New Jersey Economic Development Authority
Small Business Improvement Grant
Policies and Procedures

Last Revised: 04/01/2022 (v1.1)

First Adopted: February 10, 2022

Table of Contents

I. Introduction

On January 7, 2021, Governor Phil Murphy signed the New Jersey Economic Recovery Act (ERA) into law in which the Main Street Recovery Finance Program was established under the jurisdiction of the New Jersey Economic Development Authority (NJEDA/Authority). Under this program, the Small Business Improvement Grant Product was created to support the growth and success of small businesses and nonprofits affected by the COVID-19 pandemic by providing grant funding to cover a portion of their facility improvement and renovation costs.

The Small Business Improvement Grant is an expansion of the Garden State Growth Zone (GSGZ) Business Improvement Incentive, which provided grant funding to reimburse small businesses for costs associated with facility renovations and improvements. Under that program, the Authority provided $678,000 in grant funding to small businesses in the following cities: Trenton, Camden, Paterson, Passaic, and Atlantic City, before the program was discontinued in 2019. The Small Business Improvement Grant has expanded not only eligibility but has also removed restrictions around eligible locations and will now support small businesses statewide.

II. Product Summary

On August 11, 2021, the Authority's Board approved the new Small Business Improvement Grant ("Product") which provides NJ small businesses with funding to offset costs associated with capital improvements. These resources will help the growth and sustainability of small businesses. The August 11, 2021 Board meeting Agenda (see References) establishing the Product is archived at njeda.com. Authority staff are responsible for administration of this Product.

The utilization of $15 million of Main Street Recovery Finance Program funding to capitalize and enhance the Small Business Improvement Grant – a grant that will reimburse a small business for 50 percent of eligible project costs, with a maximum grant award not to exceed $50,000, associated with making capital improvements or the purchase and/or installation of new furniture, fixtures and equipment, with delegation to the Chief Executive Officer to increase funding to $30 million in the event that demand exceeds the $15 million in available funding.

A. Product Authority and Funding

1. Delegations of Authority

Delegation to Authority staff (Chief Community Development Officer, Managing Director – Community Development, or Director of Small Business Services) to approve individual applications to Small Business Improvement Grant in accordance with the terms set forth in the August 11, 2021 Board memo and rule proposal, and as further detailed in the Product specifications. As the specifications are streamlined and will result in non-discretionary decisions, the delegated authority requested includes the authority to decline applications that do not meet eligibility requirements.

Delegation to Authority staff (Chief Legal & Strategic Affairs Officer, any Vice President, Director of Legal Affairs, Director of Business Operations) to issue final administrative decisions for appeals of non-discretionary declinations.

Delegation to the Chief Executive Officer to reallocate funding from the Small Business Lease Assistance Grant to the Small Business Improvement Grant, and vice versa, based on application demand.

2. Funding

This Product is being funded through the Main Street Recovery Finance Program (NJ Economic Recovery Act of 2020, P.L. 2020, c. 156, as amended by P.L. 2021, c.160). This Product will utilize $15 million of Main Street Recovery Finance Program funding with delegation to the Chief Executive Officer to increase funding based on demand. Of the $15 million currently allocated for the Product, 40 percent ($6 million) will be reserved for businesses located in Opportunity Zone eligible census tracts. These dollar amounts could increase to $30 million and $6 million, respectively, should funding be increased.

This Product will accept applications on a rolling, first-come first-served basis until all funding is exhausted/allocated based on certain set aside/priority designations described herein.

III. Product Criteria

To be considered under this Product, an Applicant must satisfy the requirements described in the sub-sections below:

*Applicants with multiple locations are limited to one application per location.

