests that can be recognized in the creation of a viable system that is effective over the long-term.

• Results are the measure of success and must be demonstrated with effective public monitoring, reporting and enforcement mechanisms. The measure of success of this effort is the significantly increased participation of local workers and firms in construction activity.

In 2004, the GNOC will concentrate on the first new schools to be built in Newark as the site for a series of initiatives to expand employment and contracting opportunities, to establish an effective monitoring system and to measure and communicate these results. Successes in these programs can then be adapted to other regional construction activity.

“The work of the New Jersey Institute for Social Justice has been critically important in creating opportunities for local workers in the major construction activities that are taking place in the greater Newark area. Real economic revitalization means that urban residents and local businesses will be part of that development and we are pleased to partner with NJISJ to make that a reality.”

Al Koepp, President, Newark Alliance
REGIONAL EQUITY

Our Regional Equity Initiative addresses differential access to opportunities and services between those who live in urban and suburban communities as exemplified by our work on predatory lending and affordable housing.

From Analysis to Action: Predatory Lending Legislation

Thirteen months after the publication of the report on predatory lending, co-authored by NJISJ and Rutgers’ Center for Urban Policy Research, the state of New Jersey enacted the New Jersey Home Ownership Security Act (the Act). This innovative law is intended to curb predatory lending practices while ensuring ongoing access to legitimate sources of credit. While the subject of intense debate and amendment during the legislative process, it was ultimately enacted by overwhelming bi-partisan majorities in both houses. The Act was also endorsed by both the consumer/civil rights coalition (including Legal Services of New Jersey, Citizen Action, the NAACP, Acorn and AARP, which had elevated predatory lending to one of its top three national priorities) and leading representatives of the lending industry, such as the New Jersey Mortgage Bankers Association.

As reflected in the report, a significant threat to New Jersey homeowners has emerged over the past decade in the form of a new wave of unscrupulous mortgage finance activities collectively referred to as “predatory lending.” Disproportionately affecting elderly, minority, low-income, and urban homeowners, these practices stem from the explosion of the “subprime” lending market that concentrates on borrowers who have—or are perceived to have—poor credit. Subprime lending is not synonymous with predatory lending but is linked to it because this market has been inadequately regulated.

“The New Jersey Institute for Social Justice deserves enormous credit in our ongoing fight to combat predatory lending practices while maintaining access to credit for all New Jerseyans. Through its research, coalition-building, and advocacy work, the Institute has helped inform efforts in New Jersey and on Capitol Hill. As New Jersey implements its new statute intended to curb abusive mortgage practices, NJISJ’s ability to understand and reach out to both consumer and industry stakeholders remains pivotal.”

Jon Corzine, U.S. Senator
The Act addresses predatory lending practices by providing special consumer protections for loans with very high fees and interest rates. Using the federal law (the *Home Ownership Equity Protection Act*) as an example, it mandates counseling and other safeguards for loans that exceed specified cost thresholds. In doing so, the law encourages financial institutions that make loans with high costs or rates to reflect the lending risk in the interest rate rather than through fees or costs paid at closing. This reduces well-documented abuses where borrowers unknowingly pay exorbitant or unnecessary fees and costs. It also encourages a competitive marketplace since consumers better understand and are able to compare interest rates.

This Act is also significant in its recognition of the role that the secondary market and the Wall Street investment banks play in financing the explosion of subprime lending through nearly $500 billion in securitizations over the past decade. This is of critical importance because capital flows to the subprime market outside of the guidelines, quality controls and regulations that limit abuses and support a highly competitive conventional mortgage market. The Act encourages those who fund high-cost loans to ensure that these loans are not abusive by providing for limited liability on the part of the purchasers of these loans under certain circumstances and conditions. In doing so, the

A MODEL: NORTH CAROLINA’S ANTI-PREDATORY LENDING LAW

In June 2003, the University of North Carolina released the first analysis of a state predatory lending law that analyzed actual loan terms. The NJ Home Ownership Security Act was modeled largely on this law. A review of 3.3 million subprime loans made in North Carolina and the rest of the nation from 1998–2002, found:

- Predatory lending practices decreased substantially, including a drop off in subprime loans with prepayment penalties by 72% (compared to an increase in South Carolina of 260%) and such loans with balloon payments by 53% (compared to a decrease of 15% nationally).
- A 43% increase in subprime home purchase loans (consistent with surrounding states) and an almost one-third increase in subprime loans to borrowers with low credit scores.

