

COVID-19 Outbreak

New Jersey Economic Development Authority (NJEDA)

Small Business Emergency Assistance Grant Program-Phase 4

Notice of Funding Availability

Pre-registration will open at 9:00 a.m. on Wednesday, May 26th and remain open until Wednesday, June 30th at 5:00 p.m. Following pre-registration, applications will become available on a rolling basis. Pre-registered applicants will need to return to <https://programs.njeda.com/en-US/> to complete an application based on the following schedule:

- Restaurants, Child Care Providers and Small Businesses (6-50 FTEs) – 9:00 a.m. on July 7, 2021
- Micro Businesses (five or fewer FTEs) – 9:00 a.m. on July 8, 2021

Overview

On March 9, 2020, Governor Phil Murphy issued Executive Order 103, declaring a State of Emergency and a Public Health Emergency to ramp up New Jersey's efforts to contain the spread of COVID-19. Governor Murphy has continued to extend the Public Health Emergency since that date. Subsequent containment measures were implemented, including restrictions on public gatherings and mandated closure of non-essential businesses. While these measures are consistent with similar measures being taken nationally that are expected to limit the public's exposure to COVID-19, there has been and will continue to be a significant adverse impact on our state's economy.

In response, the New Jersey Economic Development Authority (NJEDA) established various financial assistance initiatives, including the Small Business Emergency Assistance Grant Program – an emergency grant funding program to provide funding as efficiently and quickly as possible to small and medium sized enterprises (businesses and non-profits) ("SMEs") that needed payroll and working capital support as a result of adverse economic impacts following the March 9, 2020 declaration of a State of Emergency and a Public Health Emergency. The initial phase of the grant program focused on the smallest enterprises in targeted industries that were among the most adversely impacted by the containment measures.

Thereafter, the NJEDA established the Small Business Emergency Assistance Grant Program-Phase 2, accepting \$51 million from the Coronavirus Relief Fund (the "Fund"), as established under the Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act, to both provide additional funding to Phase 1 and to capitalize Phase 2. The second phase of the grant program expanded its focus to include businesses of up to 25 full-time equivalent employees (FTEs), and removed industry-related restrictions to eligibility, in acknowledgement of the reality that nearly all SMEs in a wide range of industries have been adversely affected by the economic consequences of the public health emergency and were in urgent need of assistance.

On October 14, 2020, the NJEDA launched the Small Business Emergency Assistance Grant Program-Phase 3, accepting an additional \$70 million from the Fund for grant with expanded eligibility for small and medium sized businesses and non-profits with up to 50 FTEs and increased amounts of funding per business, and reserved funding for the most adversely affected businesses, i.e., restaurants, micro-businesses, and businesses based in Opportunity Zone-eligible census tracts.

In line with his commitment to a stronger and fairer economic recovery, Governor Phil Murphy recently announced the allocation of \$200 million in additional funds to help fulfill Phase 4 grant applications. Small business owners and non-profits that have not previously applied for Phase 4 grants may pre-register as a preliminary step toward applying for grants of up to \$20,000.

The \$200 million in additional funds will continue to support the most adversely affected businesses in New Jersey, including \$20 million for bars and restaurants, \$120 million for micro-businesses, \$10 million for child care providers, as well as \$50 million for other small businesses and non-profits with up to 50 full-time equivalent employees. Since the initial launch of the Small Business Emergency Assistance Grant Program back in April of 2020, the NJEDA has distributed more than \$259 million in aid to some 55,000 businesses across the state.

Purpose

The purpose of the Small Business Emergency Assistance Grant Program-Phase 4 is to provide short-term, immediate payroll and working capital support to SMEs that have been negatively impacted during the declared state of emergency, thereby helping to stabilize their operations and minimizing any potential furloughs and/or layoffs.

Eligible Uses

Under the Small Business Emergency Assistance Grant Program-Phase 4, funding may be used for reimbursement of certain lost revenue as result of the business interruption caused by COVID-19. Funding cannot be used for capital expenses, including construction.

Funding Disbursement

The \$85 million available from the Fund, as established under the CARES Act, will be allocated as follows:

Restaurants: \$35 million reserved to support businesses classified as “Food Services and Drinking Places” under NAICS code 722 (described as “Restaurants”), given the disproportionate impact these businesses have experienced due to COVID-19, including caps on on-location dining and unusual costs they incurred to adapt their business models for safe operations; 33 percent of the funding within this category will be directed to support entities that 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). Because this is a reserve to be used for the applications received, any amount of the 33 percent Opportunity Zone eligible reserve that remains after processing all applications from entities in Opportunity Zone eligible census tracts will be used for any other applicant to the \$35 million restaurant funding pool. Similarly, any amount of this \$35 million pool that remains after processing all applications from restaurants will be used for any other eligible Phase 4 applicant.