A. Threshold Criteria

Eligible Applicants must:

- Be a commercial business, nonprofit, or home-based business.
- Meet SBA definition of a Small Business – determined by employee count or revenue depending upon the applicants NAICS code.
- Provide a current tax clearance certificate prior to approval.
- Be in good standing with Department of Labor and Department of Environmental Protection.
- Certify at time of application that they are not in default of any other NJEDA or State assistance.
- Certify at application the Applicant will pay wages that are the greater of $15/hour or 120% of the minimum wage rate for the based on the dollar amount and term of the grant agreement. Tipped employees are only required to be paid 120% of minimum wage rate.
- Have at least $5,000 of project costs incurred on or after March 9, 2020, and payment was made within the 2 years prior to application date.
- Commit to remaining in the facility for at least two years for grants up to $25,000, or at least four years for all other grant award amounts, after the execution of the grant.
- Adhere to green building standards for Projects with total costs greater than $50,000. For the purposes of the Improvement Grant, this is applicable to mechanical and lighting improvements only.
- Contractors with 4 or more employees (in total, not specific to the project) will be subject to affirmative action requirements.

1. Exclusions

- Grantees that leave the space during their grant term are no longer eligible for the incentive and must repay any funding they received from the NJEDA.
- Landlords are not eligible for the Small Business Improvement Grant, as the Product is intended to directly support businesses operating from these facilities.
- Home-based businesses are not eligible for reimbursement for capital improvement projects.

Applicants are responsible for all applicable local approvals (i.e., zoning and building permits). If applicant leases space, then landlord's permission to make improvements is required.

B. Fees

Approval Fee: $100 that is only paid if the applicant meets all Product eligibility and would be due at the time of approval and prior to execution of a grant agreement.

IV. Product Administration

The process begins with a marketing/outreach effort both prior to and after the launch of the live Online Application (OLA) through Microsoft Portals with additional product and contact information located at njeda.com. The point of entry into the Authority for submitted Applications is the Small Business Services Team (SBS) which is responsible for a completeness review, requesting additional documentation, and determining if the Applicant's improvements or furniture, fixture, and/tec meets the Product requirements. Next, the Application is transferred from SBS to the Economic Growth – Program Operation Team (POT). POT is responsible for completeness checks, grant amount verification, staff legal review, forwarding Affirmative Action information to Diversity & Labor Standards, and initiating "sister agency" checks. If POT determines that a full legal review is needed, the application then moves to Legal Affairs. The application moves back to the SBS team where a pre-approved (by AG) agreement template is drafted and sent to Applicant for signature. Upon execution of the Grant Documents, project funding is disbursed by ACH through the Accounting department. The Applicant is finally transferred to the Post Closing team for monitoring for the duration of the contract term. The 'Additional Actions' section provides detail on Fees, Declines and Appeals which are applicable throughout multiple phases of a project application.

A. System of record

The audit and compliance records are maintained in Microsoft Dynamics CRM and the financial/ accounting record is tracked in the Enable system.

The online Application is hosted through Microsoft Portals which interfaces with Microsoft Dynamics CRM. CRM Product code is 'SBIMPROV' and the finance type is 'Grant.'

B. Outreach

Details about the Small Business Improvement Grant are publicly available on the njeda.com website along with contact information and a link to the online Application. Outreach efforts about the Product include marketing and networking to the business community and relevant stakeholders. Primary Relationship Officers (PROs) within the Small Business Services team are the initial points of contact for potential Applicants. The Small Business Services team is the dedicated staff for this Product. The assigned PRO works with Applicants once they have submitted an Application.

Language Assistance Plan

For purposes of this Product, NJEDA has made available an email account for applicants to request language assistance languagehelp@njeda.com.

C. Application

To apply, Applicants create a username and password to enter the Microsoft Portals system where they may complete an Application.

Product requirements are described along with a link to a Small Business Improvement Grant Applicant Checklist which details the additional documentation the Applicant will be required to submit at a later time.

The Application has 'hard stops' for any invalid or ineligible responses provided by the Applicant. The 'hard stops' provide the reason and allow for the Applicant to amend their response if they made an error.

The individual completing the application must be an authorized signer, meaning they must be an owner, officer or otherwise have the legal authority to bind the business.

Once an Application is received it is placed in a queue and the Applicant receives an email confirmation that they will be contacted by EDA after their application is reviewed. The queue does not guarantee funding for any Applicants. Applications are reviewed on a rolling (first come first serve) basis.

