

New Jersey Innovation Fellows (NJIF) Frequently Asked Questions (FAQ)

1. What is the NJIF Program?

The NJ Innovation Fellows program is a grant program that supports leadership teams of 3 or more would-be, entrepreneurs vying to start a venture in any of New Jersey's targeted industries. The program provides "income replacement" grants during a two-year ideation and formation period for their business. Approved teams will be qualified to receive \$200,000 as a base award, and up to \$200,000 in additional bonuses. Grant recipients will be expected to comply with program requirements which include a two-year long mentorship cohort.

2. Who is a first-time entrepreneur?

A "first-time entrepreneur" is an entrepreneur who has never been listed as a founder, co-founder, or owner of a business entity which operated in a targeted industry in the State of New Jersey, or has not received third-party, institutional funding for past entrepreneurial opportunities. Entrepreneurs who have received State or federal funding for past entrepreneurial opportunities with entities which did not operate in a targeted industry in the State of New Jersey are eligible for the grant's consideration. NJEDA may seek verification to ensure eligibility.

Additionally, entrepreneur leaders actively operating ventures on a full or part-time basis, that have received third-party, State or Federal funding for a business in a targeted industry in the State of New Jersey do not qualify as "first-time entrepreneurs" for the NJ Innovation Fellows Program.

3. What is the "workforce"?

The New Jersey Innovation Fellows (NJIF) Program considers the workforce as individuals who are employed and subject to gross income tax withholding by the State of New Jersey. The workforce includes professionals who are leaving full or part-time, paid positions within 60 days leading up to the date of application. Recent graduates may also apply, so long as they also have paid gross income tax to the State of New Jersey within 60 days prior to application.

4. Who should apply?

The New Jersey Innovation Fellows program will award income-replacement capital to teams of three or more, would-be, entrepreneurs vying to start a venture in any of the State's targeted industries. At least half of the entrepreneurial team must be "first time entrepreneurs". All grant recipients to receive income from award of the Fellows Program must have paid gross-income tax to New Jersey within 60 days leading up to application. Additional eligibility criteria are stated in the program approval memo and program specifications and clarified in the grading criteria and matrix.

NJIF Board Memo (opens PDF): <https://www.njeda.com/wp-content/uploads/2023/02/NJIF-Board-Memo.pdf>

NJIF Program Specification (opens PDF): <https://www.njeda.com/wp-content/uploads/2022/11/Program-Specifications.pdf>

NJIF Grading Matrix (opens PDF): <https://www.njeda.com/wp-content/uploads/2023/02/Appendix-E.pdf>

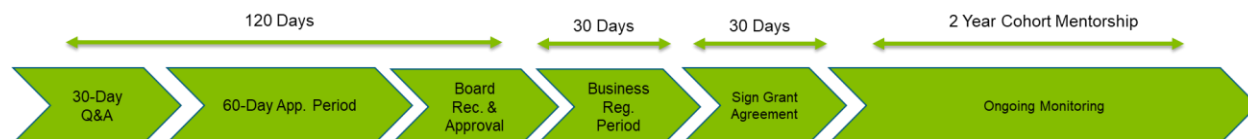
5. Can I apply for the program if I don't have any entrepreneur leader colleagues? I want to be a "solopreneur".

No, the New Jersey Innovation Fellows program is built to support first-time entrepreneur teams of at least three entrepreneurs. Teams with less than three first-time entrepreneurs are ineligible as per the Innovation Fellows Program legislation.

6. When will the application period open for NJ Innovation Fellows?

There will be two application periods per calendar year (i.e., a projected four periods over the program's two-year duration), starting in Q1 2023. The application periods will be staggered to align with the programmatic mentorship cohorts. Each application period will remain open for 60 days and will be preceded by a 30-day open Q&A. The application periods will be clearly stated on the NJ Innovation Fellows program website.

There will be a projected total of four (4) distinct application periods over the course of the Fellowship's two-year tenure, or until funds are exhausted. The program execution cycle will, generally, proceed with the following schedule:



7. How many applications will be awarded each period?

The NJEDA will present 5 – 8 applications per application period (or cohort) for approval by the Board of the Authority. It is anticipated there will be four cohorts and related application periods over the two-year program period, or until funds are exhausted. The amount of funds available will be displayed on the NJ Innovation Fellows program website, to be updated at the start of the Q&A period preceding each application open.

