

# Workforce Development Communities and Public Schools

## Economic Issue Paper

We offer a student run manufacturing business where the students are responsible for all aspects of the business. They work with businesses and community members to fill orders, produce parts/products, invoice expenses and receipt revenue. This is a course offered in our high school for credit. It is a part of our Career and Technical Education (CTE) approved programs with the Minnesota Department of Education (MDE). You can't get a better hands-on educational opportunity that connects students with their community. There are many schools across the state that have started these courses or are looking at starting them to help their local communities.

The sticking point with this program is that we can't use the proceeds from the revenue – generated by the students – to pay out scholarships at the end of the school year for their efforts. The revenue generated is deposited into appropriate finance accounts within the school system. Once it hits the school's books, it becomes district resources and mixed in with other revenues.

Minnesota finance laws prohibit public entities from using tax dollars to pay students or make donations or payments. Our goal is to provide opportunities for our students and think differently about how we encourage them to consider the skilled trades careers. A portion of the funds *generated by the students* should be available to them in the form of a scholarship, with the remaining revenue reinvested in the business. This is not tax revenue, but student generated revenue.

MDE has recommended that we start up a foundation, or ask an existing foundation to be the funnel to pay the students. We would be asking community members to do work they wouldn't normally do and it isn't in their mission statement.

The Minnesota Department of Labor/Industry (DOLI) is concerned that if we give scholarships, the students are, in essence, paid workers and we have to follow age restrictions and industry guidelines for wages and other compensation requirements.

**What we are asking:** Allow MN School Districts with approved CTE programs the ability to offer scholarships – from student generated revenue - to students who complete our student run business program.

**We have an impending economic crisis** in Minnesota around skilled labor. Depending on the statistics you choose to use – we will see a loss of over 200,000 skilled labor jobs in the next four years. We continue to see more and more of the baby boomer generation retire, leaving jobs unfilled as there are not qualified replacements to step up.

**The math that should catch your attention is this:** 200,000 jobs x average yearly salary of \$50,000 = \$10,000,000,000 in lost wages. The lost income taxes alone equate to \$500,000,000 annually. That doesn't even account for the lost revenue for cities and counties. This is a huge economic issue.

As a school and community, we have worked together to provide additional opportunities for our students and potential skilled labor for the workforce. This takes work and efforts to partner and develop courses and pathways for students to achieve and earn credentials or certifications.

If we are to be successful in helping to provide opportunities, the state of Minnesota, and its agencies, need to undergo a change in philosophy and remember who they serve. We are willing to be innovative; can state agencies do this as well?