The analysis shows that strong laws can eliminate abuses while maintaining access to legitimate credit for high-risk borrowers. The Institute anticipates being involved in a similar assessment regarding the New Jersey statute. For further information about the UNC study, see www.keenan-flagler.unc.edu.
law balances this interest with that of ensuring ongoing access to legitimate sources of credit.

Looking ahead, a number of questions arise as the law goes into effect, including whether potentially abusive loans will move to just below the law’s triggers and the sufficiency of enforcement resources. The Institute expects to continue its efforts to ensure that the law is implemented appropriately, including ongoing analysis at the neighborhood and state level about how well the Act achieves its aims. In addition, together with community-based organizations, such as the United Vailsburg Services Organization, NJISJ will concentrate on efforts to develop alternative financial products and community-based intervention strategies to combat ongoing abuses. These recognize continued insufficient access to credit in certain low-income neighborhoods of color and low levels of financial literacy.

Recognizing Regional Interdependence

In the most suburban and densely populated state in the country, the challenges faced by urban areas have a regional dimension that the Institute continues to incorporate in its research and advocacy.

A Regional Agenda

As part of a coalition including organizations focused on the environment, sound planning, affordable housing, the minority community, and faith-based entities, the Institute helped sponsor the publication of New Jersey Metropatterns by Myron Orfield of the Amerigis Organization.

Using sophisticated mapping systems that document evolving development patterns, social and economic disparities and interdependencies, the report identifies trends showing how

Available on website
www.regionalequity.org
statewide fiscal, planning, and housing policies, harm both urban and suburban communities. Most significantly, the report identifies how the changes in significant indicators of municipal distress, such as property tax capacity, illustrate that older subsurbs, new developments and suburban municipalities that appear prosperous actually face many of the same structural challenges as New Jersey’s urban areas.

**Fair Housing Advocacy**

The Institute continued its legal advocacy to ensure fair housing principles inform the state’s most significant housing programs. These efforts included:

- **Housing Tax Credits and Civil Rights:** The Institute appeared as amicus in a case that marks the first appellate court review nationally of whether the federal *Fair Housing Act*’s obligation to “affirmatively further fair housing” applies to the state’s allocation of low-income housing tax credits — the nation’s largest affordable housing production program. In conjunction with the John J. Gibbons Fellowship in Public Interest and Constitutional Law, NJISJ represented the Coalition for Affordable Housing and the Environment (CAHE), the Housing and Community Development Network (HCDN), and New Jersey Public Policy Research Institute (NJPPRI). These groups argue that the federal *Fair Housing Act* and the state’s Mt. Laurel constitutional mandate are appropriately applied to this program and, therefore, the state must distribute tax credits so that they further both urban revitalization efforts and increased suburban affordable housing development that promotes racial integration.

- **Mt. Laurel implementation:** Ongoing representation and support of CAHE regarding the failure of the Council on Affordable Housing (COAH) to move forward with rules in a way that furthers the Mt. Laurel mandate. NJISJ joined with CAHE and HCDN to propose a “growth share” approach to Mt. Laurel implementation, while continuing to advocate for a use of that methodology that will result in significant affordable housing construction and distribution throughout the state consistent with sound planning and environmental protection principles.

*For further information visit* [www.njisj.org/reports.html](http://www.njisj.org/reports.html)
**EQUAL JUSTICE**

Maybe only one thing is virtually certain when an individual is incarcerated — he or she will eventually return home. Over the next five years in New Jersey, an estimated 70,000 individuals will be released from state institutions and reenter society. In most cases, they return to poor and working class urban neighborhoods already under considerable social and economic strain.

The challenge that prisoner reentry poses to the country as a whole has begun to garner national attention among policy makers, researchers and the media, a fact highlighted most recently in the President’s State of the Union message. In large part, however, it is the states and localities that must develop strategies to make a difference. The Institute’s efforts in 2003 focused on identifying how New Jersey should respond.

Prisoner Reentry and The New Jersey Reentry Roundtable

Culminating in the fall of 2003, the Institute and the New Jersey Public Policy Research Institute undertook a year-long initiative known as the New Jersey Reentry Roundtable, co-chaired by former Attorney General John Farmer and former Public Advocate and Public Defender Stanley Van Ness. This effort has resulted in a series of detailed recommendations developed in collaboration with law enforcement, researchers, government, business, community and faith-based organizations and former prisoners. The approach of the Roundtable, developed in consultation with the Urban Institute, a Washington DC based think tank, was to look at reentry not simply as a criminal justice concern, but rather as an issue with broad implications for the state as a whole.
Five full-day sessions over the course of the year engaged over 100 representatives from a wide cross-section of public, private, state and local entities in discussions of the multiplicity of issues involved, ranging from public safety to public health to the neighborhood and family impact of reentry and the legal barriers to successful reintegration. The process was informed by policy analysis and original research by experts in a variety of fields.