Application Certifications

Submitted applications move through the administrative process as they are ready to proceed.

Any applicant who submitted an application prior to March 17, 2022, will have to complete a 'Project Completion Certification' certifying that his/her Small Business Improvement Grant project has been completed in accordance with the Product requirements. This certification has since been added to the application eliminating the need for a separate form.

In addition, on March 9, 2022, Governor Murphy signed a new law immediately prohibiting government dealings with businesses associated with Belarus or Russia. Applicants receiving $25,000 or more in grant benefits must sign form *P.L. 2022 C3* certifying that they have no business dealings with the named countries.

Small Business Improvement Grant Application Record

The Application is automatically moved from Microsoft Portals into a Small Business Improvement Application CRM Record(s) while the below actions are taken.

Completeness Review and Eligibility

Submitted Applications first undergo a review for completeness and eligibility. Program Manager or Managing Director assigns a team member to each Application for a completeness/eligibility review.

Some Applications have specific items flagged by the system with findings based on information they provided, however, all Applications in this phase receive a full review by the PRO.

The PRO requests required documentation from the Applicant to complete the Application file.

In situations where an Applicant has been either unresponsive or not fully responsive, after four contacts over a four-week period, the NJEDA provides a final notice prior to administratively withdrawing the Application. The PRO will provide the Applicant with a written final notice of the requested documentation and provide five business days to provide documentation allowing PRO to continue a review of the Application on its merits. See Withdrawal Section below for additional detail.

If the Applicant requests changes to information submitted as part of the Application, the PRO drafts and sends the requested changes via email for response/approval by the Applicant. A PDF of the Applicant email exchange is uploaded by the PRO to the Product in CRM.

Next steps involve the Product Operations team (POT), who perform actions including completeness check, grant amount verification, staff legal reviews, and sister agency checks described in more detail below.

Labor Compliance

Applications in which the contractor(s) states that he/she(they) have four (4) or more employees will be forwarded to the Diversity and Labor standards unit by POT to ensure that Affirmative Action requirements were met.

Sister Agency Checks

1. Division of Taxation

Applicants are required to provide a current NJ Tax Clearance Certificate issued by the New Jersey Departments of Treasury- Division of Taxation. This document is uploaded with the Application.

The Tax clearance certificate satisfies the good standing with Department of Treasury- Division of Taxation requirement and is also verification that the applicant has a valid NJ Business Registration Certificate (BRC).

Any issues with Division of Taxation must be cured prior to Approval.

2. Automated Checks with Labor and Workforce Development (DOL)

NJEDA conducts checks of applicant information against data provided by the NJ Department of Labor and Workforce Development (LWD) - in order to confirm good standing.

LWD provided a list of businesses that are “not clear” based upon their own parameters. The Portal will match the EINs of applicant businesses with DOLs data to determine whether or not a company is deemed ‘clear.’

Any issues with Labor and Workforce Development must be cured prior to Approval.

3. NJ Department of Environmental Protection (DEP)

Applicants are submitted to the Department of Environmental Protection in order to confirm their good standing with that entity. Any applicants flagged by DEP will be noted in the Monitoring Record and would then need to be cleared through POT.

NJEDA Temporary Hold List

In an effort to avoid the approval of funding for applicants previously flagged for matters of legal concern, NJEDA maintains a Temporary Hold List against which to crosscheck applicants seeking to apply for additional products/programs. During the pre-registration period applicants will be crosschecked against this list, and any applicants that are identified as being on this list will be flagged for manual review by the Authority's Office of Legal Affairs.

Legal Review

Applicants certify to responses in the Legal Questionnaire section of the Application. Answering any questions in the affirmative will trigger a full legal review process by the Legal Affairs department as per the Legal Review SOP (See References). If cleared by Legal Affairs the Application is transferred to continue in the process. If not, then the Application will not move forward, and the SOP dictates the course of action. In situations where a legal review requires Board consideration the Applicant file may move forward in the process pending the Board consideration.

