

1. What companies/projects awarded Economic Redevelopment and Growth grants have asked for extension of their completion dates due to COVID19?

NJEDA Response:

There is no deadline for commercial projects and none of our residential projects have requested extensions to date.

2. The Authority provided Covid-19 grants to help small businesses negatively impacted by mandatory closings. What features of the Authority's outreach efforts and guidelines were intended to ensure that diversity among grant recipients? What are the results?

NJEDA Response:

Ensuring a strong and equitable recovery from the COVID-19 pandemic is a top priority for the NJEDA. To achieve this goal, the Authority has incorporated a variety of provisions into its COVID-19 relief programs that help businesses in at-risk communities and minority business owners learn about and successfully apply for relief.

As the largest NJEDA-administered relief program, the Authority devoted particular attention to ensuring equitable access to Phase 2 of the Small Business Emergency Assistance Grant Program. At least one third of Phase 2 funds were set aside for 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.

The NJEDA also partnered with three minority- and women-owned marketing agencies to extensively advertise the program to the State's diverse small business owners in at-risk communities and help reduce language barriers in order to them prepare to apply. In the lead-up to the application launch, NJEDA representatives participated in more than 40 webinars, sent thousands of emails, made hundreds of phone calls, and ran a robust social media campaign to drive awareness of the Grant Program.

A significant portion of these outreach efforts focused on ensuring that Phase 2 of the Small Business Emergency Assistance Grant Program was accessible to business owners who speak primarily languages other than English. The NJEDA's press release announcing the program and related webinars highlighted that grant applications could be submitted in either English or Spanish and publicized the availability of language assistance services. The NJEDA also contracted for written translation services to provide the sample Grant Application and the "Frequently Asked Questions" document in 11 languages (Arabic, Chinese (Mandarin and Cantonese), Gujarati, Hindi, Italian, Korean, Polish, Portuguese, Spanish and Tagalog) and contracted for oral interpretation services to support business owners who speak these 11 languages. The NJEDA coordinated with the State's Office of Innovation to ensure the COVID-19 business portal webpage was translated into other languages and set up a dedicated email account (languagehelp@njeda.com) to field and respond to requests for language assistance.

These efforts have resulted in a distribution of grant funding that reflects the diversity of New Jersey's population. To date, the NJEDA has awarded 12,669 grants worth a total of \$37,940,000. 31% of approved businesses are located in OZ-eligible census tracts, 26% self-identified as woman-owned, 23% self-identified as minority-owned, and 2% self-identified as veteran-owned. The median grant award has been \$1,000. Since businesses are awarded \$1,000 per full-time employee, this means most grants are going to the smallest and most at-risk businesses.

3. What changes have been made in the oversight of the state's incentive programs, including any legacy program requirements, since 2018?

NJEDA Response:

The Task Force acknowledged the many improvements the NJEDA has made in response to the feedback received from the Office of the State Comptroller and the Governor's Task Force on EDA Incentives, including:

- Significantly enhancing of our post-approval compliance processes by
 - Creating a Division of Compliance and Portfolio Management, overseen by aSVP reporting directly to the CEO, and adding significant new staff to oversee tax credit certification and compliance;
 - Implementing a new end-to-end Customer Relationship Management system to consolidate and better manage data, while facilitating timely updates and information sharing.
 - Strengthening inter-agency partnerships with the Department of Labor and Treasury's Division of Taxation to facilitate efficient sharing of critical data;
 - Developing standard operating procedures for all elements of the incentive certification process;
 - Doubling the number of third-party compliance audits conducted by Mercadien;
 - Creating a new "Quality Control" function to ensure adherence to established processes and completeness of files; and
 - Conducting significant staff training on best practices and NJEDA policies and procedures.
- Significantly enhancing our due diligence processes by
 - Decentering project consultants by requiring direct communication between applicant company leadership and NJEDA senior management;
 - Requiring updated CEO certification immediately prior to board meetings to include information submitted by company between initial certification and board consideration;
 - Hiring an independent third-party consultant (Guidepost) to conduct enhanced background and legal due diligence;

- Restructuring the Legal Review process with the appointment of a Director of Legal Affairs, implementing a redesigned legal/debarment questionnaire;
- Implementing staff in-person or virtual site visits for all “alternative sites” in Grow NJ tax credit applications;
- Conducting significant staff training on best practices and NJEDA policies and procedures; and
- Developing standard operating procedures for all elements of application reviews.
- Significantly enhancing agency-wide initiatives to support oversight and compliance by
 - Creating new SVP of Strategic Initiatives and Operations position to oversee Legal, OPRA, Diversity & Inclusion, Governance and Business Operations; and
 - Completing third-party study of Governance best practices.

These improvements primarily relate to programs which have now expired, and we will carry them forward to any new programs enacted by the Governor and Legislature. However, many of the most critical recommendations from the Task Force relate to concepts that must be enshrined in any new legislative language.

4. The Authority has spent about \$11 million on the Task Force on the Economic Development Authority’s Tax Incentives and projected it has saved the state \$11 million projects, and further projects it would save the state \$550 million. How were the savings amounts determined?

NJEDA Response:

Projected savings were calculated by the Task Force.

5. Since only the Department of Treasury and the Authority have the statutory ability to oversee the state incentive program, please describe the role that Authority played in the recertification process. Please provide updated policies, identifying the statutory authority for the recertification process. Please provide all minutes related to the Board’s approval of all projects recertified.

NJEDA Response:

The New Jersey Economic Development Authority (NJEDA) was not specifically part of The Governor’s Task Force on EDA Incentives recertification process. The NJEDA did provide any and all documentation requested by the Task Force and entered into a Memorandum of Understanding with the Task Force on July 8, 2020. The EDA continues to be responsible for certifying tax credit eligibility and working with Taxation to issue annual tax credits once EDA’s review of information submitted by recipients has been completed.

- 6. The Authority hired McKinsey to provide guidance on re-opening. Please provide the metrics that McKinsey used and the economic impact to the state that resulted from the McKinsey recommendations.**

NJEDA Response:

NJEDA's contract with McKinsey includes economic and fiscal impacts of the crisis and developing longer-term recovery strategies to support the State's economic growth. This work builds on McKinsey's earlier support for the State's economic development strategy.

McKinsey's contract with OEM focuses on economic reopening of businesses, private sector engagement on reopening, sequencing on economic reopening, and related items.