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Guidelines

Defense Industry Assistance Grant Program

State of New York
Andrew M. Cuomo, Governor

Empire State Development
Howard Zemsky, President & CEO

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Program Summary

The New York State Urban Development Corporation d/b/a Empire State Development ("ESD") has secured a federal award for an initiative to increase New York State companies' competitiveness. Up to $700,000 is available to fund projects assisting established and early stage defense industry companies with diversification, ultimately helping to ensure resilience to fluctuations in federal defense spending.

This funding was awarded to ESD through the Department of Defense Office of Economic Adjustment in an effort to offset the costs of diversification assistance projects for established and early stage companies, ultimately helping to ensure the resilience of the New York State warfighting supply chain to fluctuations in defense spending. This funding will be used to strengthen defense companies in New York to ensure they are able to survive decreases in defense spending.

Contact Information

Questions should be sent to Matt Watson at **matt.watson@esd.ny.gov.**

Application

The application form, guidelines, amendments to these guidelines and additional information about the program can be accessed on the ESD website https://esd.ny.gov/manufacturing-and-defense-grants.

Applications will be received and reviewed on a rolling basis until funding is exhausted.

Applicants must submit applications via the online form provided at the above website.

Incomplete applications will not be accepted. It is incumbent on the applicant to check the website for program amendments and clarifications to these guidelines prior to submitting an application.

1. Program Goals

To assist New York State established and early stage defense-focused companies with diversifying their markets, ultimately helping to ensure the resilience of the warfighting supply chain to fluctuations in defense spending.

2. Available Assistance

Up to a Program total of $700,000 will be available to Eligible Applicants for Eligible Projects. Individual grants will not exceed 80% of total project cost up to a maximum grant of $50,000. The applicant cost share of at least 20% can be cash, in-kind, or a combination thereof.

3. Eligibility

A. Eligible Applicants

- New York State companies demonstrating 30% or more business revenue from Department of Defense-derived contracts, at any supply chain tier; or

- New York State companies funded through the Department of Defense under the Small Business Innovation Research program or Small Business Technology Transfer program; or

- New York State for profit and not-for-profit organizations, including institutions of higher education, providing diversification consulting or similar services to such established and early-stage companies.

B. Eligible Projects

Eligible projects will include those that assist defense supply chain companies or defense-focused early-stage companies with diversifying their existing or prospective customer base toward commercial markets or non-U.S. defense markets.

C. Eligible Project Costs

Eligible costs are costs associated with approved projects related to new market identification and strategies, market validation, export training and services, product development or redesign, business or operational process improvements, or training of workers as necessary. Consultants and vendors should be located in New York State unless the applicant demonstrates that the products, services, or expertise being procured are not available in the state.

Eligible costs include:

- Equipment;
- Materials;
- Contractual costs (e.g. consultant fees);[1]
- Personnel (e.g. salaries);[2]
- Fringe benefits (of no more than 20% of the associated personnel/salary costs); and
- Other direct costs directly related to executing the defined project.

Ineligible costs include the following, and applicants may not request grant funds for such costs nor include them in the required cost share:

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[1] Consultants and vendors should be located in New York State unless the applicant demonstrates that the products, services, or expertise being procured are not available in the state. Many Empire State Development-supported innovation assets can assist companies with eligible project types. These include Centers for Advanced Technology, Centers of Excellence, New York Manufacturing Extension Partnership Centers, the New York State Science + Technology Law Center, Innovation Hot Spots, and Certified Business Incubators. For more information, visit https://esd.ny.gov/doing-business-ny/innovation-development-support.

[2] Personnel costs may only be included for personnel directly involved in executing the project. The applicant must explain why those personnel would not be able to contribute to the project under their existing compensation. In cases where the applicant receives separate ESD funding for such personnel, the applicant is advised to contact ESD in advance of applying to discuss compliance with these guidelines.

- Overhead or administrative rate;
- Indirect costs, that is, operational expenses that are not directly related to executing the project, for example office rent, utilities, non-project-specific personnel costs;
- Food/beverage;
- Basic/scientific research (as opposed to applied research);
- Capital construction, rehabilitation, or renovation; and
- Other costs not related to the purpose of this funding.

4. Application Requirements and Review

A. Required Documents

Only completed applications will be considered for review. A completed application must include the following:

- Completed online application;
- Project description addressing all review criteria;
- Completed budget template;
- Commitment letter from the applicant;
- Commitment letter from the company pursuing diversification (if not the same as above); and
- Resumes of team members.

B. Review Criteria

Complete applications will be reviewed based on, but not limited to, the following criteria:

- Expected impact of the project for company/companies involved, in terms of jobs created, jobs retained, new sales, retained sales, cost savings, and/or new investment. (30 points)

- Project readiness, team qualifications, and team capacity (30 points)
  - Team qualifications and roles; and
  - Project description demonstrates clear measurable deliverables and anticipated completion dates.

- Degree to which the project will lead to new markets or client bases (30 points)

- Budget reasonableness (10 points)
  - Application clearly describes and reflects why financial assistance is necessary to implement the project and intended uses of funds.

