

New Jersey Economic Development Authority
AI INNOVATION CHALLENGE ADMINISTRATION GRANT PROGRAM
Notice of Funding Availability
UPDATED APPLICATION SUBMISSION DEADLINE

The New Jersey Economic Development Authority (“NJEDA” or “Authority”) will begin accepting applications for the competitive AI Innovation Challenge Administration Grant Program (“Program”) on Friday, May 16, 2025 at 10:00 am EST.

Applications must be submitted by Monday, June 30, 2025 at 5:00 pm EST.

The Program will make available up to \$3,800,000 in grant funding, through a competitive application process, as approved by the Board on March 12, 2025, **to one (1) qualified Administrator for i)** developing and administering an AI Innovation Challenge (“AI Challenge”), open to the public in New Jersey; **and ii)** disbursing and managing subgrant awards to winning Companies selected as part of the AI Challenge over a one-year period.

Note: No more than twelve percent (12%) of the total grant, or \$456,000 of the \$3,800,000, can be used for the Administrator’s direct and indirect costs. All remaining funds, \$3,344,000, must be used for sub-grant awards to AI Innovation Challenge winners, and the Administrator must disburse sub-grant awards to AI Challenge winners through a minimum of two tranches.

Application fees for the Program will be \$1,000. The application can be accessed at: <https://www.njeda.gov/AI-Challenge/>

Purpose and Overview

In New Jersey, Governor Murphy has identified statewide Artificial Intelligence (“AI”) adoption as a strategic priority aligned with his broader economic development plan, emphasizing innovation, talent development, and economic growth. In January 2024, he launched the “AI Moonshot” initiative to harness New Jersey’s leadership in AI through key efforts such as establishing an AI Innovation Hub with Princeton University and NJEDA, creating the State’s first Task Force on AI to study societal impacts and promote ethical use, training public sector workers in generative AI, issuing the State’s first AI policy for responsible government use, and fostering international research collaborations.

As part of the AI Moonshot initiative the “AI Innovation Challenge” was announced as a strategic initiative that recognizes the potential of Artificial Intelligence as a tool to advance social and public good by providing a diverse array of stakeholders across New Jersey—including residents, researchers, entrepreneurs, students, and companies—with the

opportunity to identify challenges across the State, and leverage AI to develop innovative software solutions.

NJEDA's AI Innovation Challenge Administration Grant Program will select a qualified **Administrator** to develop and execute the AI Innovation Challenge, and manage sub-grant awards to winning Companies selected as part of the AI Challenge.

Funding

The total funding available for the Program is \$3,800,000 allocated from the Fiscal Year 2025 ("FY2025") State budget appropriation in the Appropriations Act (A4700/P.L. 2024, c. 22).

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

Program Details

The Program is a competitive program where a **single qualified entity** ("Administrator") will be awarded the grant in order to:

- i) develop and administer an AI Innovation Challenge ("AI Challenge") open to the public in New Jersey; and
- ii) disburse and manage sub-grant awards to winning Companies selected as part of the AI Challenge.

NOTE: Please see below for specifics on the AI Innovation Challenge including the Administrator's AI Innovation Challenge- Scope, Format and Data, AI Challenge Winner Eligibility and Requirements.

Administrator Applicants – Eligibility Criteria

Eligible Administrator Applicants must:

- Be a legal entity (no individuals) and have been legally formed under the laws of any US state.
- Be registered to do business in New Jersey and be in good standing with NJ Division of Taxation as certified by a valid NJ Tax Clearance Certificate at the time of application submission.
- Be in substantial good standing with New Jersey Department of Labor ("DOL") and New Jersey Department of Environmental Protection ("DEP").
- Demonstrate experience in managing a budget of at least \$3 million in at least one (1) prior competitive event.

