



NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

Notice of Funding Availability (NOFA)

New Jersey Innovation Fellows Program (NJIF) Application

The New Jersey Economic Development Authority (“NJEDA” or “Authority”) will open an online application for the competitive New Jersey Innovation Fellows Program (“NJIF” or the “Program”) at 10:00 AM on Monday, May 6, 2024. The application will close on Friday, July 5, 2024, at 5PM. The application can be accessed at: <https://www.njeda.com/new-jersey-innovation-fellows-program/>.

Purpose and Program Overview

The NJIF competitive grant program is structured to ignite early-stage innovation and entrepreneurship across key sectors by supporting first time entrepreneurs with income replacement grants. The program is designed as a springboard for early-stage business ideas to grow into functioning businesses within NJ’s innovative ecosystem. Acknowledging the myriad of challenges that confront individuals embarking on their entrepreneurship journey, the NJIF program seeks to facilitate entry and progression within the competitive landscape of innovation. The initiative is expressly designed to reduce the barriers nascent entrepreneurs face.

The program’s focus on supporting first time entrepreneurs as “New Jersey Innovation Fellows” is intended to cultivate a vibrant, diverse, and inclusive environment. A “first-time entrepreneur” is defined as an entrepreneur who has never been listed as a founder, co-founder, or owner of a business entity which operated in a targeted industry (see below) in the State of New Jersey, and has not received third-party, institutional funding for past entrepreneurial opportunities in a targeted industry. At least half (50%) of the entrepreneur leadership must certify as “first-time entrepreneurs.”

NJIF also includes a focused aim to provide income-replacement funding thereby facilitating economic growth and job creation in eligible municipalities (see below). By offering the security of income during the nascent stages of business development, entrepreneurs are given the opportunity to fully commit to their venture. Income-replacement capital is purposed to replace a stream of income an entrepreneur might forego in order to launch an early-stage business. With the assistance to replace an entrepreneur’s income, the NJIF program supports individuals who possess the potential and drive to contribute significantly to their fields but currently lack the structure and financial resources.

Approved teams are qualified to receive income-replacement capital during a 2-year “incubation” period of their business. Fellows will be provided with a full suite of support and resources to assist with transforming nascent ideas into viable products or services, including access to other local founders, mentorship by selected innovators and entrepreneurs, advisory support, office space and investors through the Program.

Funding

P.L.2021, c.160 (C.34:1B-370 through 34:1B-373) establishes the NJIF program. The Program utilizes a \$10 million legislative appropriation to provide to 5-8 teams of new entrepreneurs with the security of initial income replacement while pursuing the opportunity to start unique ventures. The minimum grant funding available is \$200,000 and the maximum amount, including bonus, is \$400,000. Funds will be disbursed over eight quarters, upon demonstration of satisfactory compliance with milestones. Grant funds must be used for income replacement to the entrepreneur leaders.

Eligibility

Eligible applicants for the NJIF program are teams seeking to open and operate a business in a targeted industry, which is located in an eligible municipality. Existing and already registered startups are **not eligible** for the program. Teams interested in applying for the program need to ensure they have not legally established a business entity. This requirement highlights the program’s intent to support projects at the earliest possible stage.

To be eligible for the Program, the applicants must meet the following criteria:

Entrepreneur Criteria

- Eligible teams must consist of no less than three (3) individual entrepreneur leaders
- At least half of the entrepreneur leadership team must certify as “first-time” entrepreneurs
- All entrepreneur leaders must have paid gross-income tax to New Jersey at the time of application or within 60 days leading up to application
- Entrepreneur leadership team must commit to continuing to pay gross income tax to New Jersey during the program’s two-year period
- All entrepreneur leaders must commit to working on the business venture on a full-time basis (35 Hours) for two years following receipt of the fellowship grant
- All entrepreneur leaders must commit to participate in a mentorship program for the program’s two-year duration

Proposed Business Venture Criteria

- Proposed business venture must include a complete and well-written business plan available in presentation or “pitch deck” format
- Proposed business venture must operate within New Jersey’s “[Targeted Industries](#)”
- Proposed business venture must have an address located within an “[Eligible Municipality](#)” within New Jersey, which may include a commercial or residential address.
- Entrepreneur Leaders must have majority equity interest (>50%) in the applicants’ proposed business venture

Other Eligibility Criteria

- Proposed business venture must be registered with the State within 30 days of award notice in order to close on grant award, as evidenced by a valid business registration.
- Current tax clearance certificate of the newly formed business
- Grant funds must be used as income-replacement

Mentorship Program

All entrepreneur leaders will be required to participate in the mandatory mentorship program through the two-year duration of the fellowship program. The NJIF mentorship programming incorporates an integrated, multifaceted platform that fellows can leverage through live, synchronous online learning sessions on foundational topics, annual ecosystem engagement panel events, virtual open office hours with mentorship partners, mentor/mentee meetings with assigned mentors, and a number of in-person and virtual networking events they are able to attend.

