

New Jersey Innovation Fellows (NJIF)
General Frequently Asked Questions (FAQ)

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These FAQs are provided as a courtesy to assist interested parties to understand the NJIF Program. This FAQ does not purport to summarize the entire NJIF statute, rules, policies, or agreements. Please visit www.njeda.gov/new-jersey-innovation-fellows-program/ to review detailed information regarding all eligibility criteria, and application guidelines. Questions concerning this Program's Notice of Funding Availability should be submitted to njinnovationfellows@njeda.gov.

I. Program Overview

1. What is the NJIF Grant Program?

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

Key aspects of the Program include:

- **Grant:** Funding in the form of income replacement grants ranging from \$200,000 up to \$400,000. This financial support helps the entrepreneurial teams cover founder salaries during the startup phase. Bonuses stacked on top of the base award may bring the total grant award available to each team to \$400,000. Awards will be disbursed to grantees that meet compliance milestones on a quarterly basis.
 - A team of entrepreneurs may receive a \$50,000 bonus if one of the identified entrepreneur leaders resides in an Opportunity Zone at the time of application.
 - A team of entrepreneurs that includes at least one member who is a graduate of a New Jersey college or university, or is a "diverse" entrepreneur, and meets the eligibility requirements, may receive \$50,000 bonuses for each entrepreneur leader for up to three bonus awards totaling \$150,000.
- **Mentorship:** Recipients of the grant will be required to participate in a two-year mentorship cohort. This mentorship component ensures that the teams have the guidance and support necessary to succeed in launching their business and growing it within New Jersey's innovation ecosystem.

2. Who qualifies as a New Jersey college or university graduate?

An entrepreneur leader may qualify for a \$50,000 bonus if any entrepreneur on the team has completed a degree or certification program at a college or university located in New Jersey. This includes certifications from a New Jersey college or university including two- or four-year colleges, associate, bachelor's, master's, or doctoral degrees.

3. How can an entrepreneur leader verify the educational background of the team member?

Verification can be done by providing a copy of the applicant's transcript(s) or diploma(s) from the respective New Jersey college or university.

4. Who is considered a diverse entrepreneur?

"Diverse Entrepreneur" refers to the definition established in section 2 of P.L.1997, c.349 (C.54:10A-5.29). 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.

5. How many applications will be awarded each period?

The Program was created through legislation with a total initial budget of \$10 million. 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 Notice of Funding Availability (NOFA) prior to application open. The program will remain open for two years, 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.

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

The Program supports the development of innovative products and/or services in specific Targeted Industries. An eligible business shall be determined to be classified in a Targeted Industry based on policy interpretations. 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 Targeted Industries interpretations here: <https://www.njeda.com/wp-content/uploads/2021/05/Appendix-C-Targeted-Industries-Definitions.pdf>

7. Where are the eligible municipalities?

An eligible municipality is 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>

8. 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 (defined above). An opportunity zone (OZ) is a federally designated area aimed at encouraging investment and economic development in distressed communities. In contrast, applicants may be awarded an additional \$50,000 if any one of the entrepreneur leaders reside in a federally designated opportunity zone.

Click to view an interactive map of the designated OZ for New Jersey:

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

9. How can an entrepreneur leader verify the residency in an opportunity zone?

To verify residency in an Opportunity Zone, an entrepreneur leader must submit a current (not expired) government issued ID, lease agreement, or recent utility bill. A utility bill with the entrepreneur's name and the address can be used. Typically, the bill should be recent, usually dated within the last 60 days of application.

II. Applicant Eligibility Requirements (Leadership Team)

10. 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 as early as the ideation phase. 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 New Jersey are eligible for the grant’s consideration.

Please note, no existing startups may apply. The program supports business ideas. 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 New Jersey do not qualify as “first-time entrepreneurs” for the Program.

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

Applicants 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. In all cases, entrepreneurs will be required to submit documentation that they have paid gross incomes to New Jersey at the time of application or within 60 days prior to application.

Examples of eligible entrepreneurs include:

- Professionals who are leaving a full-time or part-time paid position within 60 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 days before applying and are committing to the business on a full-time basis

By submitting an application, entrepreneurs agree to fully dedicate their time to the business, leaving any outside employment or academic commitments during the two-year period. 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. 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 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 hours per week) during the grant period.

13. 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 the 60 days prior to 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 the grants are disbursed and the following two years, the grant may be rescinded, and any amount disbursed may be recouped by the Authority.

14. Are students allowed to apply?

Students are allowed to apply. However, applicants should note that Program specifications and rules limit entrepreneur leaders' hourly commitment to outside ventures. Class hours and outside business activities are limited to no more than 20 hours per 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.

15. Can I apply if I am an independent contractor/self-employed?

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 prior to application. Existing and already registered startups may not apply.

