

**New Jersey Economic Development Authority**  
**NEW JERSEY INNOVATION FELLOWS PROGRAM (“NJIF”)**  
**AI Cohort Application**  
**NOTICE OF FUNDING AVAILABILITY**

The New Jersey Economic Development Authority (“NJEDA” or “Authority”) will begin accepting application for the competitive New Jersey Innovation Fellows Program AI Cohort Application (“NJIF AI Cohort” or “Program”) on **Wednesday, June 18, 2025, at 10:00 AM EST**. Applications must be submitted by **Wednesday, July 30, 2025, at 5PM EST**.

There will be a 14-business day Q&A period, from **Thursday, May 29, 2025, 10am EST to Tuesday, June 17, 2025, 5pm EST**. During the Q&A period, applicants can seek clarification regarding the Program and pose questions not addressed in Frequently Asked Questions (“FAQ”) document via email at [NJInnovationFellows@njeda.gov](mailto:NJInnovationFellows@njeda.gov). No questions or meetings will be held with the program staff during the 30-business day application period.

The Program will make available fellowship grants in the amount of up to \$400,000 in funding, with \$200,000 as a base award to support the development of AI-focused startups in the state by providing support to eligible teams of first-time entrepreneurs with mentorship, training, and income-replacement capital over a two-year period.

The application and all relevant program documents referenced in this NOFA can be accessed at: <https://www.njeda.com/new-jersey-innovation-fellows-program/>.

An application fee of \$250 is required at the time of application.

## **I. Purpose and Program Overview**

Originally approved by the Authority Board on November 16, 2022 New Jersey Innovation Fellows (“NJIF”) Program was established under Sections 65 through 68 of P.L.2021, c.160 (C.34:1B-370 through 34:1B-373) and administered by the Authority, to strategically position New Jersey within the innovation ecosystem by supporting entrepreneurial teams in launching and growing innovative businesses across the state providing income replacement grants to first-time entrepreneurs, facilitating economic growth and job creation in eligible municipalities.

The NJIF Program is designed as a springboard for early-stage business ideas to grow into operating businesses within NJ’s innovative ecosystem. Acknowledging the challenges that confront individuals beginning their entrepreneurship journey, the NJIF program will facilitate entry and progression within the competitive landscape of innovation. As an extension of the NJIF program, the AI cohort offers a structured path for budding AI entrepreneurs to nurture their ideas and promotes the development and application of AI technologies across various industries, positioning New Jersey as a hub for AI innovation.

## **II. Grant Funding Source**

The total grant funding available for the NJIF AI Cohort is \$1.9 million appropriated from \$2 million of the FY 2025 Appropriations Act.

The total funding and potential award amount are based upon current information about funding availability. NJEDA reserves the right to change that award amount and number of awards should additional funds become available.

### **III. Program Details**

NJIF AI Cohort will support approved first-time entrepreneurs who propose a business venture that utilizes AI technologies to either create a novel product or solution, or that would result in potential measurable efficiency within one or more of [New Jersey's Targeted Industries](#) by:

- 1. Facilitating entry into the New Jersey Innovation Ecosystem:** The Program offers a structured pathway for nascent AI entrepreneurs to develop their ideas, transform these ideas into viable businesses, and integrate the businesses into the broader innovation ecosystem.
- 2. Driving AI Utilization and Innovation Across Industries:** The Program encourages the development of AI technologies that have applications across various industries, positioning New Jersey as a hub for AI innovation.
- 3. Furthering Collaboration with Academic Partners:** As legislatively required by P.L.2024, ch.22, NJIF AI Cohort will leverage the university's research capabilities, technical expertise, and industry connections to facilitate the mandated mentorship program. The collaboration reflects the Program's commitment to not only provide resources but also ensure that these resources are accessible.

The Program will offer bonuses to entrepreneurs on the team that 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.

Additionally, 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 2-year, and 4-year 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. - The Authority will accept an individual entrepreneur's minority self-certification, if the individual identifies with at least one of the ethnic and racial categories recognized for minority-owned businesses for the purposes of State certification or identifies as a woman.

### **IV. Applicant Eligibility**

The program accepts applications from teams of eligible entrepreneurs with a prospective business idea, meaning applicants have not already formed or registered a business, but have an idea that they want to develop. Eligible applicants must meet the following criteria:

1. **Minimum Team Member Composition:** The leadership team must consist of at least three (3) individual full-time entrepreneurs.
2. **First Time Entrepreneurs:** At least half of the entrepreneur leadership must certify as “first-time entrepreneurs.” Each first-time entrepreneur must certify they have 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 and has never received third-party funding for a business entity which operated in a Targeted Industry in New Jersey. Third-party funding includes professional angel investment, institutional venture capital, or private equity capital.
3. **Workforce Background:** All entrepreneurs applying for the grant must meet one of two professional status criteria based on their recent employment history and commitment to transition into full-time entrepreneurship. Entrepreneurs must submit documentation that they have paid gross income tax to New Jersey at the time of application or within 60 calendar days of application.