8. How is the program application cycle structured?

The Fellows program is projected to take in two (2) cohorts per calendar year. A cohort will consist of groups of approved applicants whose businesses then enter the mentorship program within the same time period (for example, the spring cohort, or the fall cohort). Each cohort is expected to be comprised of five (5) to eight (8) Fellows teams. Following notice of application approval by the Board of the Authority, Entrepreneur teams must have their businesses fully formed within 30 days in order to close the grant award. Entrepreneur Teams will commence the mentorship program during the next immediately available mentorship cohort, typically Fall or Winter/Spring.

9. Can I apply if I am currently unemployed?

Yes, but the New Jersey Innovation Fellows program rules mandates that all grant recipients must have paid gross income tax to the State of New Jersey within 60 days leading up to the date of application.

10. Are students allowed to apply?

Students are allowed to apply. However, applicants should note that program specifications and rules limit NJIF' Entrepreneur Leaders' hourly commitment to outside ventures, including class hours and outside business activities, to no more than 20hrs/week following execution of the grant agreement. Student applicants should take into consideration both class hours and study hours required for the class(es) taken. Recent graduates who have a full or part-time paid position within 60 days prior to application are welcome to apply.

11. Do you have to be a NJ resident to apply?

You do not have to be a NJ resident to apply, however, all award recipients must have paid New Jersey gross-income tax within 60 days prior to their applications submission. Following grant agreement execution, if any member of the original awarded team of entrepreneurs ceases to be a New Jersey taxpayer during the time in which fellowship grants are disbursed and the following two years, the fellowship may be rescinded, and any amount disbursed may be recouped by the Authority.

12. Are existing businesses eligible for NJIF?

Yes, a team of entrepreneur leaders, half of which must be first-time entrepreneurs, may apply for the Innovation Fellows program with an already-registered business entity if the entity can demonstrate it has not been operational within the past 12 months. The entity must submit verification that it has never executed, for example, commercial contracts, received any form of compensation or revenue for delivered service or product, or has not received third-

party, institutional, funding for entrepreneurial opportunities. Already-registered business entities must submit "Tax Clearance Certificates" from New Jersey's Division of Revenue and Enterprise Services. In all cases, the entrepreneur leaders on the applicant team must have paid income tax to the State of New Jersey within 60 days prior to application.

13. What are the State's Targeted Industries?

The program seeks to support the development of products and/or services in specific Targeted Industries. Targeted Industries means any industry *identified from time to time by the Authority* that shall initially include:

- **Advanced Transportation and Logistics**
- **Advanced Manufacturing**
- **Aviation**
- **Autonomous Vehicle and Zero-emissions research or development**
- **Clean Energy**
- **Clean Tech**
- **Life Sciences**
- **Hemp Processing**
- **Information and High Technology**
- **Finance and Insurance**
- **Professional Services**
- **Film and Digital Media**
- **Non-retail food and beverage business (including food innovation)**

For more information on Targeted Industries please see *Targeted Industries Definitions*

<https://www.njeda.com/wp-content/uploads/2021/05/Appendix-C-Targeted-Industries-Definitions.pdf>

14. What are eligible municipalities?

"Eligible municipality" means a city of the first class, a municipality with a private research university, a municipality that is qualified to receive assistance under P.L.1978, c.14 (C.52:27D-178 et seq.), a municipality under the supervision of the Local Finance Board pursuant to the provisions of the "Local Government Supervision Act (1947)," P.L.1947, c.151 (C.52:27BB-1 et seq.), a municipality identified by the Director of the Division of Local Government Services in the Department of Community Affairs to be facing serious fiscal distress, a SDA municipality, or a municipality in which a major rail station is located. See eligible municipalities list here:

<https://www.njeda.com/new-jersey-innovation-fellows-program>.

