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RULE ADOPTIONS

**LABOR AND WORKFORCE DEVELOPMENT
WORKFORCE DEVELOPMENT**

50 N.J.R. 200(a)

Adopted New Rules: N.J.A.C. 12:23-14

New Jersey Innovation and Research Fellowship Program Rules

Proposed: September 5, 2017, at *49 N.J.R. 2883(a)*.

Adopted: November 27, 2017, by Aaron R. Fichtner, Ph.D., Commissioner, Department of Labor and Workforce Development.

Filed: November 27, 2017, as R.2018 d.002, **without change**.

Authority: *N.J.S.A. 34:1-20* and *34:1A-3(e)*; and P.L. 2015, c. 235, Section 3.

Effective Date: January 2, 2018.

Expiration Date: May 25, 2024.

Summary of Hearing Officer's Recommendations and Agency's Responses:

A public hearing on the proposed new subchapter was held on October 9, 2017, at the Department of Labor and Workforce Development, John Fitch Plaza, Trenton, New Jersey. David Fish, Executive Director, Legal and Regulatory Services, was available to preside at the hearing and to receive testimony. There were no attendees at the public hearing and the Department received no written comments. The hearing officer recommended that the Department proceed with the adoption of the new rules without change.

Summary of Public Comment and Agency Response:

No comments were received.

Federal Standards Statement

The adopted new rules do not exceed standards or requirements imposed by Federal law as there are currently no Federal standards or requirements applicable to the subject matter of this rulemaking. As a result, a Federal standards analysis is not required.

Full text of the adopted new rules follows:

SUBCHAPTER 14. NEW JERSEY INNOVATION AND RESEARCH FELLOWSHIP PROGRAM

12:23-14.1 Purpose

Pursuant to P.L. 2015, c. 235, the purpose of this subchapter is to establish the New Jersey Innovation and Research Fellowship Program (IRFP), including defining the scope of the IRFP and establishing criteria and procedures for submission of applications to receive grant monies under the IRFP.

12:23-14.2 Definitions

The following words and terms, when used in this subchapter, shall have the following meanings:

"Commissioner" means the Commissioner of the Department of Labor and Workforce Development.

"Department" means the Department of Labor and Workforce Development.

12:23-14.3 Scope and eligibility

(a) The Department will award IRFP grants to certain employers in the field of technology research in order to fund fellowships, with each fellowship lasting no fewer than two and no more than three years.

(b) In order to be eligible for a grant under the IRFP, both the applicant employer and the ultimate recipient of the IRFP grant funds (that is, the applicant fellow), shall meet the criteria set forth within this section.

(c) In order to be eligible for a grant under the IRFP, an applicant employer shall satisfy the following criteria:

1. Its primary business is the provision of a scientific process, product, or service and the applicant employer owns, has filed for, or has a license to use, protected, proprietary intellectual property;
2. Its principal place of business is in New Jersey;
3. It is organized as a C Corp or LLC with a business plan; and
4. It is not a home-based operation.

(d) In order to be eligible for a grant under the IRFP, the applicant fellow shall satisfy the following criteria:

1. He or she must be prepared to receive a Ph.D. degree within 12 months or have just received a Ph.D. degree within the past 12 months;
2. He or she must be in good standing with the conferring university; and
3. He or she must be a United States citizen, be a legal permanent resident, or possess all of the following: a valid immigrant visa, a valid employment authorization document, and an I-485 application pending with the United States Citizenship and Immigration Service.

(e) The IRFP grant monies shall be used by the grantee employer solely for salary to the fellow, with the limited exception that a small [page=201] expense budget of no more than five percent of the total grant amount may be established for equipment and/or conference attendance.

i. Upon a showing of good cause by the applicant employer within the body of the IRFP grant application, the Commissioner may, concurrent with the award of the IRFP grant, authorize the expenditure for equipment and/or conference attendance of a fixed amount that is greater than five percent of the total grant amount.

(f) Under no circumstances shall IRFP grant monies be used by the grantee employer for capital purchases.

12:23-14.4 Application for IRFP grant

(a) The application for an IRFP grant shall be completed jointly by the applicant employer and the applicant fellow.