- Demonstrate evidence of a track record in organizing competitive events open to external audiences, including but not limited to pitch competitions, innovation challenges, hackathons and bootcamps, with at least 5 competitive events hosted by the entity during the 5 years prior to application.
 - Bonus points will be given to entities who demonstrated an ability to host a demo day, showcase or similar event to publicly present winning participants at the end of prior competitive events.
- Demonstrate success of competitive events through at least 50 participants per event (minimum 5 events total), AND a proven and documented track record of success in prior competitive event participants, including but not limited to at least 15% of prior participants to receive follow-on funding from non-related parties, seeing strategic acquisition, significant (50%+) revenue growth post- competitive event, or achieve an exit.
- Demonstrate engagement with the broader startup ecosystem through access to at least 50 actively engaged Subject Matter Experts (“SMEs”), mentors or partners across industries and functional capabilities (technology, sales, strategy, accounting, finance, marketing etc.).
- Submit an in-depth proposal for the AI Challenge’s execution which must include the following components:
 - Evidence of Administrator’s technical and non-technical expertise in AI. Note: experience in the utilization of generative AI tools is not sufficient.
 - Details about the programming, format (virtual/in-person/hybrid) of the AI Challenge events (Initial Competitive Event, Virtual Showcase, Demo Day Event). Note: any in-person components of the AI Challenge must be hosted in New Jersey.
 - Engagement plan of Administrator’s network of partners and SMEs to offer mentorship and advisory support to AI Challenge winners.
 - Arrangement of in-kind services to AI Challenge participants, including but not limited to: cloud infrastructure, Application Programming Interfaces (“APIs”), and relevant software tools to test software solutions.
 - Strategy for outreach and marketing to attract qualified participants for the AI Challenge.
 - Legal and Intellectual Property (“IP”) support to ensure AI Challenge participants understand their rights and obligations when developing and sharing their software projects.
 - Scoring matrix for evaluating and selecting AI Challenge winners, ensuring alignment with the AI Challenge's scope, viability of software prototype, and NJEDA’s requirements for sub-grant winners.
 - Proposed panel of diverse, qualified, and relevant judges to select AI Challenge winners, including AI-domain specific experts and SMEs aligned with the AI Challenge’s scope.

- Plan for managing sub-grant awards, tracking AI Challenge winners' progress against milestones, ensuring compliance with reporting requirements, conducting post-Demo Day check-ins, and maintaining transparency through a public project dashboard.
- Evidence of the Administrator's ability to fully execute the AI Challenge within a **maximum of 4 months** from Grant Agreement execution.
- Evidence of the financial viability of Administrator's proposal for AI Challenge execution, including outlining all costs and mitigation for cost overruns.

Eligible Uses of Funding

Allowable expenses or uses of funds for the selected Administrator are as follows:

- Direct and indirect costs incurred for planning, developing, and managing the AI Challenge events, including the Initial Competitive Event, Virtual Showcase, and Demo Day Event.
- Providing in-kind resources to AI Challenge participants to create and test artificial intelligence (AI)-based software solutions.
- Scoring and awarding sub-grant awards to winning Companies.
- Managing sub-grant awards, including legal agreements, compliance with New Jersey Economic Development Authority's (NJEDA) requirements, milestones, budgets, and reporting to NJEDA.

Ineligible uses

Ineligible uses of funds are capital costs (such as construction or equipment purchases) and financial investments in the winning Companies through which the Administrator receives or could receive a financial benefit.

Note: *Any expenditures that do not comply with NJEDA's eligibility criteria and eligible use of funds must be returned by the AI Challenge winners and/or the Administrator to NJEDA at the end of the grant agreement term.*

Application Submission and Review Process for Administrator Applicants

Applications for the Program will be accepted during a competitive application process through the program's online application portal, which will be open from **May 16, 2025 at 10 am EST to June 16, 2025 at 5 pm EST**. To apply, an applicant must register, or log into the online application portal, complete all required application questions fully, and upload all required documents.

After the application window has closed, NJEDA staff will review all applications for completeness and eligibility.