**Examples of eligible entrepreneurs include:**

- Professionals who are leaving a full-time or part-time paid position within 60 calendar days before applying and are committing to the business on a full-time basis.
  - Recent graduates who have held a full-time or part-time paid position within 60 calendar days before applying and are committing to the business on a full-time basis
4. **Paid NJ Income Tax:** All entrepreneur leaders must demonstrate that they have either had New Jersey gross income taxes withheld from their wages or have made direct income tax payments to the state of New Jersey at the time of application or within the last 60 calendar days preceding application submission. Eligible entrepreneurs must have either been employed or engaged in a business activity within the state that is subject to state tax withholding by the New Jersey Division of Taxation. Applicants must submit the following documentation demonstrating that they have paid New Jersey gross income taxes at the time of application or within 60 calendar days preceding the submission on an application.
    1. **Pay Stub:** Applicants can provide a recent pay stub that shows New Jersey gross income taxes paid, which will demonstrate they are subject to the state’s tax withholding system at the time of application or within 60 calendar days preceding the submission of an application.
    2. **New Jersey Gross Income Tax Declaration of Estimated Tax (Form: NJ-1040ES – Located at: [1040es.pdf \(SECURED\)](#)) along with Proof of Payment:** Applicants can submit the NJ-1040ES form, which is used for estimated income tax payments in New Jersey. Along with this form, applicants must provide copy of the payment receipt issued by the New Jersey Division of Taxation as proof of

the income tax payments made to the state at the time of application or within 60 calendar days preceding the submission of an application.

5. **Personal Address Documentation:** All applicants must provide documentation proving their personal address. This may include documents like current utility bills, lease agreements, or government-issued identification showing their residence.
6. **Majority Equity Ownership:** The entrepreneur leadership team must have majority equity interest (>50%) in the proposed business venture.
7. **Seek to Operate in a Targeted Industry:** The proposed business must be seeking to operate in one or more of New Jersey's Targeted Industries. A list of Targeted Industries can be found above.
8. **Located in an Eligible Municipality:** The proposed business venture must be located in an "Eligible Municipality,"
9. **Educational Background:** Applicants may verify their education by submitting a copy of their diploma or transcript clearly demonstrating completion of degree.
10. **Full Time Program Commitment** Entrepreneur leadership must commit to working at the business on a Full-Time basis for two years following receipt of the grant. "Full-Time basis" is 35 hours/week; Entrepreneur leadership must not engage in part-time or outside work for more than 20 hours per week. All Entrepreneur leadership team members must commit to participate in a mentorship program (described below under **Mentorship Program**) for the Program's 24-month duration.

## V. Applicant's Proposed Startup Requirements

The proposed business product or solution must demonstrate a distinct and proprietary use of one or more of the six (6) Specific AI Technologies listed below. Applicants must innovate or customize these technologies to create a new product or solution resulting in a potential measurable efficiency within at least one of New Jersey's targeted industries.

The following criteria must be met and be clearly stated at the time of application. Failure to include these elements will result in the application being declined:

1. **Focus on Specific AI Technologies:** The proposed product or solution must focus on **one or more** of the following six AI technologies:
  1. Learning and Adaptation (e.g., machine learning, deep learning, predictive maintenance)
  2. Autonomous Decision-Making (e.g., autonomous vehicles, automated inventory)
  3. Data-Driven Insights (e.g., AI-driven analytics, predictive analytics)
  4. Natural Language Processing (e.g., chatbots, customer interaction)
  5. Perception and Interaction (e.g., computer vision, speech recognition)
  6. Generative AI (e.g., AI-driven product design, AI-generated content).
2. **Innovation Outcomes:** The proposed AI product or solution must lead to **one or both** of the following outcomes:

1. **Improved Efficiency:** Optimizing processes, reducing waste, improving performance (e.g., automating tasks, enhancing productivity).
2. **New Product or Service:** Enabling the creation of entirely new products or services (e.g., AI-driven innovation, breakthrough technology).
3. **Established and Documented Code of Conduct:** Applicants must submit a code of conduct document for their proposed business solution, describing their proposed solutions commitment to mitigating bias, fairness, or transparency within its Targeted Industry. (Maximum 1 Page)

Applicants must submit the following **separate** documents to provide a comprehensive overview of their proposed business:

1. **Well-Written Business Plan:** A clear description of the proposed business and a well-defined strategy for innovation within the market, including anticipated challenges and solutions. (Maximum: 3,000 words);
2. **Pitch Deck:** A high-level overview of the business, key strategies, financials, and team (Limited to 15 slides);
3. **Organizational Chart:** Applications must include an organizational chart with clear visualization of the business structure and key team roles.
4. **Resumes:** Resumes of each member of the entrepreneur leadership team must be included that detail education, professional and/or volunteer experiences, and list any skills, training, or certificates.

