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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 1704

02/13/2023 Authored by Schomacker, Swedzinski and Fogelman The bill was read for the first time and referred to the Committee on Workforce Development Finance and Policy

1.1 A bill for an act
1.2 relating to workforce development; establishing a southwestern Minnesota
1.3 workforce development scholarship pilot program; requiring a report; appropriating
1.4 money.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. SOUTHWESTERN MINNESOTA WORKFORCE DEVELOPMENT
1.7 SCHOLARSHIP PILOT PROGRAM.

1.8 Subdivision 1. Definitions. (a) For purposes of this section, the following terms have
1.9 the meanings given.

1.10 (b) "Commissioner" means the commissioner of employment and economic development.

1.11 (c) "Southwest Initiative Foundation" or "foundation" means a nonprofit organization
1.12 which provides services to the following counties in southwest Minnesota: Big Stone,
1.13 Chippewa, Cottonwood, Jackson, Kandiyohi, Lac qui Parle, Lincoln, Lyon, McLeod, Meeker,
1.14 Murray, Nobles, Pipestone, Redwood, Renville, Rock, Swift, and Yellow Medicine, and
1.15 the Lower Sioux Indian Community and Upper Sioux Community.

1.16 (d) "Employer sponsored applicant" means a student applicant with a local employer
1.17 scholarship equal to or greater than 25 percent of the workforce development scholarship.

1.18 (e) "Eligible student" means a student applicant who:

1.19 (1) is eligible for resident or nonresident tuition;

1.20 (2) is enrolling in an eligible program as determined by the regional workforce
1.21 development board; and

2.1 (3) is enrolling at least half-time at a Minnesota West college listed in subdivision 4.

2.2 (f) "Local employer" means an employer with a physical location in a county within the  
2.3 service area of the foundation listed in paragraph (c).

2.4 Subd. 2. **Program established.** The commissioner shall establish a southwestern  
2.5 Minnesota workforce development scholarship pilot program administered by the foundation  
2.6 to assist in meeting the workforce challenges in southwest Minnesota and enhance long-term  
2.7 economic self-sufficiency by connecting students, higher education facilities, employers,  
2.8 and communities.

2.9 Subd. 3. **Grant to the Southwest Initiative Foundation.** The commissioner shall award  
2.10 all grant funds to the foundation, which shall administer the southwestern Minnesota  
2.11 workforce development scholarship pilot program. The foundation may use up to seven  
2.12 percent of grant funds for administrative costs.

2.13 Subd. 4. **Scholarship awards.** (a) The foundation shall coordinate available funds and  
2.14 award scholarships to the following Minnesota West colleges:

2.15 (1) Canby;

2.16 (2) Granite Falls;

2.17 (3) Pipestone;

2.18 (4) Worthington;

2.19 (5) Jackson;

2.20 (6) Luverne; and

2.21 (7) Marshall.

2.22 (b) Scholarships shall be coordinated by the individual colleges listed in paragraph (a)  
2.23 and applied only after all other available grant funding through a last-dollar-in model.

2.24 (c) In awarding grants, priority shall first be given to applicants that are program  
2.25 continuing applicants. Priority shall then be given to employer-sponsored applicants.

2.26 (d) Scholarships are intended to supplement all other grant opportunities and to cover  
2.27 the full cost of attendance to the eligible students.

2.28 Subd. 5. **Program eligibility.** Scholarships shall be awarded to eligible students who  
2.29 are enrolled in or enrolling in a high demand occupation associate degree, diploma, or  
2.30 certificate or industry-recognized credential program as defined annually by the applicable

3.1 regional workforce development board. Students must complete the Free Application for  
3.2 Federal Student Aid if applicable to the program to which they are applying.

3.3 Subd. 6. **Renewal; cap.** A student who has been awarded a scholarship may apply in  
3.4 subsequent academic years, but total lifetime awards are not to exceed two full scholarships  
3.5 per student. Students may only be awarded a second scholarship upon successful completion  
3.6 of the program and subsequent work period requirement.

3.7 Subd. 7. **Administration.** (a) The foundation and Minnesota West colleges shall establish  
3.8 an application process and other guidelines for implementing the pilot program.

