

**New Jersey Innovation Fellows (NJIF)
Frequently Asked Questions (FAQ)
07/08/2024**

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Program Overview

1. What is the New Jersey Innovation Fellows (NJIF) Grant Program?

The NJIF grant program supports leadership teams of 3 or more entrepreneurs with unique startup ideas in any of New Jersey's targeted industries. The program provides "income replacement" grant funding to eligible teams of entrepreneurs, through the disbursement of fellowship grants in the amount of \$200,000 and up to \$400,000. Grant recipients will be expected comply with program requirements which include a two-year long mentorship cohort.

2. What is the definition of the State's Targeted Industries?

The program seeks to support the development of innovative products and/or services in specific Targeted Industries. An eligible business shall be in a targeted industry based on policy interpretations for each of the listed industries. The Authority has developed specific definitions and interpretations of targeted industries in the following categories.

- 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)

The Authority may consider whether a business fits into another innovative industry that disrupts current technologies or business models, by assessing factors such as, whether businesses in the industry are offering products or services that significantly improve current market offerings on the basis of price or other performance levels, whether the new industry creates opportunities for new firms to enter and redefine the supply chain or value chain of an industry, or whether the industry utilizes new technology or business processes that allow New Jersey-based firms to collect a share of revenues that were traditionally only available to companies in other geographies.

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

3. Where are the eligible municipalities?

Eligible municipality are defined as 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.gov/wp-content/uploads/2023/03/NJIF-Eligible-Municipalities-FINAL-030723.pdf>

Mentorship Program

4. What is the mentorship program?

The NJIF legislation requires all members of the entrepreneur leadership team to participate in a mentorship program. Teams must commit to participating in a mentorship program for the program's duration (2 Years or 8 calendar quarters). Entrepreneur leaders will be required to participate in the mentorship programs facilitated by the New Jersey Innovation Institute (NJII) or The Rowan Center for Innovation & Entrepreneurship (RCIE) as a condition of their grant award, which will incorporate asynchronous virtual and in-person meetings.

Entrepreneur 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 program resources.

5. Can approved fellows choose between the two mentorship programs?

Fellows may note their preference among mentor programs. Enrollment in a mentorship program will be assigned on a first-come first-serve basis, based on program availability.

6. 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)

The mentorship programming incorporates an integrated, multifaceted platform that fellows can leverage available 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 networking events they are able to attend. Fellows will work on specific projects and initiatives that will showcase the startups evolution from an idea to market ready entity with a clear path of future growth.

7. 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. Attendance records will be documented.

8. Who owns my intellectual property?

The NJ Innovation Fellows program does not require registration or commitment of intellectual property. Applicants should be aware that the program is for those seeking to open and operate a business. Already registered and operating businesses would not be eligible. Please speak to your IP attorney for guidance on structuring.

Entrepreneur Eligibility

9. Who is a first-time entrepreneur and who should apply?

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, and has not received third-party, institutional funding for past entrepreneurial opportunities. At least half (50%) of the entrepreneur leadership must certify as “first-time entrepreneurs” and the entrepreneur leadership team must have majority equity interest (>50%) in the proposed business venture.

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.

No existing startups may apply. Additionally, entrepreneur leaders operating existing 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 NJIF Program.

See the Following Board Memo Materials and Appendices for further clarification on all program requirements:

- [Eligible Municipalities – Appendix A](#)
- [Proposed Program Specifications – Appendix B](#)
- [Qualifying Questionnaire – Appendix C](#)
- [Grading Criteria and Matrix – Appendix E](#)

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

No, 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.

11. What is considered the “workforce”, and can I apply if I am currently unemployed?

The program considers the workforce as individuals who are employed full-time or part-time 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.

In all cases, all entrepreneur leaders must demonstrate payment of NJ gross income taxes at the time of application or within 60 days leading up to application.

12. 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 at the time of application or within 60 days of 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.

13. Are students allowed to apply?

Students are allowed to apply; however, applicants should note that program specifications and rules limiting entrepreneur leaders' hourly commitment to outside ventures. Class hours and outside business activities are limited 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 of application are welcome to apply.

In all cases, all entrepreneur leaders must have paid income tax to the State of New Jersey at the time of application or within 60 days prior to application.

14. Can I apply if I am an independent contractor?

Application to the program must be submitted by teams of at least three entrepreneurs. Half of the team must meet the NJIF definition of a first-time entrepreneur. In all cases, the entire entrepreneur leadership team must demonstrate payment of NJ gross income taxes at the time of application or within 60 days leading up to application.

15. Can teams of entrepreneurs be comprised of family members?

Teams of entrepreneurs consisting of two or more related family members are permitted so long as half the entrepreneur team are first time entrepreneurs. The authority may seek further documentation evidencing each first-time entrepreneur on the team 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 and has received third-party funding. Third-party funding includes professional Angel investment, institutional Venture (VC), or Private Equity (PE) capital.

Applications will be analyzed to ascertain team credentials as part of scoring and, if approved, individuals will receive income, commensurate with qualification.

16. Are existing businesses eligible for NJIF?

The NJIF program does not accept existing registered startups. The NJIF program is structured to ignite early-stage innovation and entrepreneurship to individuals who may otherwise not have the socioeconomic needs to pursue a startup venture.

17. What is the NJ Gross Income Tax Obligation?

As part of the Legislative requirement, all Entrepreneur Leaders must submit documentation indicating they have paid gross income tax to New Jersey at the time of application or within 60 days leading up to application. Applicants may submit either a pay stub demonstrating NJ gross income taxes paid or NJ-1040ES along with proof of income tax payment to the State of NJ in order to demonstrate this requirement.