16. 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 the team meets all of the program eligibility requirements, including that 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

17. What is the NJ Gross Income Tax Obligation?

The NJIF awards grants to teams of eligible teams of first-time entrepreneurs who leave the workforce and are seeking to open and operate a business. As part of the legislative requirement and as part of the application process, all entrepreneur leaders must demonstrate that they are subject to New Jersey's gross income tax withholding at the time of application or within the prior 60 days of application, which means they must have either been employed or engaged in a business activity within the state that is subject to NJ tax withholding by the New Jersey Division of Taxation. To fulfill this requirement, applicants must submit documentation demonstrating that they have paid New Jersey gross income taxes at the time of application or within 60 days of application.

- Pay Stubs: 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 days of application
- NJ-1040ES 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 proof of the income tax payments made to the state at the time of application or within 60 days of application

If any member of the original awarded team of entrepreneurs ceases to be a New Jersey taxpayer during the time in which grants are disbursed and the next following two years, the grant 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.

III. Eligibility for Applicant Proposed Startup (Business)

18. Are existing businesses eligible for NJIF?

The NJIF program does not accept existing registered startups. The NJIF program is structured to ignite innovation and entrepreneurship to individuals at the earliest possible stage by accepting business ideas

19. Can I relocate my existing out-of-state company to New Jersey to qualify for the NJIF program?

The NJIF program is designed to support new ventures that will operate within New Jersey. 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. The application should be for a distinct new business entity and the entrepreneur leadership team, and the application must meet all other program eligibility criteria.

20. Can I apply if I plan to open a branch or subsidiary of my existing company in New Jersey?

The NJIF program focuses on supporting entirely new business ventures, rather than branches or subsidiaries of existing companies. The business venture must be a completely new entity that has not been previously registered or operated in the state of New Jersey. The new business venture must be operated by a leadership team where at least 50% are first-time entrepreneurs, and the team must hold a majority equity interest (>50%). The new proposed business must meet all program eligibility requirements.

21. Can I register my business after applying to the NJIF program?

Yes, you can register your business after applying to the NJIF program. Once 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. As a condition of the grant agreement, all grantees and their business must continue to meet all parameters outlined in the program after establishment. This includes maintaining the specified team composition and operating within an eligible municipality.

Note, if your application is not selected for the program and you already registered your business, you may not apply with the registered business in future application rounds. Any future applications would need to meet all program requirements.

22. How can an NJIF applicant operate out of an eligible municipality if they cannot be a formed company?

Although NJIF applicants cannot be pre-existing formed companies, companies are required to identify which eligible municipality they will be working out of. As a condition of the grant award, the business must establish their business operations within an eligible municipality once they receive the grant.

23. Is there a required use of the awarded funds?

Grant 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. E.g.: Bank payroll agreement & accounts; Payroll software subscription; Payroll service provider agreement.

24. 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 with Program requirements. One-eighth of the award will be disbursed to teams upon execution of a grant agreement. The balance of the funds will be disbursed in equal increments for the following seven quarters subject to verification of compliance requirements.

25. Is there a maximum allocation for income replacement per individual within the team?

There is no specific maximum allocation per individual. Compensation should reflect reasonably equitable pay among team members. This is verified through individual New Jersey income tax filings, which must demonstrate reasonably equitable pay to the entrepreneurship team.

26. What are the ongoing compliance requirements?

Approved applicants are required to submit the following compliance documentation within 45 days of the calendar quarter to ensure continued eligibility for the disbursement of funds:

Quarterly

- A certified, up-to-date organizational 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), cash flow statement)
- Third-party verification of NJ gross income tax withheld and paid for all entrepreneur leaders (e.g., paystubs 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 mentorship 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. 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.

27. What is the term of the grant, and what happens if compliance is not maintained?

The term of the grant is to be 24 months from the effective date of the grant agreement. If awardees 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.

28. What could trigger the termination of the grant agreement or a clawback of funds?

- Triggers include:
 - i. Reduction of entrepreneur leadership to fewer than three members.
 - ii. Failure of entrepreneur leadership to meet time commitment requirements.
 - iii. Failure to meet mentorship requirements.
 - iv. Non-payment of gross income tax to New Jersey by entrepreneur recipients.
 - v. Failure to maintain operations in an eligible municipality.

- vi. Misuse of grant funds.
- vii. Failure of at least one entrepreneur to maintain residency in an Opportunity Zone, which could affect the \$50,000 bonus.

29. 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.

30. Is the NJIF grant subject to state or federal taxes?

Each grant recipient's tax obligations can differ based on their unique circumstances and the current tax laws. Please speak to your tax professional or the NJ Division of Taxation to gather insight on tax implications of the NJIF grant.

IV. Application Process

31. What are the application requirements?

Teams interested in applying must complete the official NJIF application form, providing detailed information about team composition, including roles, expertise, and confirmation of all eligibility criteria. Applicants must provide any and all required documentation, such as proof of eligibility, team member qualifications, or other materials specified in the application guidelines.