For all other Applicants:

Concurrent with the eligibility review, applicants with a complete application and without any flags proceed for a staff legal review and an affirmative action requirement review (if applicable). The PO triggers this review through a CRM status change or via email. The Economic Growth Program Operations team (POT) perform a general NJEDA staff legal review by comprised of searches including state and federal debarment sites and subjective searches to uncover any clear legal issues which would trigger a formal Legal Affairs legal review. Searches, including NJ Department of Labor and Workforce Development- Debarment List, NJ Department of Treasury Consolidated Debarment List, ContractorMisconduct.org (POGO), Federal System for Award Management (SAM), NJ State Ethics Commission, Federal Election Commission, NJ Election Law Enforcement Commission (ELEC), NJPortal Business Name Search, and Google searches for the Business name, the DBA, if any, and any owners of 10% or more.

Material issues flagged during this staff legal review trigger a full legal review by Legal Affairs.

Diversity and Labor Review

Applications deemed "ready for approval" will be reviewed by the Diversity & Labor Standards to ensure that Affirmative Action requirements have been met (if applicable). POT will send the Product numbers for files that need to be reviewed to Diversity & Labor Standards. POT will memorialize the Diversity & Labor Standards approval as they do with internal legal and sister agency checks and document the CRM file.

Opportunity Zone Set Aside

Of the $15 million utilization, $6 million is to be set aside to support entities that meet all other applicable eligibility criteria and have a commercial business address located (fully or partially) in a census tract that was eligible to selected as New Jersey Opportunity Zone (i.e., a New Market Tax Credit census tract). There are 715 census tracks eligible to be Opportunity Zones in New Jersey. Setting aside a portion of available funding under the Small Business Improvement Grant to support entities in these census tracts further reinforces the State's commitment to helping to ensure all Opportunity Zone eligible tracts in New Jersey receive opportunities for investment that are equitable and inclusive.

PRO utilizes a public mapping tool to identify if locations are eligible and saves the corresponding screen shots. The CRM Location Record under the Product ID is updated to reflect the result. A PDF of the screen shot is uploaded by the PRO to CRM under Documents.

Small Business Services department will track to ensure and report on this data point for compliance with the $6 million set-aside.

Approval Procedure

SBS and POT complete the Small Business Improvement Grant Checklist to ensure each eligibility requirement is met. Upon satisfaction of each Application requirement, except under extenuating circumstances documented by memo and signed by Department head, the Applicant file is presented to SBS management for consideration. SBS Director evaluates Application, documentation, and any other information submitted in order to make a recommendation as to whether a grant should be approved.

Additionally, SBS leadership may decision an application with a non-discretionary declination described in Section G. under the Declinations and Appeals.

Relevant documents are uploaded/saved to the associated CRM record.

D. Closing

If approved by Delegated Authority, SBS Director drafts the grant agreement which includes all conditions present in Approval. The Office of the Attorney General pre-approved the Grant Agreement Template. Grant Agreement is executed by both parties prior to the date of expiration listed on the Approval Letter and may be extended if agreed to by both parties. SBS then notifies Accounting to initiate an ACH electronic transfer of funds.

Once the Grant Agreement is executed by all parties and the grant funds are disbursed by ACH through the Enable system by the Accounting department, the Post-closing team takes ownership of the relationship with the Applicant.

E. Post-Closing/Monitoring and Final Disbursements

Post closing monitoring will be conducted by the Post-Closing team. They will ensure that the wage and lease requirements continue to be met based on award amount and term.

F. Additional Actions

1. Declinations

Any applicant that does not meet the minimum eligibility requirements outlined in the Product specifications and criteria may be declined based on those non-discretionary factors by an individual with delegated authority based on the recommendation of the reviewing officer. Those specifications, also illustrated in the Board memo, provide the non-discretionary minimum eligibility requirements to be considered for an award. These decisions may originate from the threshold automated searches (described earlier) or from staff determinations with department leadership approval.

Any recommended declinations based on discretionary factors will be presented to the Board for consideration, see References for Appeals Policy. The Board may agree with the recommended decline or may decide in favor of the Applicant which allow them to move forward in the process.

