NJEDA
ECONOMIC DEVELOPMENT AUTHORITY

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NOTICE OF FUNDING AVAILABILITY: NEW JERSEY SMALL AND MICRO BUSINESS PPE ACCESS PROGRAM PHASE 2

New Jersey Economic Development Authority (NJEDA)
New Jersey Small and Micro Business PPE Access Program Phase 2
Notice of Funding Availability: Applications targeted to become available beginning 9:00am on Tuesday, November 10th

BACKGROUND ON SMALL AND MICRO BUSINESS PPE NEEDS

The NJ Small and Micro Business PPE Access Program was developed in response to consistent concerns emerging from the Governor's Restart and Recovery Commission, the nine sector-based committees of the Governor's Restart and Recovery Advisory Council and input from numerous small and micro businesses. Both the Commission and the Advisory Council highlighted the need for readily available, fairly priced PPE to accelerate economic recovery. As small and micro businesses and organizations in historically underserved communities are particularly vulnerable to being crowded out of essential goods when tight market conditions occur, a key consideration of the program has been the need to ensure equitable distribution and pricing of PPE.

More than one third of all New Jersey workers are employed by organizations of 100 employees or fewer. Many of these companies do not have the reach or the resources to obtain goods outside of their normal retail buying channels, particularly in times of significant supply/demand imbalances. PPE falls squarely into the category of a good that was not essential to many of these organizations before the COVID-19 outbreak but is critical today.

PROGRAM PURPOSE

Overall Program

The NJ Small and Micro Business PPE Access Program is designed to make fairly priced PPE more easily available to all the small and micro businesses and non-profit organizations in the state, to prevent the spread of the COVID-19 and reduce their burden of sourcing for the PPEs from the competitive markets. In addition to the above the program will:

1. Facilitate the State's economic recovery by ensuring that small and micro businesses and non-profit organizations – the customers – can access affordably priced PPE and other safeguarding equipment to protect their employees as they return to work and continue to operate in a COVID-19 environment;
2. Ensure small and micro businesses and non-profit organizations have access to the information they need to select the appropriate PPE needed for their context;
3. Ensure that businesses in historically underserved communities are particularly able to access affordable PPE; and
4. Support the State's manufacturing sector by providing an offsetting subsidy for purchases of PPE manufactured or assembled at a manufacturing facility in New Jersey.

The Phase 1 Program – Selecting Designated Vendors and Sourcing PPE from NJ Companies

On August 11, 2020, NJEDA approved Phase 1 of the PPE Access Program. The focus of Phase 1 has been to identify and designate qualified vendors to launch online platforms where NJ companies can buy PPE at fair prices from reliable vendors offering a curated array of quality products all at a discount to normal market prices. Within the Program, these vendors are called "Designated Vendors" (DVs). Small and micro businesses will access Designated Vendors' online platforms via a PPE Access Program website hosted on the State's COVID19.nj.gov site (https://covid19.nj.gov/ppeaccess). Small businesses will also be able to learn about workplace PPE best practices and use a simple tool to determine their PPE needs.

In addition, Phase 1 includes an economic development component to encourage the Designated Vendors to make wholesale purchases of PPE from NJ manufacturers and from small distributors located in traditionally underserved NJ communities. To support this aim, the NJEDA approved the creation of a $3.5 million grant pool to be used as subsidies to bridge potential pricing gaps between NJ manufacturers and distributors and the global market.

The Phase 2 Program – Providing Purchase Subsidies to Benefit Small and Micro Businesses

Based on the response received from DVs of varying types and sizes, the program is now being expanded by launching a second Phase, aimed at providing purchase subsidies through DVs to benefit the State's small businesses with a particular focus on those located in historically underserved communities.

As part of Phase 2, on October 14, 2020, NJEDA approved a grant pool of $20.4 million for purchase price discounts of 25% through Designated Vendors to small and micro businesses. The subsidized discount will have a cap of $400 per organization generally and $500 for organizations located in historically underserved communities (i.e., located in one of New Jersey's 715 Opportunity Zone Eligible census tracts). Companies eligible to benefit from these subsidies will be determined by company size (based on full-time equivalent ("FTE") employment) and location, as described more fully below.

PROGRAM STRUCTURE AND ELIGIBILITY

Benefits through the Program

Phase 2 of the PPE Access Program has been structured to provide $20.4 million of grant funding to cover 25% of eligible small businesses or non-profit's PPE purchases through the Designated Vendors PPE Access Program sites. The 25% discount is capped per organization, per round of the Program, at $400 generally, and $500 for organizations in opportunity zone eligible census tracts. This subsidized discount is in addition to the minimum 10% discount offered by each of the Designated Vendors under Phase 1 of the Program.
Discounts will be made available by the Designated Vendors to businesses and non-profits ("Subsidy-Eligible Recipients" or "SERs") having 100 or fewer FTE employees, based on EDA confirmation of eligibility. The program eligibility threshold is at 100 FTEs for the following reasons:

- More than a third of the state's workforce is employed by companies having 100 or fewer employees; and
- Companies having 100 or fewer employees are far more likely to lack deep or sophisticated procurement resources; and
- These businesses tend to have smaller balance sheets and more concentrated operations, increasing the likelihood that COVID-19 has had a greater impact on their ability to survive the pandemic and resulting public health measures that have impacted the economy.

A business's FTE will be determined based on its most recent NJ Department of Labor ("DOL") form "NJ Employer Report of Wages Paid" (WR-30) where available, or, in limited circumstances where NJ DOL data is not available, through company self-certification.