The mentorship program is facilitated by New Jersey Innovation Institute (NJII) and Rowan Center for Innovation and Entrepreneurship (RCIE). The general curriculum trains 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)

Award Size

Per program policy and in accordance with the legislation, 5-8 approved teams will be qualified to receive \$200,000 as a base award, and up to \$200,000 in bonus awards, resulting in a potential total award size of up to \$400,000.

Bonuses include a \$50,000 award if one entrepreneur on the team verifies residency in a designated Opportunity Zone in New Jersey. Opportunity zone means a federal population census tract in New Jersey that was eligible to be designated as a qualified opportunity zone pursuant to 26 U.S.C. s.1400Z-1.

Teams may also be awarded an additional \$50,000 in bonuses for each entrepreneur leader, who self-certifies as a “diverse entrepreneur” (as defined in section 2 of P.L.1997, c.349 (C.54:10A-5.29) OR is a “graduate of a New Jersey college or university” (including 2yr, and 4yr schools) in the State, as evidenced by corresponding degree or certification documents.

“Diverse entrepreneur” is defined in N.J.S.A. 54:10A-5.29 as individuals meeting the criteria for “minority business” or “female business”, as defined in N.J.S.A. 52:32-19 as either “persons who are black, Hispanic, Portuguese, Asian-American, American Indian or Alaskan natives” or a woman. - Thus, the Authority will accept an individual entrepreneur’s minority self-certification, if the individual identifies as one of the ethnic and racial categories recognized for minority-owned businesses for the purposes of State certification or identifies as a woman.

Application and Review Process

Applications for the NJIF competitive grant program will be accepted during distinct application rounds, where the application and any required supporting information will be made available on the NJEDA website. Each application period will be preceded by a 30-day open Q&A period, followed by a 60-day application period (approximately). NJEDA anticipates at least 4 application periods (average of 1 to 2 annually) until the grant funds are exhausted. The NJEDA may choose in its sole discretion to extend the application window.

All applications to the Program, must include the following documentation:

- To apply, applicants must register and log into the online application portal, complete all required portions of the application questions fully, and upload all required PDF documents and attachments. The online application enables applicants to electronically upload signed PDF. All applicants must submit their applications by the deadline.
- Applications must include an organizational chart and individual resumes of entrepreneur leadership team detailing education, professional and volunteer experiences, and any relevant skills, training, or certificates
- All entrepreneur leaders must provide personal address documentation
- All entrepreneur leaders must provide proof of NJ gross-income tax paid at the time of application or within 60 days leading up to application
- A complete and well-written business plan available in presentation or “pitch deck” format for the proposed business venture. See sample pitch deck on the NJIF program page (https://www.njeda.gov/wp-content/uploads/2023/02/IEF-Business-Plan-Template_First-Draft.pptx)

If approved, applicants are required to register their business with the State of New Jersey within thirty (30) days of notice of their award letter. Prior to the disbursement of funds and receipt of a grant agreement from the Authority, the applicants must submit the below documentation acceptable to the Authority in its sole discretion:

- Formation and Business Registration Documents of Newly Formed Business
- A Valid NJ Tax Clearance Certificate
- Payroll Service Provider Contract (e.g., Bank payroll agreement & accounts, Payroll software subscription, Payroll service provider agreement)

The following steps detail the application submission and review process:

- A document completeness and eligibility review will be done at the end the application period.
- Applicants with missing required documentation will be declined. Only completed applications will be evaluated and move on to be scored. At the request of the Authority, applicants may provide clarifying information within 10 business days. If at the end of this 10-business day period, the applicant is non-responsive, the application will be deemed withdrawn. If certification or verification for any bonus category is not received by the application deadline, neither bonus points nor bonus awards will be applied.

Competitive Scoring

Following review of eligibility, complete applications will be evaluated and scored against other applications received during the application period. An evaluation committee comprised of New Jersey Economic Development Authority (“NJEDA”) staff and subject matter experts (SMEs) on the Diversity Finance Advisory Board (DFAB) will facilitate the competitive review. The top 8 ranked applications will be submitted to the NJEDA Board of the Authority for final approval.