In December 2003, calling for a serious and far-reaching response, the New Jersey Reentry Roundtable released its findings and recommendations in a final report, *Coming Home for Good: Meeting the Challenge of Prisoner Reentry in New Jersey*. The report lays out policy and practice changes to enhance public safety by improving how individuals are reintegrated into their communities and how those communities are prepared to receive them. Specific recommendations arising from the three topical roundtable sessions — health, employment, and juvenile reentry — provide further direction for state action.

This summary document and other reports and presentations associated with the Reentry Roundtable sessions are available on our website www.njisj.org/reports.html

“NJISJ should be given great credit not only for co-convening the New Jersey Reentry Roundtable (NJRR) but for its sustained commitment to see NJRR’s recommendations implemented. These issues are among the most challenging facing our society today. NJISJ has brought a focused, evidenced-based approach that offers significant hope for broad-based, lasting reform.”

Stanley Van Ness, Esq.
Herbert, Van Ness, Cayai, Goodell

*In need of correction*

By William Kleinheider

In the mid-1980s, as the crack epidemic raged, new state and federal laws were introduced, a litany of laws that fueled a prison boom. Politically, the law made for popular terms for dealing with drug offenses.

Governor James Florio, a former state senator and target of Paterson, once votes, passage of a package of lengthy new drug laws in 1984, including a bill that set a mandatory three-year prison term for selling drugs within 1,000 feet of a school.

Superintendent James Dwyer, a former state senator and target of Paterson, once votes, passage of a package of lengthy new drug laws in 1984, including a bill that set a mandatory three-year prison term for selling drugs within 1,000 feet of a school.

The law made for popular terms for dealing with drug offenses.

Governor James Florio, a former state senator and target of Paterson, once votes, passage of a package of lengthy new drug laws in 1984, including a bill that set a mandatory three-year prison term for selling drugs within 1,000 feet of a school.

Prison populations are soaring.
It's time to look at alternatives to incarceration.
Summary of Central Findings and Recommendations of the NJRR

- **Begin Reentry Preparation at Entry:** The majority of inmates enter prison with low educational attainment, limited work experience and job skills, poor health and high rates of addiction and mental illness. The NJRR recommends using better assessment to drive targeted and proven programming, and engaging stakeholders outside of prison walls in preparing individuals for community living.

- **Manage the Transition Back Home:** New Jersey should focus planning, support and supervision resources on the period prior to and immediately following release, with greater coordination among the relevant state agencies, expanded use of transitional facilities and support for the families of prisoners.

- **Use Opportunities to Cut Costs and Reallocate Resources:** Especially given budgetary and resource constraints, New Jersey must seek to ensure public safety by using criminal justice resources in a more targeted and cost effective manner, reducing returns to prison for technical parole violations and making greater use of alternatives to incarceration.

- **Remove Unnecessary Barriers to Reentry Success:** While we expect individuals released from prison to work and stay out of trouble, our laws and regulations make it difficult for them to do so, limiting access to employment, public benefits like food stamps, housing, education, voting rights and driving privileges. New Jersey should limit the use of these “collateral sanctions” and make it possible for individuals to earn the restoration of their rights through good behavior.

- **Support Neighborhoods and Families:** The impact of increased incarceration and reentry is borne most heavily by certain neighborhoods. The state should create neighborhood-based interventions to reach former prisoners in the areas where they live and bolster the capacity of existing community groups.

- **Address Racial and Ethnic Disparity:** The heavily disproportionate representation of African Americans and Latinos in state prisons and juvenile detention facilities is unacceptable and the state must develop specific long-term and data-driven strategies to address it.