Eligible applications scoring 80 points or higher will be considered for funding. Factors used in determining successful grant proposals may include the geographic distribution of projects and the level of funding available. In some cases projects may only be funded in part.

5. Contracting Requirements

All applicants will be notified in writing whether or not their project was selected for funding. If approved, the grantee will be required to enter into a contract with ESD. The following are some of the required conditions within the contract:

A. Non-Discrimination Policy

ESD's non-discrimination policy will apply. The grantee shall not unlawfully discriminate against employees or applicants for employment because of race, creed, color, national origin, sex, sexual orientation, age, disability or marital status.

B. Minority and Women Owned Business Enterprise/Contractor and Supplier Diversity

ESD is required to comply with and implement the provisions of New York State Executive Law Article 15-A and 5 NYCRR Parts 142-144 (MWBE Regulations) for all State contracts as defined therein, with a value (1) in excess of $25,000 for labor, services, equipment, materials, or any combination of the foregoing or (2) in excess of $100,000 for real property renovations and construction. In accordance with the requirements of Article 15-A of the New York State Executive Law, all projects awarded funding shall be reviewed by ESD's Office of Contractor and Supplier Diversity ("OCSD"), which will, where applicable, set minority and women-owned business enterprise ("MWBE") participation goals. Such goals shall typically be included in the award letter or other contemporaneous communication from OCSD with respect to these requirements.

Please note that ESD's agency-wide MWBE utilization goal is 30%. After application approval the project may be assigned an individual contract-specific goal, which may be higher or lower than 30%. In instances where goals are set, grantee will be required to use good faith efforts to achieve the prescribed MWBE goals assigned to the project and must maintain such records and take such actions necessary to demonstrate compliance with Article 15-A of the New York State Executive Law.

C. Methods of Disbursement

Grants will be disbursed on a reimbursement basis upon reaching established project milestones of the project and submission of supporting documentation.

Supporting documentation includes the following:

- Project Summary Report;
- Anticipated or realized Impacts Report;
- Completed Financial Form;
- Invoices and associated paid receipts including, but not limited to, cleared checks, register receipts and credit card receipts for the total project cost; and,
- Other supporting documentation as may be necessary in order to verify the successful completion of the project and payment of eligible costs.

D. Reporting

Awardees will be required to provide updates and impacts generated by the projects for up to six years after the completion of the project.

E. Tax Responsibilities

In accordance with IRS regulations all grants disbursed will be reported by ESD to the IRS and ESD shall mail a Form 1099 to the grant recipient, at the address provided in the application.

F. Grant Recapture

ESD may require repayment of any assistance received under this program in the following

events:

(i) if an application, including any information provided therewith or thereafter, contains any material misrepresentations or is incomplete;
(ii) if the assistance was awarded or disbursed in error and the applicant is not entitled to assistance under these guidelines;
(iii) if the applicant received a payment and did not complete the project as approved;
(iv) if supporting documentation is not true and complete; and,
(v) if the applicant leaves the State or fails to file any required reports on a timely basis. The recapture amount shall be calculated by aggregating the recapture amount for each disbursement of the grant, which in each instance shall be equal to:

- 100% of the disbursed amount if the recapture event occurred in the calendar year that the disbursement was made, or in the first full calendar year after the disbursement was made;
- 80% of the disbursed amount if the recapture event occurred in the second full calendar year after the disbursement was made;
- 60% of the disbursed amount if the recapture event occurred in the third full calendar year after the disbursement was made;
- 40% of the disbursed amount if the recapture event occurred in the fourth full calendar year after the disbursement was made;
- 20% of the disbursed amount if the recapture event occurred in the fifth full calendar year after the disbursement was made.

In the event of any fraudulent misrepresentations by the applicant, in addition to the recapture of assistance, ESD may pursue other legal remedies and refer the matter to the appropriate governmental authorities for investigation and prosecution.

G. Audit and Control

ESD may conduct site visits and audit projects on a random or specified basis for a period extending to six years after the final disbursement of the assistance to the grantee. ESD reserves the right to contact companies and other federal, state and local governmental agencies to confirm information included, or that should have been included, in the applications. Each grantee must allow ESD and its agents access to any and all books and records ESD may require to monitor compliance.

H. Disclosure of Information

Except as required by applicable law or regulations, ESD will endeavor to maintain the confidentiality of information regarding the applicant's financial condition, marketing plans, manufacturing processes, production costs, customer lists or other trade secrets and proprietary information submitted as part of the application. Notwithstanding the foregoing, such information may be made available to ESD staff and designated individuals that are processing the application and to federal, state or local officials and to auditors evaluating the program and others as ESD may deem to be required in accordance with applicable law and regulations, including judicial orders and subpoenas.

I. Availability of Funds

The disbursement of any grant is explicitly subject to the approval of ESD and the receipt of funding by ESD.

6. Program Amendments

ESD may amend these guidelines from time to time. In such event, the amended guidelines will be posted at the website listed above.

It is incumbent on applicants to check the website for program amendments and clarifications to these guidelines prior to submitting an application.