

Sector Spark

Grant Q&A Document

Notice of Funding Opportunity 2025-JAI-02

1. Applicant Eligibility & Partners

What specific criteria must an organization meet to be considered a qualified ESO?

Entrepreneur Support Organizations (ESOs) are entities that provide a range of services to entrepreneurs to help them start, grow, and sustain their businesses. For the purpose of this solicitation, qualified ESOs can be nonprofit organizations or public agencies offering various forms of support including mentoring, training, funding, networking opportunities, and/or specialized resources for tech-based startups in Massachusetts. The types of organizations that may be considered qualified ESOs include, but are not limited to: • Incubators • Accelerators • Innovation Centers • Entrepreneur Networks / Associations • Economic Development Organizations • Educational Institutions

Will smaller ESOs be considered?

Yes, smaller ESOs will be considered. All applicants must demonstrate the capacity to execute the proposed projects effectively, regardless of size.

Can an ESO submit multiple applications?

Yes, an ESO can submit multiple applications, but there must be a clear demonstration that the ESO has the capacity to execute all proposed projects effectively if funded.

Can for-profit startup incubators and accelerators in Massachusetts companies receive this grant?

No, for-profit entities cannot receive this grant. Grant recipients must be a non-profit, government agency, or university. For-profit entities are encouraged to partner with nonprofit entities on projects of mutual interest.

Can a newly formed ESO apply?

Yes.

Do you have to work with a partner?

No, it is not required to work with a partner. However, proposals that have partners identified are often viewed as stronger due to the demonstrated buy-in and commitment from other stakeholders in the ecosystem.

Can partners be from outside MA?

Yes, partners can be from outside Massachusetts, but the majority of the economic benefits generated by the project must impact Massachusetts.

For private entities partnering with a university, is there a preference for a UMass system partner over a Massachusetts private university?

There is no preference. Applicants are encouraged to form partnerships with organizations whose missions and capabilities align the goals and needs of the proposed projects.

If we are an incubator/accelerator, do the entrepreneurs have to be from Massachusetts, or can there be entrepreneurs coming from outside the USA (international)?

We prefer for the entrepreneurs served to be based in Massachusetts. There is an opportunity for projects under this grant to attract startups to Massachusetts. Therefore, it is acceptable for a portion of entrepreneurs served to be from outside Massachusetts if there is clearly demonstrated motivation for them to move or set up a portion of operations in Massachusetts.

Is there a minimum number of ESOs to be included in a project (i.e., a critical mass), or is it highly variable?

The minimum number of ESOs to be included is 1, the main applicant. There is no maximum number of partners to be included.

What structures are acceptable for an ESO-private entity partnership? Is an official agreement between the parties needed?

An official agreement is not needed. Proposals should clearly articulate the roles and responsibilities of parties involved.

2. Sector Focus

What are the priority sectors that you are targeting?

Priority industries of interest include, but are not limited to: Artificial Intelligence • Robotics • Cybersecurity • Marine Technology • Manufacturing/Production Systems • FinTech • Digital Health • Quantum • Defense & Aerospace • Bioindustrial manufacturing

Do you have to be exclusively in the tech sector already or can you have a new concept that is focused on that sector even while working in another complementary sector?

New concepts are welcome. Applicants do not need to be exclusively in the tech sector already but must demonstrate relevant experience, knowledge, and a project team capable of developing new programs in the targeted sector.

Should the programming be geared towards existing startups or towards encouraging more tech startups?

Programming can be geared toward startups at any stage of their journeys.

Are all proposals expected to target ONE sector? If an ESO has significant depth in more than one of the priority industries?

ESOs can present proposals that address one or more than one industry sector. In the case of more than one, it must be clear how programming and infrastructure will meet the unique needs of startups in the targeted sectors. Industry-agnostic programming is not a good fit for this grant programming.

If a specific technology has not been identified in a region, can an initial phase of a project grant be used to do discovery research and identify viable tech areas and cultivate startup ecosystems?

It is the intention of this grant program that funded projects have demonstrated a clear need and demand for the proposed programming and/or infrastructure. The Sector Spark program aims to drive near-term impact on startups and industry sectors. If there is a promising emerging opportunity, we will consider the application in accordance with the stated review criteria.

3. Use of Funds

Is it essential that there be a mentoring component to the program or is it OK if the focus is on an incubator and/or accelerator programming and buildout?

While mentorship is largely considered a critical element in the acceleration of startups, it is not a requirement of the program.

For the programming and infrastructure: Can capital include human capital?

Capital budgets can include human capital if it is directly tied to the development of the capital asset.

What does "enhance existing" programming mean? Could this be programming that already exists that needs funding and will not be altered?

Enhancing existing programming is meant to further develop, expand or scale program operations to serve more participants.

Can you offer more detail as to infrastructure that is eligible? Specifically, what might NOT be eligible to be expensed using this funding?