- **Create Separate Strategies for Juvenile Reentry:** The criminal justice system should recognize the unique developmental and social dynamics of adolescence and involve families and the public systems dealing with education, child welfare and mental health.
In 2004, we will continue to work directly with state and local government to implement policy and programmatic changes that can improve reentry outcomes, based on the recommendations of the NJRR. New Jersey was chosen as one of seven states to participate in the National Governors Association Prisoner Reentry Policy Academy, and the Institute will help New Jersey’s team build on the groundwork laid by the NJRR. We also plan to develop a pilot initiative to address the challenges of reintegration for individuals, their families and communities at the neighborhood level including the development of an Essex County-based discharge planning and resource guide to assist both prison staff and ex-offenders with the transition home. In addition, the Institute will look to increase the knowledge base on reentry in New Jersey, with continued policy research and analysis on topics identified by the NJRR.

**Juvenile Justice Initiative**

During the coming year, the NJISJ will initiate a new focus on juvenile justice. This will include efforts to divert young people from secure detention without sacrificing public safety based on successful models identified under the Annie E. Casey Foundation’s Juvenile Detention Alternatives Initiative and the creation of an electronic database for judges, parole and probation officers, public defenders and prosecutors detailing the programs and services available to young people in their area.

The maps below are part of a series of maps developed for the NJRR. The map on the left shows prison admissions and, therefore, the likely concentration of returning ex-offenders. The map on the right shows the cumulative cost of each individual decision to incarcerate in these same neighborhoods. In the next year, research will be undertaken to examine the cost/benefit of the expenditure of public resources in this fashion.
STAFF

Ken Zimmerman
*Executive Director*

Ellen Brown
*Director for Strategic Initiatives*

Rodney Brutton
*ECCCP Project Director*

Nancy Fishman
*Senior Law & Policy Analyst*

Rebecca Doggett
*Senior Fellow*

Craig Levine
*Senior Counsel & Policy Director*

Nakia James
*Administrator*

Rita Simmons
*Secretary*
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Trustees
New Jersey Institute for Social Justice, Inc.

We have audited the accompanying statements of financial position of New Jersey Institute for Social Justice, Inc. (a nonprofit organization) as of September 30, 2003 and 2002, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Institute’s management. Our responsibility is to express an opinion on the financial statement based on our audit.

We conducted our audits in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Jersey Institute for Social Justice, Inc. as of September 30, 2003 and 2002, and the changes in its net assets and its cash flows for the years then ended, in conformity with generally accepted accounting principles.

Kofler, Levenstein, Romanotto & Co., P.C.
Certified Public Accountants

Rockville Centre, New York
November 11, 2003
## STATEMENTS OF FINANCIAL POSITION

### Assets

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<th>September 30,</th>
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### Liabilities and Net Assets

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<td>Current liabilities</td>
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<td><strong>Total current liabilities</strong></td>
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<td><strong>Total</strong></td>
<td>$637,930</td>
</tr>
</tbody>
</table>

*The notes to financial statements are made a part hereof.*
New Jersey Institute for Social Justice, Inc.

STATEMENTS OF ACTIVITIES

The notes to financial statements are made a part hereof.

<table>
<thead>
<tr>
<th></th>
<th>Years ended September 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2003</td>
</tr>
<tr>
<td>Revenues</td>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td>$ 762,000</td>
</tr>
<tr>
<td>Grants</td>
<td>277,945</td>
</tr>
<tr>
<td>Contracts</td>
<td>340,476</td>
</tr>
<tr>
<td>Interest and other income</td>
<td>2,887</td>
</tr>
<tr>
<td>Total revenues</td>
<td>1,383,308</td>
</tr>
<tr>
<td>Expenses</td>
<td></td>
</tr>
<tr>
<td>Program services</td>
<td>619,770</td>
</tr>
<tr>
<td>Management and general</td>
<td>805,820</td>
</tr>
<tr>
<td>Total expenses</td>
<td>1,425,590</td>
</tr>
<tr>
<td>Increase (decrease) in net assets</td>
<td>(42,282)</td>
</tr>
<tr>
<td>Net assets — beginning</td>
<td>394,278</td>
</tr>
<tr>
<td>Net assets — end</td>
<td>$ 351,996</td>
</tr>
</tbody>
</table>

The notes to financial statements are made a part hereof.
### Increase (Decrease) in Cash and Cash Equivalents