## **VI. Eligible Uses**

Awards granted through the NJIF Program are designated exclusively for income-replacement purposes. Recipients may use these funds solely to cover salary expenses for approved entrepreneurs and cannot be used for other purposes.

## **VII. Application and Review Process**

Applicants must complete all required portions of the application questions fully and upload all required PDF documents and attachments.

After the close of the application period, applications reviewed for eligibility and deemed by staff to be complete, will be reviewed through a competitive process. Applicants will be notified in writing of any deficiencies identified within their application, in the case where but not limited to, eligibility, supporting documentation, and attachments are unclear or insufficient. Applicants will have five (5) business days from notification to cure any deficiencies identified in their submission. Applicants that fail to cure their deficiencies during the cure period will be declined.

Only complete and eligible applications will be scored. Scoring will be conducted by a committee of staff. The total maximum score is 38 points. To be considered, applications must score a minimum average of two (2) points in each category of the [AI Innovation Scoring Rubric](#).

Up to four (4) applications with the highest average scores will be recommended to the Authority's Board for the Program award and entry into the mentorship program. Following award to the four highest scored applicants, a fifth award may be available dependent upon the availability of funding.

## **VII. Grant Amount**

The NJIF AI Cohort provides up to \$400,000 in grant funding per team. This includes a base grant award of \$200,000 with the potential for up to an additional \$200,000 in award bonuses per team.

## **VIII. Closing Requirements**

Once approved by the Authority Board, 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 business days of notification.

Following approval by the Board and execution of an award letter, approved entrepreneur teams must participate in the mandatory mentorship program through the two-year duration of the grant program.

## **IX. Grant Funding Disbursement**

The term of the grant is 24 months from the effective date of the grant agreement. Grants will be disbursed equally over the course of eight (8) quarters following approval. Grants may only be used as income-replacement. These funds must be specifically used for payroll and related payroll expenses for the approved entrepreneur team. The applicant must provide proof of an established payroll management system.

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:

1. Relevant formation and business registration documents of newly formed business includes:
  - 1.1. Articles of Incorporation / Organization
  - 1.2. Business Name Registration (Doing Business As - DBA), if applicable
  - 1.3. Employer Identification Number (EIN)
  - 1.4. Operating Agreement / Bylaws
  - 1.5. Shareholder or Partnership Agreements
2. A valid NJ Tax Clearance Certificate
3. Payroll service provider contract (e.g., bank payroll agreement & accounts, payroll software subscription, payroll service provider agreement)

The first grant disbursement will be issued upon the effective date of the grant agreement. Subsequent disbursements will be made upon submission of quarterly compliance documents due

45 business days following the end of each calendar quarter upon the NJEDA's receipt, review, and satisfactory approval of the following compliance documents:

### **Quarterly**

- A certified organizational chart up-to-date chart showing the structure of the organization, signed and dated by an authorized individual within the organization.
- Quarterly management-prepared financial statements e.g., balance sheet, income statement (profit & loss)
- Third-party verification of NJ gross income tax withheld and paid for all entrepreneur leaders (e.g., pay stubs and New Jersey Employer Report of Wages Paid Form: NJ WR-30)
- 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 e.g., lease agreements, utility bill. Note that 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 entrepreneur leadership team
- Accountant prepared annual financial statements for the business

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

## **X. Post Compliance**

The Authority will enter into a Grant Agreement with the approved applicants detailing the awarded grant amount and applicable terms. The Grantee is responsible for assuring compliance with all terms and conditions of the Grant Agreement and the specific funding requirements. The Authority reserves the right to recapture any grant funds upon default of the Program and Grant requirements.

## **XI. Fee**

A \$250 non-refundable fee is required at the time of application submission.

## **XII. Additional Requirements and Information**

Comprehensive information about the NJIF Program and the NJIF AI Cohort is available at [www.njeda.gov/new-jersey-innovation-fellows-program/](http://www.njeda.gov/new-jersey-innovation-fellows-program/).

Questions concerning this Program's Notice of Funding Availability should be submitted to [NJInnovationFellows@njeda.gov](mailto:NJInnovationFellows@njeda.gov)

### **XIII. State and Federal Requirements**

Funding for this Program's grant 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 including grant awards by the New Jersey Commission on Science, Innovation and Technology.