The evaluation committee will review applications on the basis of an applicant's idea, operations, and management activities. Applicants may achieve a maximum of 29 possible points based on the following criteria:

1. **Business Plan Scoring:** 0 – 5 points // These five (5) questions, each worth one point, will evaluate the clarity of the applicant plans identifying and analyzing its total addressable market (TAM), report on the competitive landscape, go-to-market plan, and a clearly articulated value proposition. A hypothetical score is filled-in below.
2. **Operations Scoring:** 0 – 4 points // These four (4) questions, each worth one point, evaluates clear articulation of finance & accounting management plans, subject matter competencies amongst the applicants' managing entrepreneurs, Diversity, Equity and Inclusion considerations, and clearly delineated roles and responsibilities amongst the managing entrepreneurs; and clear articulation of needed resources.
3. **Management Scoring:** 4 – 20 points // These four (4) questions, each worth 5 points, evaluate years of management and/or general professional experience; years of relevant industry expertise; expertise and competency in sales, operations, product development and finance.

Authority staff will recommend the top eight scoring (8) applications to the Authority's board for the award, contingent on the outcome of any appeals. The scoring criteria is included in Appendix E of the board memo.

Grant Disbursement and Compliance Obligations:

The term of the grant is to be 24 months from the effective date of the grant agreement. Awarded grants will be disbursed equally over the course of eight (8) quarters following EDA Board approval. The first disbursement will be issued upon the effective date of the grant agreement. Subsequent disbursements will be made upon submission of quarterly deliverables due 45 business days following the end of each calendar quarter upon the NJEDA's receipt review and satisfactory approval of the following quarterly compliance documents:

Quarterly

- A Certified Organizational Chart
- Quarterly management-prepared financial statements
- Third-party verification of NJ gross income tax withheld and paid for all entrepreneur leaders (i.e., paystubs and NJWR30)
- Quarterly Mentorship Engagement & Compliance Form evidencing regular attendance and engagement in mentorship program/curriculum sessions, signed by the program instructor/advisor.
- Evidence that business remains located in an Eligible Municipality as demonstrated by the business registered address (P.O. boxes are not acceptable business addresses);
- New Jersey Innovation Fellow Grant Program Disbursement Request & Certification form

Annual

- Individual NJ income tax payment as evidenced by tax filings that demonstrate equitable pay to the management team
- Annual accountant prepared financial statements for the business

The Authority reserves the right to request additional information not specifically listed to determine compliance with Program requirements.

Fees

There is a \$250 application fee due at the time of application submission. Applications will not be considered complete without payment of the application fee. No fee waivers.

Additional Requirements and Information

A Program Guide can be found Here:

- [NJ Innovation Fellows \(NJIF\) – NJEDA](#)
- [New Jersey Innovation Fellows Board Memo – NJEDA](#)
- [New Jersey Innovation Fellows Applicant Eligibility – NJEDA](#)
- [New Jersey Innovation Fellows Program Frequently Asked Questions \(FAQ\) - NJEDA](#)
- [New Jersey Innovation Fellows Grading Criteria and Competitive Scoring Rubric – NJEDA](#)

Questions concerning this Program’s Notice of Funding Availability should be submitted to NJInnovationFellows@njeda.gov.

The NJEDA is subject to State and Federal statutes including, but not limited to, the following, which may impact affiliates: N.J.S.A. 52:32-60.1, et seq., which prevents the New Jersey government entities from certain dealings with businesses engaged in prohibited activities in Belarus or Russia; Compliance with the list of “Specially Designated Nationals and Blocked Persons” promulgated by the Office of Foreign Assets Control (OFAC), <https://sanctionssearch.ofac.treas.gov>; N.J.S.A. 24:6I-49 which provides that the following are not eligible for most State or local economic incentives (a) a person or entity issued a license to operate as a cannabis cultivator, manufacturer, wholesaler, distributor, retailer, or delivery service, or that employs a certified personal use cannabis handler to perform work for or on behalf of a cannabis establishment, distributor, or delivery service; and (b) a property owner, developer, or operator of a project to be used, in whole or in part, by or to benefit a cannabis cultivator, manufacturer, wholesaler, distributor, retailer, or delivery service, or to employ a certified personal use cannabis handler to perform work for or on behalf of a cannabis establishment, distributor, or delivery service; and N.J.S.A. 52:13D-12, et seq., which prohibits a member of the Legislature or a State officer or employee or their partners or a corporation in which they owns or controls more than 1% of the stock to undertake or execute any contract, agreement, sale, or purchase of \$25.00 or more, made, entered into, awarded or granted by any State agency, with certain limited exceptions.