NJEDA
ECONOMIC DEVELOPMENT AUTHORITY

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PRESS RELEASE

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NJEDA ANNOUNCES $70 MILLION PHASE 3 COVID-19 GRANT PROGRAM

Phase 3 expands eligibility and increases size of grants with focus on restaurants and micro-businesses

TRENTON, N.J. (October 14, 2020) – The New Jersey Economic Development Authority (NJEDA) today announced Phase 3 of the Authority's Small Business Emergency Assistance Grant Program. Phase 3, which will be funded with $70 million in Coronavirus Aid, Relief, and Economic Security (CARES) Act funding, significantly expands eligibility for the Grant Program and increases the amount of funding businesses can receive. To ensure funding goes to businesses hit hardest by the pandemic, Phase 3 sets aside funding for restaurants, micro-businesses, and businesses based in Opportunity Zone-eligible census tracts.

Interested business owners will need to pre-register to receive an application. Pre-registration will begin on Monday, October 19th and will close on Tuesday, October 27th. The application will be available via a phased approach following the end of the pre-registration period, as detailed below. Applicants must complete the full application to be considered for grant funding.

"The Small Business Emergency Assistance Grant Program has been a powerful tool that has helped thousands of business owners and employees face the challenges this pandemic has created," said NJEDA Chief Executive Officer Tim Sullivan. "The additional CARES Act funding Governor Phil Murphy has committed to Phase 3 provides additional resources for all businesses, with specific carve-outs for restaurants, micro-businesses, and businesses in high-risk communities that have borne the brunt of the pandemic's economic impacts. This will be a lifeline for businesses that have been struggling and will ensure that our communities don't just survive the pandemic, but emerge from it stronger, fairer, and ready to rebuild."

Launched in early April with $5 million of NJEDA funds, the Small Business Emergency Assistance

Grant Program initially offered grants of up to $5,000 to a narrowly targeted set of small businesses that included restaurants and in-person retail establishments. In early June, the NJEDA used $50 million in CARES Act funds to expand Phase 1 of the Grant Program by $5 million and launch Phase 2 with $45 million. Phase 2 expanded the program to a significantly broader range of businesses and increased the maximum grant award to $10,000. In August the NJEDA approved an additional $15.3 million to go toward fulfilling eligible Phase 2 grant applications from businesses located in 12 New Jersey counties that did not receive direct CARES Act funding allocations from the federal government.

To ensure equitable distribution of funds, the NJEDA set aside one-third of the CARES Act funding dedicated to Phase 2 to support qualified businesses located in one of the 715 census tracts that were eligible to be selected as a New Jersey Opportunity Zone. Targeting these census tracts has helped to ensure funding goes to communities of color that have been hit particularly hard by the pandemic. To date, the NJEDA has approved grants for more than 20,000 businesses through Phases 1 and 2 of the Grant Program.

Phase 3 further expands eligibility for the Grant Program and increases the amount of funding individual businesses can receive. Any business or nonprofit located in New Jersey, including home-based businesses, with 50 or fewer full-time equivalent employees (FTEs) is eligible to receive grant funding during Phase 3. Businesses that received funding in previous phases of the program are eligible to receive Phase 3 funding.

Phase 3 also increases the amount of funding available to businesses. Grant awards will be calculated based on the number of FTEs businesses employ. Micro-businesses with five or fewer FTEs and sole proprietorships will receive $5,000; businesses with six to 25 FTEs will receive $10,000; and businesses with 26 to 50 FTEs will receive $15,000. Phase 3 provides even larger grants for businesses that are classified as “Food Services and Drinking Places” (NAICS code 722). Businesses in this classification with five or fewer employees will receive $10,000; businesses with six to 25 FTEs will receive $15,000; and businesses with 26 to 50 FTEs will receive $20,000. To maximize the funding businesses receive, grant awards will be based on the peak FTE count from a business’s past six quarters of WR-30 filings. Businesses must use funds from the Grant Program for reimbursement of lost revenue as a result of business interruption caused by COVID-19. Businesses may not use grant funds for capital expenses.

To ensure funds flow to businesses that need them most, the NJEDA is targeting Phase 3 grants to restaurants, micro-businesses, and businesses in census tracts that were eligible to be designated as Opportunity Zones. $35 million of funding will be dedicated to support businesses classified as “Food Services and Drinking Places” under NAICS code 722 and $15 million will be directed to support “micro-businesses” that have five or fewer FTEs. The remaining $20 million will be available to support any eligible business.

In line with Governor Murphy’s commitment to a stronger, fairer recovery, 33 percent of each of these pools of funding ($11.55 million of the “Food Services and Drinking Places” funding, $4.95 million of the micro-businesses funding, and $6.6 million of the other small businesses funding)

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will be directed to support entities in these categories that are located in a census tract that was eligible to be selected as a New Jersey Opportunity Zone. The NJEDA is partnering with five leading marketing agencies to coordinate strategic outreach to these targeted communities. Tara Dowdell Group, Medina=Citi, Brand Enchanting Media, and The Setroc Group, in partnership with Park Circle Technologies, were selected to support these outreach efforts based on their established connections to diverse communities across the state. All four firms are minority-, woman-, or veteran-owned.

Recognizing the significant need for relief, the NJEDA anticipates Phase 3 of the Grant Program will be oversubscribed. To streamline the application process, the Authority is requiring all applicants to pre-register online. Applications will become available on a rolling basis following the pre-registration period. Pre-registered applicants will need to return to complete an application based on the following schedule:

- Restaurants – 9:00 a.m. on Thursday, October 29, 2020
- Micro businesses – 9:00 a.m. on Friday, October 30, 2020
- All other businesses, excluding restaurants and micro businesses – 9:00 am on Monday, November 2, 2020

Applications for each category will be open for a period of one week will be accepted on a first-come, first-served basis.

In addition to the Small Business Emergency Assistance Grant Program, the NJEDA administers a variety of technical assistance and low-cost financing programs for small and mid-sized businesses impacted by COVID-19. More information about these programs and other State support is available at https://covid19.nj.gov.

About the New Jersey Economic Development Authority

The New Jersey Economic Development Authority (NJEDA) serves as the State's principal agency for driving economic growth. The NJEDA is committed to making New Jersey a national model for inclusive and sustainable economic development by focusing on key strategies to help build strong and dynamic communities, create good jobs for New Jersey residents, and provide pathways to a stronger and fairer economy. Through partnerships with a diverse range of stakeholders, the NJEDA creates and implements initiatives to enhance the economic vitality and quality of life in the State and strengthen New Jersey's long-term economic competitiveness.

To learn more about NJEDA resources for businesses call NJEDA Customer Care at 609-858-6767 or visit https://www.njeda.com and follow @NewJerseyEDA on Facebook, Twitter, Instagram, and LinkedIn.

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