Following this review, applications that are incomplete or require additional clarification, including those with missing or incomplete documentation, will receive an email notification from NJEDA to cure deficiencies or provide any needed clarifications. Applicants will have five (5) business days from the date of email notification to submit the requested clarification or missing documentation. Failure to respond to the request within the same five (5) business days will be deemed incomplete and will not be evaluated or scored.

All complete applications will be evaluated, scored, and ranked by an Evaluation Committee comprised of NJEDA staff. The minimum score of 80 will be required out of a total maximum score of 100 to be considered for an award.

The Evaluation Committee will review, score, and rank applications based on four (4) Scoring Criteria, as follows:

1. **Sector Focus:** *Applicant's demonstrated expertise in technical and non-technical capabilities in Artificial Intelligence (maximum 10 points)*
2. **AI Challenge Structure and Programming:** *Applicant's demonstrated ability to develop and execute the AI Challenge (maximum 45 points)*
3. **Selection and Management of Sub-Grants:** *Applicant's demonstrated ability to select and manage sub-grant awards for AI Challenge winners (maximum 25 points)*
4. **Project Execution:** *Applicant's demonstrated ability to execute the AI Challenge on time and on budget (maximum 20 points)*

Further details on the scoring criteria can be found under the [Administrator Application Scoring Matrix](#).

A five (5) point bonus is available under the "AI Challenge Structure and Programming" criterion, for Applicants who have experience in organizing Demo Day/Showcase or similar events to present winning Companies at the end of prior competitive events.

Administrator's AI Innovation Challenge- Scope, Format and Data

The selected Administrator will be expected to create and execute the AI Challenge "event(s)", manage the disbursement of sub-grant awards, as well as have continued engagement with AI Challenge winners based on the following components:

- **Initial Competitive Event including Virtual Showcase:** participating Teams/Companies will identify challenges across NJ and create relevant AI-based software prototypes in a short timeframe to address these. The Initial Competitive Event

will culminate with a public Virtual Showcase, where all participating Teams/Companies will present their prototypes.

- **Demo Day Event:** winners from the Competitive Event will have a set amount of time to develop a working software solution (Minimum Viable Product (“MVP”) which will be delivered/demonstrated at a separate Demo Day Event.
- **Post-Demo Day Event:** AI Challenge winners will continue working with the Administrator for the duration of NJEDA’s grant agreement term, towards pilot testing or commercialization of the AI-based software solutions.

For the purposes of the AI Challenge, participating Teams/Companies must create AI-based software solutions that are in one of the six [AI technologies](#) defined by NJEDA, which address challenges across NJ by:

- i) directly contributing to measurable efficiency improvements or
- ii) enabling the creation of novel software solutions.

In addition to receiving sub-grant awards from the Administrator, winners of the AI Challenge will receive mentorship and advisory support from the Administrator’s network of Subject Matter Experts (“SMEs”) and partners to further develop their MVP towards pilot testing or commercialization.

One of the key components for the AI Challenge is State data. Datasets across a variety of sectors are available through NJ OIT’s Open Data Portal (www.data.nj.gov), which will be the primary data source for AI Challenge participants to develop their AI-based software solutions.

Grant Amounts

One (1) grant in the amount of \$3,800,000 will be awarded to a qualified Administrator for the Program. No more than twelve percent (12%) of the total grant, or \$456,000 of the \$3,800,000, can be used for the Administrator’s direct and indirect costs. All remaining funds, \$3,344,000, must be used for sub-grant awards to AI Innovation Challenge winners, and the Administrator must disburse sub-grant awards to AI Challenge winners through a minimum of two tranches

The closing requirements will be outlined in the grant agreement. During the term of the Grant Agreement, the Administrator must comply with NJEDA’s reporting requirements as outlined in the Grant Agreement. The Administrator must ensure AI Challenge winners are in compliance with NJEDA’s eligibility criteria and eligible uses of funds as set forth in the Program’s [Board Memo and Program Specs](#).