<table>
<thead>
<tr>
<th>Year</th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in net assets</td>
<td>$ (42,282)</td>
<td>$ 38,796</td>
</tr>
<tr>
<td>Adjustments to reconcile change in net assets to net cash provided by operating activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>17,280</td>
<td>21,531</td>
</tr>
<tr>
<td>Loss on disposal</td>
<td>—</td>
<td>64</td>
</tr>
<tr>
<td>Change in operating assets and liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants and contracts receivable</td>
<td>(126,581)</td>
<td>(68,722)</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>(10,989)</td>
<td>(2,000)</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>155,922</td>
<td>18,078</td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>107,934</td>
<td>(6,050)</td>
</tr>
<tr>
<td>Cash flows provided by operating activities</td>
<td>101,284</td>
<td>1,697</td>
</tr>
<tr>
<td>Cash flows from investing activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of property and equipment</td>
<td>(12,284)</td>
<td>(4,216)</td>
</tr>
<tr>
<td>Disposal of property and equipment</td>
<td></td>
<td>(1,163)</td>
</tr>
<tr>
<td>Cash flows used by investing activities</td>
<td>(12,284)</td>
<td>(5,379)</td>
</tr>
<tr>
<td>Net increase (decrease) in cash and cash equivalents</td>
<td>89,000</td>
<td>(3,682)</td>
</tr>
<tr>
<td>Cash and cash equivalents — beginning</td>
<td>283,476</td>
<td>287,158</td>
</tr>
<tr>
<td>Cash and cash equivalents — end</td>
<td>$ 372,476</td>
<td>$ 283,476</td>
</tr>
</tbody>
</table>

*The notes to financial statements are made a part hereof.*
NEW JERSEY INSTITUTE FOR SOCIAL JUSTICE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2003

The purpose of The New Jersey Institute for Social Justice, Inc. is to promote
the advancement of urban areas and residents of New Jersey. As such, the Institute
operates, advocates, and provides funding for programs that focus on obtaining
opportunity for low-income and minority residents, ensuring their civil rights and
making local, regional and state government accountable to their communities and
their residents. The principal source of contribution revenues is provided by the
Alan V. and Amy Lowenstein Foundation, Inc. (Foundation).

(NOTE A) - ACCOUNTING POLICIES

Use of Estimates - The preparation of financial statements in conformity with
generally accepted accounting principles requires management to make estimates and
assumptions that affect certain reported amounts of assets and liabilities and
disclosure of contingent assets and liabilities at the date of the financial
statements and the reported amounts of revenues and expenses during the reporting
period. Actual results could differ from these estimates.

Cash and Cash Equivalents - The Company considers all highly-liquid debt instruments
with a maturity of three months or less when purchased to be cash equivalents.

Available Funds - The board of trustees of the Foundation agreed to underwrite the
operating expenses of the Institute for its five fiscal years, commencing October 1, 1995, with the understanding that such operating expenses will not exceed $600,000
per fiscal year unless the Foundation’s board of trustees shall approve the
underwriting of a greater amount. During each of the years ended September 30, 2003
and 2002, the Foundation contributed $750,000 to the Institute.

Contributions - All contributions are considered available for the general programs
of the Institute, unless specifically restricted by the donor. The Institute
reports monetary gifts as restricted support if they are received with donor
stipulations that limit the use of the donated assets. A donor restriction expires
when a purpose restriction is accomplished. Upon expiration, restricted net assets
are reclassified to unrestricted net assets and reported in the statement of
activities as such.

Property and Equipment - Expenditures for leasehold improvements and equipment are
capitalized and stated at cost. Depreciation is provided on both straight line and
accelerated methods over estimated useful lives of the related assets, ranging from
5 to 39 years.

Income Taxes - The Company is a not-for-profit organization that is exempt from
income taxes under Section 501(c)(3) of the Internal Revenue Code. It is also
considered to be a private foundation within the meaning of Section 509(a) of the
Code.

NEW JERSEY INSTITUTE FOR SOCIAL JUSTICE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2003

(NOTE A) - ACCOUNTING POLICIES (Continued)

Deferred Revenue - Resources received are recognized as liabilities to the extent
that the earnings process has not been completed. These resources are recorded as
unrestricted revenues when the related obligations have been satisfied.

Net Assets - Public support and other net revenues received during the current
fiscal year are used to fund programs and operations planned for in the subsequent
year to provide for the continuity of programs. A portion of unrestricted net
assets is available for unfunded commitments, program supplementation, and operating
contingencies directed by specific action of the board of trustees and is reserved
for the continuity of the Institute’s general activities and to meet emergency
demands.

(NOTE B) - RETIREMENT PLAN

The Institute has adopted a 401(k) profit sharing plan covering substantially
all full-time employees. The institute charged approximately $24,000 and $20,000 to
expense for this program in 2003 and 2002, respectively.