15. Can I participate as part of multiple entrepreneur teams?

All entrepreneurs on the leadership team must commit to working at one business venture on a full-time basis during the two-year commitment period that follows receipt of the fellowship grant. The entrepreneur leadership team is viewed as a critical element to evaluate the required business plan. Entrepreneurs cannot be employed outside the business or enrolled in classes for more than 20 hrs/week and entrepreneurs must sign a legally binding agreement to commit to the venture on a full-time basis (35 hrs/week) during the grant period.

16. How will successful applications be chosen?

All applications will be evaluated for completeness. If required materials are missing, applications will be automatically declined. Applicants may provide clarifying information, if asked by the Authority. Declined applicants may appeal the decision within ten business days and may also reapply to subsequent cohorts.

Complete applications will be scored independently (for eligibility measures) and competitively (considered against other applications received during a distinct application period in aggregate). The top 20 applicants with the highest scores will be shared with the NJEDA's Diversity Finance Advisory Board for final scoring. The Fellowship's evaluation committee will evaluate assigned applications on the bases of an applicant's idea, operations, and management acuties, as represented on the applicant's business plan. You can find the [Innovation Fellows Board-approved](#)

rubric here: <https://www.njeda.com/new-jersey-innovation-fellows-program>. The top 5-8 ranked applications will be submitted to the Board of the Authority for approval. All approved fellows will be notified of award via email.

Applicants with businesses that have yet “to be formed” or unregistered businesses will be required to form their businesses and register as a New Jersey business within 30 days of notification. Unregistered applicants who fail to register as a new business and provide state registration documents, as evidenced by its subsequent Tax Clearance Certificate (or verification from the Division of Taxation during the allotted 30 days of the forthcoming Tax Clearance Certificate), within the allotted time will be declined and must reapply for consideration in subsequent cohorts.

17. What is an Organization Chart?

An organizational chart is defined as a diagram which illustrates the venture’s business personnel and organizational structure.

18. What are the requirements for business plans?

Business plans are requested to be submitted in the format of a PowerPoint with a maximum of 15 slides. Find the suggested template for business plan proposals posted on the NJEDA’s website here: https://www.njeda.com/wp-content/uploads/2023/02/IEF-Business-Plan-Template_First-Draft.pptx. Additional external organizations and resources are noted on the last page of the deck that can serve as a free resource to help new entrepreneurs receive counseling, guidance and insight to start and grow their business. Feel free to contact these organizations to gather advice to assemble your deck. These groups can also be supportive to help you form your business if approved!

19. Is reapplication permitted?

Previously ineligible or declined applicants may reapply for consideration in later application rounds. Previously approved applicants, or awardees, previously deemed non-compliant are ineligible for future consideration for approval. Applicants who receive grant funding from the program are ineligible for consideration in subsequent cohorts and awards of the program.

20. My application was declined. Is there an appeal process?

Entities whose applications are declined will have the right to appeal. Appeals must be filed within ten business days from receipt of the declination letter. . The Director of Legal Affairs will designate Hearing Officers who will review the applications, the appeals, and any other relevant documents or information. The Hearing Officer will recommend an administrative decision.

21. Is there an application fee to apply for NJ Innovation Fellows?

Yes. There is a \$250 application fee per team to be paid by credit card. Applications will not be considered complete without submission and payment of the application fee initiated by the application deadline.

22. What’s the total program funding available for awardees?

The program was created through legislation with a total initial budget of \$10 million. The total available funding will be published on the NJEDA’s New Jersey Innovation Fellows website to be updated at least semi-annually following each award cycle. The program will remain open for two years, or until funds are exhausted.

23. Is there a required use of the awarded funds?

Funds must be used as income-replacement for the entrepreneurial team. Teams must provide proof of a payroll management system or provider in place prior to the first disbursement. Continued proof of income disbursement must be provided for each entrepreneur that received funding prior to subsequent quarterly payments as a component of ongoing compliance.

24. Will the NJIF Program cover medical benefits?

The New Jersey Innovation Fellows Award shall be used as income-replacement, i.e. the grant must be used for payroll subject to an income-tax payment requirement. In order to meet grant disbursement requirements

approved applicants must provide proof of payroll management system in place, e.g.: Bank payroll agreement & accounts; Payroll software subscription; Payroll service provider agreement.