Grant Funding Disbursements

The disbursement schedule for the Program is structured around key milestones based on the selection of Administrator of the Program, followed by disbursements for sub-grant awards of the AI Challenge.

- **Milestone 1** involves the selection of the Administrator based on NJEDA's eligibility criteria and scoring. Funds will be disbursed for direct and indirect administrative costs for the AI Challenge. No more than \$456,000 can be disbursed under this milestone.
- **Milestone 2** requires the Administrator to select the AI Challenge's winning Teams or Companies using a scoring matrix and a judging panel established by the Administrator. Funds will be disbursed to the Administrator for sub-grant awards to the winners for further development of the prototype towards a Minimum Viable Product (MVP). Under Milestone 2, the Administrator must select between 5-10 winning Teams/Companies, and no more than \$1,000,000 can be disbursed under this milestone.
- **Milestone 3** involves the Administrator demonstrating successful MVP development by the winners and hosting a Demo Day Event. Funds will be disbursed to the Administrator for sub-grant awards to the winners working towards a plan for pilot demonstration or commercialization of the software solution post-Demo Day Event. Under Milestone 3, the Administrator must further review and determine follow-on funding based on performance for select winners, and no more than \$2,344,000 can be disbursed under this milestone.

Grant disbursements under each milestone are subject to NJEDA's satisfactory review of documentation provided by the Administrator to verify milestone completion as outlined in NJEDA's grant agreement, including review of sub-grant agreements prior to execution between the Administrator and AI Challenge winners.

For Milestones 2 and 3, the Administrator must disburse sub-grant awards based on the AI Challenge winners' compliance with the Administrator's sub-grant agreement **and** NJEDA's established criteria for AI Challenge winners.

AI Challenge Winners – Eligibility Criteria

The eligible Administrator will determine the scoring criteria for the selection of winning Teams of individuals or early-stage Companies applying to the AI Challenge. In addition to the Administrator's scoring criteria, NJEDA has outlined certain requirements for the winning Teams/Companies to ensure compliance with NJ business requirements and successful milestone completion, as follows:

- Registered to do business and have a valid tax clearance certificate from NJ Department of Treasury, or obtain within 30 days of award notice, prior to receiving sub-grant award from Administrator
- Create an AI-based software solution consistent with NJEDA's defined AI technologies and addressing the AI Challenge's scope
- Demonstrate ability to further develop the prototype on time and on budget by: providing a detailed plan and timeline demonstrating readiness to develop an MVP that is financially viable by the Demo Day Event
- Consist of at least 3 individuals contributing to the product development, including a team lead, and at least 1 member with technical expertise in AI and/or related fields
- Minimum of 50% of the individuals as NJ residents (for Teams of individuals) OR minimum of 50% of the company's full-time workforce working or paying taxes in NJ (for early-stage Companies). Full-time workforce must be verified via NJWR30 or Registered PEO letter, or other forms of documentation, such as Forms 1099, W2, K1, job descriptions and offer letters.
- Must have no more than 224 employees (for early-stage Companies)
- Commit to working on the AI-based software solution until successful milestone completion as outlined in Administrator's sub-grant agreement
- Identify a base of operations in NJ post-Demo Day Event

If the winner is a Team of individuals, they must form a business entity prior to receiving the sub-grant award from the Administrator.

Eligible Uses of Funding For AI Challenge Winners:

- Development of prototype towards a Minimum Viable Product ("MVP").
- Completion of Administrator's milestones per the sub-grant agreement.
- Development of MVP towards pilot demonstration or commercialization post-Demo Day Event.
- Securing commercial office space in New Jersey post-Demo Day Event if needed (such as co-working space or incubator facility, verified by a lease agreement or similar).

Fees

A \$1,000 non-refundable fee is required at the time of application submission.

Additional Requirements and Information

Comprehensive information about the AI Innovation Challenge Administration Grant Program is available at www.njeda.gov/ai-challenge/.

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

State and Federal Requirements

Funding for this 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 own or control 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.