Child Care Providers: \$10 million reserved to support businesses classified as “Child Day Care Services” under NAICS code 624410 (described as “Child Care”), given the disproportionate impact these businesses have experienced due to COVID-19, including caps on capacity numbers and unusual costs they incurred to adapt their business models for safe operations; 33 percent of the funding within this category will be directed to support entities that 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). Because this is a reserve to be used for the applications received, any amount of the 33 percent

Opportunity Zone eligible reserve that remains after processing all applications from entities in Opportunity Zone eligible census tracts will be used for any other applicant to the \$10 million childcare funding pool. Similarly, any amount of this \$10 million pool that remains after processing all applications from child care providers will be used for any other eligible Phase 4 applicant.

Micro-Businesses: \$25 million reserved to support businesses that have had 5 or fewer FTEs in each of their past eight quarters of WR-30 filings (including businesses with no FTEs), given the unique financial vulnerability experienced because of COVID-19 by micro-businesses, which typically have lower financial reserves; 33 percent of the funding within this category will be directed to support entities that have a commercial business address (or home address for home-based businesses) 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). Because this is a reserve to be used for the applications received, any amount of the 33 percent Opportunity Zone eligible reserve that remains after processing all applications from entities in Opportunity Zone eligible census tracts will be used for any other applicant to the \$25 million micro-business funding pool. Similarly, any amount of this \$25 million pool that remains after processing all applications from micro-businesses will be used for any other eligible Phase 4 applicant.

Other Small Businesses: \$15 million reserved to support businesses that are not eligible under the micro-business category; 33 percent of the funding within this category will be directed to support entities that have a commercial business address (or home address for home-based businesses) 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). Because this is a reserve to be used for the applications received, any amount of the 33 percent Opportunity Zone eligible reserve that remains after processing all applications from entities in Opportunity Zone eligible census tracts will be used for any other applicant to this \$15 million funding pool. Similarly, any amount of this \$15 million pool that remains after processing all applications will be used for any other eligible Phase 4 applicant.

An applicant is only eligible for one allocation of funding. For example: if a business is eligible for the Restaurant or Child Care Providers allocation, as determined by its NAICS code, it can only apply for that specific allocation and not the Micro-business or other small business allocation.

If any additional funding becomes available beyond the initial \$85 million, that funding will be available to any eligible Phase 4 applicant, regardless of whether they fall into the Restaurants, Child Care Providers, Micro-Businesses, or Other Small Businesses category.

Grant Amounts

Award sizes for all categories, including “Food Services and Drinking Places” businesses with NAICS beginning with 722 and “Child Care Providers” businesses with NAICS code 624410, Micro-Businesses and Small Businesses, are based on FTEs, as follows:

FTEs	Award
5 or fewer FTEs, including businesses with no FTEs	\$10,000
6 to 25 FTEs	\$15,000
26 to 50 FTEs	\$20,000

FTEs will be determined for award size in the same manner as for eligibility. If the grant amount for the applicant is greater than the unmet need, the amount will be determined in \$500 increments, not to exceed the amount of need. For applicants with an unmet need between \$500 and \$1,000, the minimum grant award shall be \$1,000; no grant amount will be approved if the applicant's unmet need is less than \$500.

Eligible Applicants

To be eligible, applicants must be SMEs with no more than 50 FTEs.

The Authority will utilize the applicant's New Jersey WR-30 filings with the New Jersey Department of Labor and Workforce Development (DLWD). Initially, the highest FTE count of the past eight quarters – 1st Quarter 2019 to 4th Quarter 2020 – will be used, enabling businesses to receive the award corresponding to their peak headcount in 2019 or 2020 rather than their current headcount, which may reflect substantial headcount declines due to significant losses in revenue during the COVID-19 pandemic.

To determine eligibility, the 4th Quarter 2020 WR-30 or 3rd Quarter 2020 WR-30, whichever is the most recently filed, will be reviewed. If the most recent WR-30 FTE count is less than the eligibility threshold, the business will be eligible and receive a grant award based on the largest FTE category. Implied FTE calculations will be rounded to the nearest FTE (e.g., 2.49 FTE would be counted as 2 FTE for the program, whereas 2.50 FTE would be counted as 3 FTE). While the calculation of FTEs is based on weeks worked and wages as reported on the WR-30 filing, in no event will a company receive grant funding based on a number of FTEs that exceeds the number of employees employed by the company, EXCEPT that if a sole proprietor or other applying entity has no FTEs, it may be eligible for the minimum grant award based on business type. For entities like sole proprietors the NJEDA will work with the Division of Taxation in the Department of Treasury, to identify tax filing status.

The SME must have a physical commercial location in the State of New Jersey (e.g., an office, a physical point of sales, a warehouse, manufacturing facility, etc.). With regard to home-based businesses, the home must be located in New Jersey.