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 next following two years, the fellowship may be rescinded, and any amount paid may be recouped by the authority. Please speak to your tax professional or the NJ Division of Taxation to gather insight on your individual tax situation.

Application Process

18. What are the application requirements?

The NJIF program's minimum eligibility requirements are specified by the legislation. The requirements have been made publicly available leading to allow potential applicants to self-assess alignment with requirements and prospect of qualification. Members of the Authority's staff will ensure qualified applicants meet all minimum requirements for program participation by reviewing a minimum requirement checklist and supporting documentation.

See [Appendix C NJIF Qualifying Questionnaire](#)

19. How will successful applications be chosen?

All applications will be evaluated for completeness and then scored for competitiveness. Declined applicants may appeal the decision within ten business days and may also reapply to subsequent cohorts.

Approved eligible 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.

20. What is the competitive review process?

Complete applications will be scored competitively against other applications received during the application period. Applications will be evaluated on the bases of an applicant's idea, operations, and management activities, as represented on the applicant's business plan.

The top 20 applicants with the highest scores will be shared with the NJEDA's Diversity Finance Advisory Board for final scoring. The 5-8 top ranked applications will be submitted to the Board of the Authority for approval. All approved fellows will be notified of award via email.

Please find the [Innovation Fellows Board-approved rubric here: https://www.njeda.com/new-jersey-innovation-fellows-program](https://www.njeda.com/new-jersey-innovation-fellows-program).

21. How is the program application cycle structured?

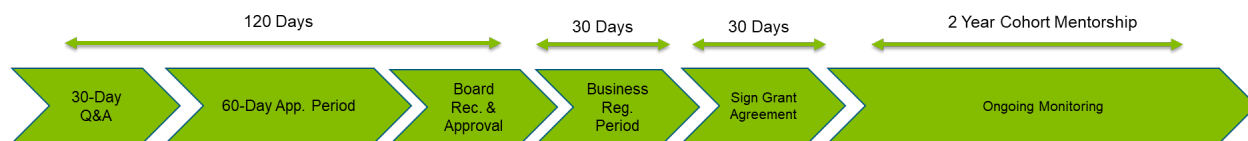
The Fellows program is projected to take in one to two cohorts per calendar year. Each cohort is expected to be comprised of five (5) to eight (8) entrepreneur leadership teams. Following notice of application approval by the Board of the Authority, Entrepreneur teams must have their businesses fully 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.

22. What is the purpose of a 30-day Q&A period?

Each application period will be initiated by a 30-day open Q&A period. During this time prospective applicants may pose questions to authority staff regarding the NJIF program. Any clarified responses will be publicly posted on the program website to ensure equitable and transparent distribution of information.

23. When will the application period open?

The application periods will be staggered to align with the programmatic mentorship cohorts. Each application period initiated by a 30-day open Q&A then will remain open for 60 days. The application periods will be clearly stated on the program website. There will be a projected total of four (4) distinct application periods over the course of the Fellowship's tenure, or until funds are exhausted. The program execution cycle will, generally, proceed with the following schedule:



24. 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!

Find Resources for your business plan

- [Sample Business Plan](#)
- [Find a Free SCORE Mentor to Review Your Business Plan](#)
- [How to Write a Business Plan – NJSBDC](#)

25. What is an Organization Chart?

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

26. My application was declined. 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.

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

Entities whose applications are denied will have the right to appeal. Appeals must be filed within the timeframe set in 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. Delegated authority is requested to accept final administrative decisions prepared by a Hearing Officer for appeals based on solely non-discretionary reasons.

28. Is there an application fee to apply?

Yes. There is a \$250 nonrefundable 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. There is no application fee waiver for the NJIF program.

Legislative Funding and Bonus

29. How many applications will be awarded each period?

The NJEDA will project to present approximately 5 – 8 applications per application period (or cohort) for approval by the Board of the Authority, as will be clarified in the NOFA prior to application open. 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 program website, to be updated at the start of the Q&A period preceding each application open.

30. 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 program 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.

31. 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. To meet grant disbursement requirements approved applicants must provide proof of payroll management system in place, for each entrepreneur that received funding prior to subsequent quarterly payments as a component of ongoing compliance. E.g.: Bank payroll agreement & accounts; Payroll software subscription; Payroll service provider agreement.

32. Will the NJIF program cover medical benefits?

The program does not cover medical benefits. The award must be used for payroll subject to NJ income-tax payment requirements.

33. Is the NJIF 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.

34. 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 NJIF 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.

35. Who is considered a diverse entrepreneur?

The Authority will accept an individual entrepreneur's minority self-certification, if the applicant 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. The ethnic and racial categories in the State business certification statute are "Black, Hispanic, Portuguese, Asian-American, American Indian or Alaskan natives.

36. What is the difference between an opportunity zone and an eligible municipality?

NJIF legislation requires applicants to operate their business venture out of an eligible municipality. Applicants may be awarded an additional \$50,000 any one of the entrepreneur leaders reside in a federally designated opportunity zone. Click to view an interactive map of the designated OZ census tracts for New Jersey

NJ Opportunity Zones

<http://njdca.maps.arcgis.com/apps/webappviewer/index.html?id=96ec274c50a34890b23263f101e4ad9b>

37. 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 maintaining satisfactory compliance. 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 following seven quarters upon verification of compliance requirements.

38. What are the ongoing compliance requirements?

Approved applicants will be expected to submit the following compliance documentation to ensure continued compliance with disbursement of funds within 45 days of the calendar quarter.

- 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.