25. Is the NJ Innovation Fellows Grant subject to state or federal taxes?

Please speak to your tax professional or the NJ Division of Taxation to gather insight on tax implications for your business.

26. What's the total award available to each applicant?

Successful applicants will be approved for a base award of \$200,000 with the opportunity to receive up to an additional \$200,000 in bonuses. A bonus award of \$50,000 may be awarded if any one entrepreneur leader on a team resides in an Opportunity Zone within the State. Opportunity zones may be identified with the mapping tool accessible on the NJ Innovation Fellows program page. Up to 3 additional bonuses of \$50,000 may be given for each Entrepreneur leader on the Fellows team that self-certifies as a diverse entrepreneur or demonstrates graduation from a NJ college or University. Bonuses stacked on top of the base award may bring the total award available to each team to \$400,000. Awards will be disbursed to grantees that meet compliance milestones on a quarterly basis.

27. How will funds be disbursed?

Awarded funds will be disbursed to grantees over eight quarters in a 24-month period. Award disbursements are subject to teams meeting and maintaining compliance milestones. One eighth of the award will be disbursed to teams at the time of closing. The balance of the funds will be disbursed in even increments for the next seven quarters upon verification of compliance requirements.

28. What are the ongoing compliance requirements?

Approved applicants will be expected to submit the following compliance documentation to ensure continued disbursement of funds.

- Organizational chart demonstrating at least three qualified entrepreneur leaders are managing the business
- Quarterly management prepared financial statements, and annual accountant prepared financial statements
- Quarterly payroll report from payroll management system as proof of income disbursement that demonstrates reasonably equitable pay to the entrepreneur leaders
- Verification of gross income tax withholding payment (for example, form NJ WR-30)
- Mentorship attendance record for the entrepreneur leadership team, evidenced by signed program instructor/advisor form(s)
- Current Business' operating address
- Any other documents deemed necessary by authority staff (i.e., personal address verification, university degree, business operating address, tax filings).

The term of the grant is to be 24 months from the effective date of the grant agreement. If awarded applicants fail to comply with the terms of the program, the Authority may choose to terminate the grant agreement, nullifying committed future disbursements as part of the agreement or may trigger a partial or full clawback of disbursed grant funding of an amount up to the total previously disbursed.

29. What is the mentorship program?

The NJIF legislation requires all members of the approved entrepreneur team (each an "entrepreneur fellow") to participate in a mentorship program. Moreover, these teams must commit to participating in a mentorship program for the program's duration (2 Years or 8 calendar quarters). Approved third party administrators to be named by the EDA closer to the date of cohort approval will build and administer equivalent mentorship programs that will

provide technical training through a general-operations curriculum, as well as access to unique subject matter experts that may offer mentorship to fellow teams. They will partner and collaborate in the design and administration of the program based on their resources, technical acumen and deep networks of academic and professional advisors. Entrepreneur fellows will be required to participate in the mentorship programs as a condition of their grant award, which will incorporate virtual and in-person meetings. They must also maintain satisfactory attendance throughout the duration of the mentorship program. Entrepreneurs teams will be appointed to either of the programs by NJEDA. Preference expressed by teams will be accommodated by NJEDA to the extent practical while ensuring balanced utilization of the programs.

30. What subjects will be covered by the mentorship program?

The initial general-operations curriculum will train the entrepreneurs in the following subject matters:

- Managerial Finance, Accounting, & Financial Statements preparations
- Human Resources development & management
- Marketing & Customer Development
- Product design, development & management
- Capital sourcing & raise
- Vision Mapping
- Buyer Personas
- Business Model Design
- Contracts & Business structures (Legal studies)

31. Can Fellows choose between the two mentorship programs?

Fellows may note their preference among or between the installed mentor programs. Enrollment in a mentorship program will be assigned on a first-come first-serve basis, based on program availability. Preference expressed by teams will be accommodated by NJEDA to the extent practical while ensuring balanced utilization of the programs.

32. Will the 2-year mentorship cohorts be virtual or in person attendance?

The program's 2-year mentorship will incorporate a hybrid meeting structure that designed to provide technical training and advisor coverage across the state. Each cohort of fellows is subject to the attendance policy administered by mentorship partners. Attendance records will be documented.