(b) Each applicant employer shall submit the application for an IRFP grant to the Commissioner in a format approved by the Commissioner. The completed application shall include, but not be limited to, the following:

1. Information regarding the applicant fellow, including, but not limited to, name, address, telephone number, undergraduate university attended, doctoral university attended, and name of dissertation advisor(s);

2. No fewer than two references from individuals who are familiar with the qualifications of the applicant fellow, along with the following information regarding each individual reference: name, title, institution, address, relationship to applicant fellow, and period of contact with applicant fellow;

3. Information regarding the university advisor of the applicant fellow, including but not limited to, name, university, department, address, and telephone number;

4. Information from the university advisor of the applicant fellow, including, but not limited to, existing relationship between his or her university research group and industrial partners; and relationship(s) that will be developed, extended, or enhanced by placement of the applicant fellow with the applicant employer;

5. From the applicant fellow:

i. One of the following:

(1) Birth certificate or passport for a United States citizen;

(2) Legal Permanent Resident Card for a legal permanent resident of the United States; or

(3) Immigrant visa, employment authorization, and proof of having submitted a completed I-485 application to the United States Citizenship and Immigration Service; and

ii. Postdoctoral CV including publication list; and

iii. A one-page explanation from the applicant fellow as to how his or her past or proposed research or skills are relevant to the applicant employer's mission and as to how the fellowship will benefit the applicant fellow;

6. Information from the applicant employer, including but not limited to, name and phone number of primary and secondary contact persons; company name, address, tax identification number; total number of employees; number of full-time employees; state of incorporation; date of incorporation; most recent two fiscal years' revenues; a list of all sources and amounts of third-party external funding the company has received from the State of New Jersey, the Federal government, venture funding and private investment, and initial public offering;

7. From the applicant employer:

i. Executive business plan;

ii. One-page resume for all key personnel;

- iii. One-page summary of the proposed project written in laymen's terms;
 - iv. A demonstration of the scientific and technological viability of the applicant employer's business product(s), service(s), and/or process(es) and the company's technical ability to implement;
 - v. Certificate to conduct business in New Jersey;
 - vi. Project description (10-page limit), including detailed work plan, timeline, methods and milestones, measurable impact of project on company goals and business plan, resources available (lab facilities, equipment) and their relevance to the project, expected next steps for fellow following completion of the first year of the fellowship, and a simple Gantt chart showing the proposed milestones and timelines and measurable accomplishments agreed upon by both the applicant fellow and applicant employer;
 - vii. A statement as to how the applicant employer plans to provide mentorship to the applicant fellow;
 - viii. A one-page explanation from the applicant employer as to how the applicant fellow will help the company to meet its commercialization goals; and
 - ix. Liability insurance policies; and
8. Any other information or documentation the Commissioner deems appropriate.

12:23-14.5 Review and evaluation of IRFP grant applications

(a) The following factors will be among those considered in the review and evaluation of applications for an IRFP grant:

- 1. Quality of mentorship/supervision based on the degree of planning for the applicant fellow to work with and be mentored by a leading scientist in his or her field of expertise;
- 2. Quality and relevance of proposed project to company goals;
- 3. Degree to which use of applicant fellow in proposed project establishes relationship between company and applicant fellow's degree granting university;
- 4. Degree to which combined applicant fellow and applicant employer program affects transfer of technology and technical expertise from university to company;
- 5. Commitment of applicant fellow to career in industry;
- 6. Personnel expertise and experience;
- 7. Physical resources available;
- 8. Soundness of business and commercialization plan; and
- 9. Scientific and technological viability of the applicant employer's business product(s), service(s), and/or process(es) and the company's technical ability to implement it.

(b) All applications will be reviewed and evaluated, with notice of approval or disapproval issued by the Department.

(c) No application will be funded, unless approved by the Commissioner.

(d) The Commissioner retains the authority to modify application review factors based on the changing needs of the New Jersey economy and to establish appropriate application review and approval methods consistent with those conditions.

(e) Upon approval of the application, an IRFP grant contract containing the terms and conditions of the grant will be executed between the applicant employer and the Department.