A non-discretionary declination email template is utilized which includes the following components:

- Informs Applicant of their right to appeal
- Reason(s) for decision. Whenever possible, NJEDA staff include all reasons for issuing the decision. In certain situations, such as immediate auto-declines, all possible reasons are not yet known. The Authority reserves the right to issue additional declinations/ineligibility determinations for new grounds discovered later in the process.
- Time period to appeal. Upon receipt of the dated email/letter, the Applicant has 10 business days to exercise their right to appeal. This differs only in circumstances when an Applicant is issued an Approval email/letter for a lesser amount than requested. In those situations, they may reject the approval and submit an appeal as described in the email/letter within10 business days of the date on the Approval email/letter.
- How to appeal. Provides a link on the declination letter to a form the Appellant fills out and submits which is routed to a dedicated email inbox. The dedicated email inbox is monitored by EDA staff in various departments and any appeals received in a timely manner will initiate the Appeals process below.

2. Withdrawals

An Applicant may also notify NJEDA staff that they would like to withdraw their application prior to contract execution. The department staff member handling the file informs their manager and the manager changes the CRM status to Product record Status of ‘Ended’ and a sub-status of ‘Withdrawn’ and a Monitoring Record Status of ‘Completed’ and a Type of ‘Resolution.’ Then the manager would add a reason in the Monitoring Record general comments. Relevant documents are uploaded/saved to the associated CRM Product Record- under ‘Documents.’

3. Appeals

The Authority administers an appeals procedure which provides recourse for Applicants and clarity to ensure fairness. Applicants are entitled to appeal a decision within 10 business days of receipt of the rejection/declination letter. This differs when the Board issues a decision on a proposed discretionary declination, the Board also determines what, if any, opportunity to appeal they may make available to the Applicant.

Notwithstanding the appeal process, a person, household, or business is not precluded nor limited in seeking judicial review, once all administrative remedies have been exhausted.

Appeals based on non-discretionary declinations are submitted via a link on the declination letter with a form to be submitted electronically which is directed to a dedicated email inbox. A Hearing Officer (HO) (HO may not have had any involvement in initial review of the Application) is designated and reviews the application, the appeal, and any other relevant documents or information. The HO reviews the information and may communicate with the Appellant. The HO generates and signs an Appeals determination letter. The HO forwards the Appeals determination letter for approval/signature those with delegated authority to make a final administrative decision. This constitutes a final administrative decision from the Authority. If the original decision is reversed, the Application moves back to the relevant department from which it may continue in the process.

4. Post Approval Compliance

Post approval compliance will be performed as necessary to verify representation made by applicants and to ensure grantee compliance with programmatic, statutory, and federal requirements. Any concerns or flags indicating fraudulent or improper assertions/documents by the Applicant are escalated by staff to the NJEDA Accountability Officer for review. NJEDA staff provide an explanation and justification for the recommendation in the Notes section of CRM. For non-responsive Applicants, NJEDA staff will follow up with emails and subsequent phone calls. NJEDA will use its discretion in any further action for non-responsive applicants. NJEDA may pursue recourse for any improper payments.

V. References

NJEDA Board Memo dated August 11, 2021

New Jersey Economic Recovery Act of 2020 (Sections 82 through 88 of P.L. 2020, c. 156) and later amended by Sections 40 through 43 of P.L. 2021 c.160

Legal Reviews, Debarment, Disqualification and Suspension Standard Operating Procedures

Appeals from Declinations and Preparation of Final Administrative Decisions Standard Operating Procedures

Checks for Good Standing and Sister Agency Requests Standard Operating Procedures
Small Business Improvement Grant Checklist

Change Log

Date/ version	By Whom	Sections Modified	Content Changed
02/11/22 v1.0	C. Fuentes, M. Peters, A. Cooper	Adoption of Policy	
04/01/22 V1.1	C. Fuentes, M. Peters, A. Cooper, M.Bury	I, II, III, V	Clarifying POT responsibilities, changing "program" to "product"