(NOTE C) - COMMITMENTS

The Institute has entered operating leases for office space and equipment.
Future minimum lease payments due under noncancellable leases as of
September 30, 2003 are as follows:

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2004</td>
<td>$ 60,351</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2005</td>
<td>30,932</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td>3,952</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td>3,952</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>3,952</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>159,168</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total operating lease expenses for the years ended September 30, 2003 and
2002, were approximately $65,000 each year.
FUNDING PARTNERS

Lowenstein Family Foundation
Administrative Office of the Courts
Fund for New Jersey
JEHT Foundation
MCJ Foundation
New Jersey Department of Labor
New Jersey Schools Construction Corporation
Nicholson Family Foundation
Open Society Institute
Port Authority of New York and New Jersey
Prudential Foundation
Public Service Electric & Gas Co.
Schumann Fund for New Jersey

COLLABORATING ORGANIZATIONS AND AGENCIES

AARP • AFL/CIO-New Jersey • American Community Partners • Austin Helle Corporation • Bethany Baptist Church—Newark • Black Chamber of Commerce of Northern New Jersey • Bloomfield College • Building Contractors Association of New Jersey • Catholic Community Services • Center for Community Change • Center for Community Self Help • Center for Employment Opportunities • Center for Mental Health Services and Criminal Justice Research, Rutgers University • Center for Urban Policy Research • Citizen Action (New Jersey) • Coalition for Affordable Housing and the Environment • Coalition for Our Children’s Schools • College of New Jersey • Community Food Bank of New Jersey • Cornwall Institute • Corporation for Supportive Housing • Dardone Electric • Eagleton Institute Center for Public Interest Polling • Education and Law Center • Enterprise Foundation • Episcopal Community Development • Essex County One-Stop Career Center • Essex County Building and Construction Trades Council • Essex County Office of Economic Development and Citizen Services • Essex County Vocational Schools • Essex Vicinage Municipal Division • Essex/Newark Legal Services • Fair Share Housing Center • Family Justice, Inc. • First Occupational Center • Fund for an Open Society • Greater Newark Business Development Consortium • Greater Newark Safer Cities Initiative • Harris Organization • Harvard Civil Rights Project • Healthcare Foundation • Heldrich Center for Workforce Development • Heningburg and Associates • Hillside Auto Mall • Housing and Community Development Network • Housing Mortgage and Finance Agency • Hyacinth Foundation • Instructional Systems, Inc. • Integrity House • Isles, Inc. • John J. Gibbons Fellowship in Public Interest and Constitutional Law • Jubilee Interfaith Coalition • Juvenile Justice Commission • La Casa de Don Pedro • Legal Services of New Jersey • Local Government Institute • Lowenstein Sandler • NAACP • NAACP Legal Defense Fund • National Economic Development and Law Center • New Community Corporation • New Jersey Acorn • New Jersey Department of Banking and Insurance • New Jersey Department of Corrections • New Jersey Department of Human Services • New Jersey Department of Labor • New Jersey Department of Law and Public Safety • New Jersey Division of Motor Vehicle Services • New Jersey Future • New Jersey Juvenile Justice Commission • New Jersey Policy Perspectives • New Jersey Public Policy Research Institute • New Jersey Schools Construction Corporation • New Jersey State Building Trades Council • New Jersey State Parole Board • Newark Alliance • Newark Community Development Network • Newark Mayor's Office on Employment and Training • Newark One-Stop Career Center • Newark Public Schools • Newark Workforce Investment Board • Offenders Aid and Restoration • Office of the Governor • Office of the Public Defender • Parsons Brinkerhoff/3di • Poverty Race Research Action Council • Princeton University • Project Search • Public/Private Ventures • Railroad Construction • Regional Business Partnership • Regional Planning Partnership • Rutgers Law School Environmental Law Clinic • Rutgers Law School Urban Legal Clinic • Rutgers University Bloustein School of Public Policy • S.T.A.R.S. CDC • Seton Hall Fair Housing Clinic • Seton Hall Institute on Work • Seton Hall Law School • Skadden, Arps, Slate, Meagher & Flom • State Employment and Training Commission • State Parole Board • Superior Court of New Jersey, Essex • The Violence Institute at UMDNJ • United Jewish Communities • United Vailsburg Services Organization • The United Way of Essex and West Hudson • University of Medicine and Dentistry of New Jersey • Urban Institute • Voorhees Transportation Policy Institute • Wise Women's Resource Center • Youth Build Newark