**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY**

**Development of a Statewide Employee Ownership Program (“ESOP”)**

**2024-RFI-199**

**DATE: April 15th, 2024**

**ADDENDUM #2**

**The following constitutes an Addendum, which can be a Clarification and/or Modification to the above referenced solicitation.**

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| **No.** | **Questions** | **Answers** |
| 1 | **“What system providers and subsidies are available to organizations that want to transition their businesses to employee ownership models?”** | Currently, there are no system providers or subsidies in NJ that seek to explicitly enable or assist businesses interested in transitioning to employee ownership models.  |
| 2 | **“How can the Organic Food Incubator (OFI) participate in any projects that will position NJ and its related businesses as pioneers in development of shared ownership structures?”** | The NJEDA would be interested to learn the process your company embarked upon when deciding to create an employee ownership model; including but not limited to the duration of the process, the deliberation process amongst employees, the perceived benefits and drawbacks of crafting this structure, the hardships and hurdles, and any other information you may find relevant. Notably, we would like to hear from any respondents that have established an employee ownership model on what would have been helpful guidance and support from the state as the company was researching employee ownership development.  |
| 3 | **“What specific criteria or thresholds will the NJEDA consider in terms of company size, number of employees, annual revenue, or other factors to determine which businesses are eligible to participate in and benefit from the statewide employee ownership program?”** | The prospective program being crafted by the NJEDA will ultimately be informed heavily by the responses to this RFI. Due to the highly complex calculations and factors that are considered in establishing an ESOP, much of the eligibility would be company specific, requiring specialized insight not only from subject matter experts but from the existing company’s structure itself.  |
| 4 | **“What specific state-level employee ownership programs or initiatives is the NJEDA looking to model or learn from in the development of its own statewide program, and how will the NJEDA ensure the unique needs and challenges of the New Jersey business community, especially Black-owned firms, are addressed?”** | The NJEDA has studied available materials and solicited feedback from multiple state entities across the nation that have implemented ESOP support programs. Ultimately, this RFI will help inform the direction that the NJEDA takes. It is important to highlight, specifically with ESOPs, that there are federal protections and benefits in place already and the state is looking to supplement these benefits in a way that may be unique to how any other state has approached employee ownership assistance.  |
| 5 | **“How will the NJEDA design and implement the statewide employee ownership program in a way that specifically addresses and helps narrow the significant racial wealth gap between white and Black households in New Jersey?”**  | Although the prospective program is still in development and the responses to this RFI will heavily inform the creation of said program, the NJEDA does foresee this as an opportunity to address exponential differences in income and wealth disparities to bridge the gap across the state.  |
| 6 | **“How will the NJEDA ensure that Black-owned businesses and the African American business community are actively engaged and able to participate in the development and implementation of the statewide employee ownership program?”** | The NJEDA has issued the RFI on employee ownership in the hope that the diverse NJ business community will be able to share input on their niche and unique employee ownership perspectives based on the populations they serve.  |
| 7 | **“What specific outreach and technical assistance will the NJEDA provide to help Black-owned businesses and the African American business community understand the benefits and mechanics of employee ownership models like ESOPs?”** | The NJEDA is anticipating providing a multitude of materials for business owners, employees, diverse associations and organization, chambers of commerce, and beyond to understand the benefits and structure of employee ownership models. We anticipate providing sessions across the state both in person and virtually to enable a comprehensive education and outreach plan. |
| 8 | **“Will the NJEDA consider providing any financial incentives, grants, or access to capital specifically targeted toward helping Black-owned businesses transition to employee ownership structures? “** | The NJEDA is currently considering crafting the prospective program in a way that will provide assistance, be it financial or otherwise, to a diverse and inclusive population, representative of the state’s demographics make up.  |
| 9 | **“What specific resources, technical assistance, and other support will the NJEDA provide to help sole proprietors, including those in the African-American business community, successfully transition from a one-person operation to a business with employees in order to take advantage of the statewide employee ownership program?”** | The prospective program is still in its infancy and we hope to receive feedback on best practices specifically pertaining to sole proprietorships.  |
| 10 | **“What specific communication and marketing strategies will the NJEDA employ to effectively reach, educate, and engage the African-American business community and workers about the benefits and opportunities of the statewide employee ownership program?”** | The prospective program is still in its infancy and the NJEDA will be utilizing responses to this RFI to inform the Authority on best practices such as how to target a wide range of audiences, how to message in a comprehensive manner the benefits of an employee ownership structure, and we hope to get feedback on the RFI from some companies who have already transitioned to see what they would have found most helpful throughout their employee ownership transition process. |
| 11 | **“How will the NJEDA work with organizations like the African American Chamber of Commerce to identify and address any unique barriers or challenges that Black business owners may face in adopting employee ownership models?”** | The NJEDA continues to keep an open line of communication with the state and regional chambers; as a part of the RFI, we hope to receive feedback on the challenges and barriers faced by members of these organizations and aspiring businesses owners in every community to better inform the creation of the Statewide Employee Ownership Program and future initiatives.  |
| 12 | **“Can the NJEDA commit to setting participation goals or targets to ensure adequate representation of Black-owned businesses and the African-American community in the statewide employee ownership program?”** | The NJEDA is committed to seeing this prospective program enhancing the ability for employees across the state to build wealth and is setting out for the program participation to be as representative of the state’s population make up as possible.  |
| 13 | **“What role does the NJEDA envision for business advocacy groups like the African-American Chamber of Commerce in the ongoing development and administration of the employee ownership program?”** | Although the prospective program is in its infancy, our hope is that the statewide and regional chambers of commerce will be able to connect parties interested in embarking upon an employee ownership model with the NJEDA for guidance and assistance in the process.  |
| 14 | **“Can you tell me where the program stands? Does it need legislative approval for the funding?”** | The prospective program is in its infancy stage. This program will need NJEDA Board approval as we currently have a state budget allocation we are looking to implement.  |

***Modifications***

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| **No.** | **Modifications** |
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