3.9 (b) Each college shall receive from their respective workforce development board by  
3.10 December 1 of each year, commencing in 2022, a list of eligible programs administered by  
3.11 the college that are eligible for subsequent year scholarships. The applicable workforce  
3.12 development board must consider data based on a workforce shortage for full-time  
3.13 employment requiring postsecondary education that is unique to the specific region, as  
3.14 reported in the most recent Department of Employment and Economic Development job  
3.15 vacancy survey data for the economic development region in which the college is located.  
3.16 A workforce shortage area is one in which the job vacancy rate for full-time employment  
3.17 in a specific occupation in a region is higher than the state average vacancy rate for that  
3.18 same occupation.

3.19 Subd. 8. **Scholarship recipient requirements.** (a) A recipient of a scholarship awarded  
3.20 under the program established in this section shall:

3.21 (1) be enrolled in a high demand occupation associate degree, diploma, or certificate or  
3.22 industry-recognized credential program as defined by the regional workforce development  
3.23 board and offered by a Minnesota West college;

3.24 (2) adhere to any applicable participating local employer program requirements;

3.25 (3) commit to three years of full-time employment with:

3.26 (i) a sponsoring local employer; or

3.27 (ii) any qualified local employer within the high demand occupations as defined by the  
3.28 regional workforce development board; and

3.29 (4) fulfill the three-year full-time employment commitment in a county within the service  
3.30 area of the foundation as listed in subdivision 1, paragraph (c).

4.1 (b) If a recipient of a scholarship fails to fulfill the requirements of paragraph (a), the  
4.2 foundation may convert the scholarship to a loan. Amounts repaid from a loan shall be used  
4.3 to fund scholarship awards under this section.

4.4 Subd. 9. **Employer partnerships.** The foundation and Minnesota West colleges shall  
4.5 establish partnerships with qualified local employers and work to ensure that a percentage  
4.6 of the state funds appropriated to each college for the southwestern Minnesota workforce  
4.7 development scholarship program are equally matched with employer funds.

4.8 Subd. 10. **Local employer scholarships tax credit.** (a) A local employer is allowed a  
4.9 credit against the tax due under Minnesota Statutes, chapter 290, equal to the amount of the  
4.10 local employer's scholarship awarded to an employer-sponsored applicant.

4.11 (b) The credit allowed to a local employer under this subdivision per scholarship awarded  
4.12 to an employer-sponsored applicant for a taxable year is limited to the lesser of the following  
4.13 amounts:

4.14 (1) \$.....; or

4.15 (2) the total amount of the local employer's scholarship awarded to an employer sponsored  
4.16 applicant.

4.17 Subd. 11. **Report required.** The foundation must submit an annual report by December  
4.18 31 of each year regarding the scholarship program to the chairs and ranking minority  
4.19 members of the legislative committees with jurisdiction over employment and economic  
4.20 development policy. The first report is due no later than December 31, 2023. The annual  
4.21 report shall describe the following:

4.22 (1) the number of students receiving a scholarship at each participating college during  
4.23 the previous calendar year;

4.24 (2) the number of scholarships awarded for each program and definition of type of  
4.25 program during the previous calendar year;

4.26 (3) the number of scholarship recipients who completed a program of study or  
4.27 certification;

4.28 (4) the number of scholarship recipients who secured employment by their graduation  
4.29 date and those who secured employment within three months of their graduation date;

4.30 (5) a list of the colleges that received funding, the amount of funding each institution  
4.31 received, and whether all withheld funds were distributed;

4.32 (6) a list of occupations scholarship recipients are entering;

- 5.1 (7) the number of students who were denied a scholarship;
- 5.2 (8) a list of participating local employers and amounts of any applicable employer
- 5.3 contributions; and
- 5.4 (9) a list of recommendations to the legislature regarding potential program improvements.

5.5 Sec. 2. **APPROPRIATION.**

5.6 \$700,000 in fiscal year 2024 is appropriated from the workforce development fund to

5.7 the commissioner of employment and economic development for a grant to the Southwest

5.8 Initiative Foundation for the southwestern Minnesota workforce development scholarship

5.9 pilot program in subdivision 1. This is a onetime appropriation and is available until June

5.10 30, 2028.