The program will be run in rounds based upon program demand and available funding. During each round, a small business will be eligible for a coupon (or functional equivalent discount method)from a single Designated Vendor that would offset 25% of the cost of their PPE purchase through the program. For the first round of the program, coupons/discounts will be valued at $500 for organizations located in historically underserved communities (defined as those whose registered address is fully or partially within one of the State's 715 Opportunity Zone Eligible census tracts) and $400 for all other eligible organizations.

Where possible, Designated Vendors will split the total value of the coupon/discount into multiple coupons/discounts of lower value to enhance flexibility of the program (i.e., allow SERs to split their PPE purchase up over multiple purchases). The ability to offer that flexibility will be determined by the Designated Vendors' technical capabilities and may differ by Designated Vendor.

While businesses will have the ability to purchase goods other than PPE from the Designated Vendors, all subsidies under this program will only apply to PPE offered through the Program.

General Program process

To simplify the administration of the grant funding for small businesses and non-profits, funds will flow from NJEDA to the Designated Vendors, who will provide the benefits to SERs in the form of a coupon/discount to reduce their payment obligations.

The flow of application, approval and receipt of subsidies will occur as follows:

- Small businesses will submit information to confirm subsidy eligibility (as described below) and will self-certify that the PPE they are purchasing with the

subsidized funds (i.e., at least 25% of their order) will be: (a) for their own business' use and (b) used prior to December 31, 2020.

- If deemed eligible, the SER will select a single Designated Vendor from which it wishes to receive a coupon/discount. (If deemed ineligible, the applicant may submit an appeal, as outlined below. In the instance of an appeal, NJEDA will set aside in reserve the amount of funding in question should the appeal have merit.)
- The coupons/discounts will be issued to the SER directly by the Designated Vendor in the appropriate amount. All discounts will expire 14 days from issuance or on November 30, 2020, whichever is earlier, in order to ensure that the maximum amount of CARES Act money is used. To the extent possible based on NJ Treasury and CRF deadlines (as may be extended), unused coupon/discount funds will be rolled back into the program budget and reissued through new coupons/discounts.
- Once Phase 2 of the program has been launched for two weeks, if funding is still available and if the Program demonstrates demand from small businesses for additional discount, NJEDA may launch additional program rounds. At that time, a business that has previously received a coupon/discount can re-register for an additional discount. In such cases, the small business will need to fill out an additional eligibility assessment and NJEDA will again confirm that the business requires the additional subsidy to support a COVID-19 related PPE business need through a self-certification.
- The SERs will click through to the DV Program Site and make their product selections. In the checkout process, the coupon/discount will be applied, and their purchases will be reduced by 25%, up to the limit of their coupon/discount denomination.

NJEDA's determination that a business is eligible for a coupon/discount amount will be subject to continued funding availability.

Coupon/discount reimbursement to Designated Vendors will be made within 30 days after receipt of accounting documentation. To comply with the expenditure requirements of the CARES Act and the MOU with NJ Treasury, the Designated Vendor must document the PPE purchased by each SER and must request NJEDA disbursement from NJEDA no later than December 1, 2020 (or applicable deadline based upon any updated State and Federal CARES Act disbursement requirements).

Eligibility confirmation process

Organizations seeking to qualify as SERs and to benefit from the Phase 2 subsidies will be required to confirm their eligibility on the PPE Access Program website. While the subsidy is offered through the Designated Vendors, NJEDA will be responsible for eligibility checks to ensure privacy, timeliness and simplicity.
Eligibility will be determined once per round per EIN (meaning that businesses that utilize one EIN for multiple locations will only be able to access the coupons/discounts once per round).
Eligibility screening will include:

- Confirming the business is registered in the State of New Jersey
- Confirming if the business' primary business location is in an Opportunity Zone Eligible census tract
- Confirming the size of company (above or below 100 FTE threshold)
  - To be verified using the most recent WR-30 filing data provided to NJEDA by the NJ Department of Labor
- Confirming the business is in good standing with the NJ Department of Labor
- Confirming via self-certification that the company needs discounts provided under the Program to purchase PPE that is related to the COVID-19 emergency for use by their own company before December 31, 2020.

A tax clearance certificate from the New Jersey Department of Treasury's Division of Taxation will not be required for a small business to benefit from this program. However, tax clearance certificates continue to be required for the Designated Vendors in the Program.

During the eligibility check process, the SER will be required to confirm their correct email address. SERs will be solely responsible for entering a correct email address; NJEDA will not verify or confirm the email address.

Appeals

Organizations will be able to appeal the Authority's determination of Phase 2 eligibility within 5 days of notice of the determination. Appeals will be reviewed by a NJEDA member who has not up until that point been directly involved in the eligibility determination.

As the Authority is not involved in the actual issuance of the coupon/discount, in the use of the coupon/discount, in the sale of the PPE, the operation or functionality of the DV website, or such other actions or decisions under the DV's sole control, any attempt to appeal from such actions will be rejected, as they are not a protest of an EDA action or decision.

Similarly, any attempt to appeal because the SER entered and confirmed an incorrect email address will not be a valid basis for an appeal. Funds will be set aside for the maximum amount of subsidy support for any appeals that are lodged with the Authority.

Post-eligibility audits

NJEDA will conduct audits to confirm that small business self-certifications provided during the eligibility assessment process were accurate. In such cases where the audit reveals that a self-certification was not accurate, NJEDA may request that the funds be returned and/or may refer these organizations to the relevant State agency for further investigation.

Funding Disbursement

Disbursements (reimbursements of subsidized discounts) to Designated Vendors from the $20.4 million grant pool will be made up to 30 days after receipt of acceptable Phase 2 documentation. Designated Vendors must submit request for NJEDA disbursement no later than November 30, 2020 to enable enough time for disbursement.

Additional Information

Additional information on the New Jersey Small and Micro Business PPE Access Program and this grant may be found at: https://covid19.nj.gov/ppeaccess.

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