Non-profit entities organized under Internal Revenue Code section 501(c) will be eligible, with the exception of organizations whose primary activity is political lobbying.

Prohibited businesses include, but are not limited to: gambling or gaming activities; the conduct or purveyance of "adult" (i.e., pornographic, lewd, prurient, obscene or otherwise similarly disreputable) activities, services, products or materials (including nude or semi-nude performances or the sale of sexual aids or devices); any auction or bankruptcy or fire or "lost-our-lease" or "going-out-of-business" or similar sales; sales by transient merchants, Christmas tree sales or other outdoor storage; any activity constituting a nuisance; or any illegal purposes.

Businesses that were approved for grant funding under Phase 1 to 3 of the Small Business Emergency Assistance Grant Program will be eligible for Phase 4 funding. Funding received in Phases 1 to 3 will not affect the award sizes these businesses are eligible to receive in Phase 4 (except to the extent those prior awards reduce the business's unmet need to below the grant amount the business would otherwise be eligible for). However, businesses that applied in Phase 1 to 3 will need to re-apply and submit all required documentation regardless of their prior application.

The CEO/equivalent officer of the SME must self-certify that the firm:

- Was in operation on February 15, 2020 consistent with the federal Paycheck Protection Program implemented by the Small Business Administration;
- Will make a best effort not to furlough or lay off any individuals from the time of application through six months after the end of the declared State of Emergency on March 9, 2020. SMEs that have already furloughed or laid off workers from the time of application must make a best-effort pledge to re-hire those workers as soon as possible. Any material breach of its best efforts certification may result in the NJEDA seeking repayment of the grant;
- Has been negatively impacted by the COVID-19 declared state of emergency on March 9, 2020 (e.g., has been temporarily shut down, has been required to reduce hours, has had at least a 20% drop in revenue, has been materially impacted by employees who cannot work due to the outbreak, or has a supply chain that has materially been disrupted and therefore slowed firm-level production); and
- Has a material financial need that cannot be overcome without the grant of emergency relief funds at this time (e.g., does not have significant cash reserves that can support the SME during this period of economic disruption).

The SME must be registered to do business in the State of New Jersey, as evidenced by a current registration status from the Division of Taxation. If the SME is not recognized by the Division of Taxation, the SME must provide proof of registration prior to February 15, 2019 and a valid Business Registration Certificate (BRC). The SME will have 4 weeks from initial notification from the NJEDA to satisfy that requirement. No grant agreement will be executed without a current registration status from the Division of Taxation or a valid BRC.

In addition, the SME must satisfy the Division of Taxation's requirement to ensure that the SME does not have tax debts due to the State. As with Phase 1 to 3, the applicant shall certify that it does not owe any taxes and will be subject to repayment if the certification is not correct.

The SME must be in good standing with DLWD, with all decisions of good standing at the discretion of DLWD's Commissioner. If the SME is regulated by the Division of Alcoholic Beverage Control (ABC), then it must also be in good standing with ABC, with all decisions of good standing at the discretion of the ABC. If the SME is regulated by the Department of Human Services (DHS), then it must also be in good standing with DHS, with all decisions being at the discretion of the DHS. If the SME is regulated by the Department of Children and Families (DCF), then it must also be in good standing with DCF, with all decisions being at the discretion of the DCF.

Entities with multiple Employer Identification Numbers (EINs) can submit one application per EIN. Businesses with multiple locations but only one EIN will be limited to one application (under the sole EIN).

Additional eligibility requirements may apply, which will be based on any applicable Federal requirements tied to the CARES Act funding, including, but not limited to, the following:

- Applicants must acknowledge and agree to the requirement that grant proceeds only be used for eligible uses as defined below;
- A restriction on duplication of benefits that could exclude potential applicants that have already received emergency COVID-19 assistance; and
- A requirement that the applicant demonstrate that it has had negative impacts from COVID-19.

Application Process

Interested SMEs will need to pre-register at <https://programs.njeda.com> between Wednesday, May 26th at 9:00 a.m. and Wednesday, June 30th at 5:00 p.m. Pre-registration is NOT first-come, first-served, but SMEs are encouraged to begin the process as early as possible.

SMEs THAT DO NOT PRE-REGISTER WILL NOT BE ELIGIBLE FOR PHASE 4 GRANTS.

The pre-application period for Phase 4 funds is being re-opened to enable eligible SMEs to receive available additional funding. The application period will begin at the same time on July 7 or July 8, 2021, according to your business category, without an earlier window for SMEs that were not approved for Phase 3 funding. Online applications will be accepted on a first-come, first-served basis, based upon the date in which the Authority receives a completed application submission.

Fees

Due to financial hardship, no fees will be collected by the Authority for this program.

Additional Information

Additional information on the Small Business Emergency Assistance Grant Program may be found at business.nj.gov/COVID.