Infrastructure and capital assets funded under this program must be capitalizable on the financial records of the grantee. Examples of such capital expenditures could include expenditures for the purchase of equipment and the development of new technology platforms or systems, the acquisition of land and existing facilities, construction of new buildings and the renovation of existing buildings. Such capital expenditures may in certain projects also include salaries of staff directly engaged in managing capital projects to the extent such expenditures are capitalizable under GAAP. Salaries of individuals engaged in operations, as well as other non-personnel operating costs, are not capital expenditures.

Would engineering & fabrication equipment qualify as infrastructure? (AKA shop space)

Yes.

Can funding be used in part to "seed" the entrepreneurs themselves?

Yes. Seed awards from the programming/operating portion of the available funds are available to go to the entrepreneurs themselves in the form of non-dilutive grants or prize money. Funding cannot go to seed an investment fund.

Can mentors be paid for their time through the grant?

Yes. To the extent possible, proposals including paid mentors must articulate the expertise and value paid mentors bring on an individual basis.

What would be the timeline we have to use the funds by?

It is anticipated funds will be awarded in early 2025. We anticipate funds will be expended in a period of up to 24 months and demonstrate near-term impact on startups and industry sectors. We welcome applicants to present timelines that are intentionally aligned with their proposed programming and infrastructure needs.

4. Matching Fund Requirement

Is cash match given higher priority than in-kind match?

Cash match can often be viewed as a stronger demonstration of commitment but is not necessarily given higher priority than in-kind match. The type and quality of in-kind match will be considered when compared to cash matches.

Does in-kind support count as matches?

Yes.

What form of private investment of matching fund is required? Money in the bank? Commitment letter? Money in escrow?

Letters of commitment at the time of contract execution for selected applicants is required to demonstrate the match commitment. The matching funds or resources must be made available and be expensed at the time of program execution. Presenting letters of match support earlier in the application process such as at the concept paper stage and full application stage are encouraged.

Is sponsorship money supporting programs in the proposed project eligible as cash match?

Yes, as long as the sponsorships are received in direct relation to the proposed projects. It is the intent of MassTech that grants provided under this program help unlock new private capital rather than repurposing existing committed capital.

How can we quantify (in \$\$) in-kind contributions in terms of space equipment and services?

Applicants are encouraged to use market rates to quantify in-kind contributions. The grant review committee may consult with industry experts to verify valuations of capital assets.

If an ESO is applying for Programming + Capital and the intended match source is specifically for capital expenditures, does that match source still cover the operational/programming match?

Yes. Applicants are required to demonstrate a match (cash or in-kind) of 25% of the total project budget requested which can be allocated towards either capital expenses, operating expenses, or a combination of both.

Is in-kind staff time at a state university eligible as a match?

This depends on whether the staff member's salary is paid with public state funds or through alternative sources. If the staff member is paid through alternative sources, such as grant funding, then it is eligible to be used as match. If the salary comes from public funding from the state (in the case of the UMass System), it is not eligible as state funds cannot be used a source of match on other state funds.

We have confirmation in writing of federal funding. The cash is in hand by March 1, 2025. Does this make it eligible for match?

It is possible this is eligible for match as long as the expenditures will occur in the same period of the proposed grant program and in direct relation to the execution of the Sector Spark grant program.

Can industry sponsors to our non-profit organization count as matching?

Yes, as long as the sponsorship dollars are allocated directly toward the execution of the proposed programming or infrastructure.

5. Application Process

Do we have to have specific startup partners identified prior to submitting the concept paper?

No, you do not need to have specific startups lined up at the concept paper stage. If you are able to demonstrate demand for your proposed programming by highlighting specific startups that would benefit, it can be beneficial in articulating the value of the program, but is not required.

In your concept paper, would graphics/data as attachments be welcome outside the 7-page limit?

No. Concept papers must be no longer than 7 pages in length, inclusive of graphics and data.

Can doing the pages in a "slides format" work assuming all the required information is included?

No. Please submit concept papers and full applications as a word document to preserve continuity in the review process.

6. General Information and Other Inquiries

How many grants are you all expecting to be awarded with this grant?

The total number of grants awarded will depend on the quality of applications received.

What is the total amount of funding available?

The total amount of funding available will depend on the quality of applications received. There are several funding sources that may be available to meet the needs of the Sector Spark program.

What is the breakdown of funding between programming and infrastructure components, and how will the program prioritize projects that address multiple focus areas?

In terms of funding available for the two funding pathways, the amount depends on the quality of applications received. In terms of the applicant's budget breakdown between programming and infrastructure, the applicant has the ability to structure a budget that aligns with the needs of the project as long as it does not exceed \$200,000 for operating expenses and \$2,000,000 for capital expenses.

All applications will be evaluated in adherence with the evaluation criteria stated in the Notice of Funding Opportunity. Preference will be given to applicants that clearly articulate the need within a targeted industry or industries and propose programming and resources that directly help address that need.

In broad strokes, how will MassTech measure the program's overall success, and what specific outcomes or impacts are being targeted?

There are two broad categories of impact that will be assessed:

- Acceleration of startups and technology commercialization activities.
- Increased ecosystem activity or growth within targeted industry sectors and the broader Massachusetts innovation economy

More detailed success metrics for each funded project will be developed with grantees at the time of contracting.