Additionally, applicants must submit the following key documents to provide a comprehensive overview of their proposed business:

1. Well Written Business Plan: The Applicant must submit a well written business plan with 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 and Resumes: Applications must include an organizational chart and individual resumes of the entrepreneur leadership team detailing education, professional and volunteer experiences, and any relevant skills, training, or certificates, with clear visualization of the business structure and key team roles.
4. Personal Address Documentation: All applicants must provide documentation proving their personal address. This may include documents like utility bills, lease agreements, or government-issued identification showing their residence.
5. Educational Background: Applicants seeking to verify their educational background may submit a copy of their diploma or transcript clearly demonstrating completion of degree.
6. NJ Gross Income Tax Requirement: All applicants must submit documentation that demonstrates that they are subject to New Jersey's gross income tax withholding within the last 60 days of application. To fulfill this requirement, applicants must submit documentation demonstrating that they have paid New Jersey gross income taxes at the time of application or within 60 days of application.

All applications must be submitted through the designated online portal by the specified deadline. Late applications and failure to submit the application fee with an application will not be considered nor eligible for the cure period.

Applicants are encouraged to seek advice and support from organizations such as SCORE or the New Jersey Small Business Development Center (NJSBDC).

- Find a Free SCORE Mentor: www.score.org
- New Jersey Small Business Development Centers (NJSBDC): www.NJBDC.com

32. Can we submit an updated version of my application documents after submission?

After receipt of applications, Authority staff will conduct a completeness review to ensure all required documents are included. Applicants with missing materials will be notified in writing of any deficiencies identified within their application, in the cases where but not limited to, eligibility, supporting documentation, and attachments are unclear or insufficient. Applications 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. Declined applicants may appeal the decision within ten business days and may also reapply to subsequent cohorts.

33. How will successful applications be chosen?

All complete applications will be independently evaluated for eligibility and competitively scored ranked against other applications received during the same period. 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.

For assistance with the Tax Clearance Certificate, consult the NJ Division of Taxation: [Learn How to Secure Your Tax Clearance Certificate](#)

34. What is the competitive review process?

The Program evaluates and scores applications in three key areas: business plan, operations, and management.

- Well-written business plan (5 points): focuses on the clarity and market fit
- Operations (4 points): focuses on financial management, team roles, and resources
- Management (4-20 points): assesses team experience and leadership skills

The highest scoring applications, in coordination with Program funding availability and available bonus eligibility, will be recommended to the Authority’s Board for the Program award and acceptance into the mentorship program.

35. How is the Program application cycle structured?

The 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, based on the availability of funds.

Entrepreneur teams will commence the mentorship program during the next immediately available mentorship cohort, typically Fall or Winter/Spring.

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

The 30-day open Q&A period allows prospective applicants to ask questions about the NJIF program. During this time, applicants can seek clarification from the authority staff on any aspect of the program, ensuring they have a clear understanding before submitting their applications. Questions not addressed in this FAQ will be clarified with responses publicly posted on the program website to ensure equitable and transparent distribution of information.

Note, during the 30-day Q&A period, staff is only available for questions and cannot review applications or accept pitch decks or business plans. These materials may only be submitted during the application period. During the application period, no questions or meetings will be held with the program staff. Questions and inquiries can be submitted to the NJIF inbox at njinnovationfellows@njeda.gov

37. 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 approximately 60 days. The application periods will be clearly stated on the program website. NJEDA anticipates at least 4 application periods (average 2 annually) until funds are exhausted. Teams will attend seasonal training cohorts according to a prescribed curriculum per calendar year, with each cohort expected to consist of up to five (5) to eight (8) teams.

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

Applicants whose application submissions 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.

39. 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.

40. Is there an application fee to apply?

There is a \$250 non-refundable application fee per team to be paid by credit card. Applications will not be considered complete without submission and payment of the application fee. There is no application fee waiver for the NJIF program.

V. Mentorship Program

41. What is the mentorship program?

The mentorship program is designed to provide comprehensive support and guidance, ensuring that participants receive the necessary training and resources to enhance their entrepreneurial skills and advance their business ventures. All members of the entrepreneur leadership team are required to participate. This program involves a commitment to both asynchronous and synchronous learning formats, including virtual and in-person sessions.

42. Can approved teams choose between the two mentorship programs?

Entrepreneur teams will be assigned by NJEDA. Preference expressed by teams may be accommodated by NJEDA to the extent practical while ensuring balanced utilization of the program resources.

43. What subjects will be covered by the mentorship program?

The general operations curriculum will train the entrepreneurs in the following subject matters:

- Managerial Finance, Preparation of Accounting & Financial Statements
- 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, platform that approved teams 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. Approved teams will work on specific projects and initiatives that will showcase the business' evolution from an idea to a market-ready entity with a path of future growth.

44. Will the 2-year mentorship cohorts be virtual or in-person attendance?

The Program's two-year mentorship will incorporate a mixture of virtual and in-person events designed to provide technical training and advisor coverage across the state. Attendance for each event will be documented.

45. Who owns my intellectual property?

The NJIF 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.

46. What happens after the two-year mentorship program?

After completing the two-year program, businesses are expected to be grow independently.

47. What should we do if a member of our entrepreneur leadership team leaves an NJIF approved venture?

If a team member leaves, teams should notify the NJIF program administrator as soon as possible. The grant agreement requires that the team maintain a minimum of three entrepreneurs. Teams have up to three months from the notification of default to replace the team member and cure the default.