

Credential Currency

How States Can Identify
and Promote Credentials of Value



Executive Summary

Postsecondary credentials matter more today than any time previously in history. They provide currency in the labor market and serve as key momentum points for individuals on a path to economic opportunity, especially those from underserved communities. From industry-recognized credentials to postsecondary certificates and licenses to associate and bachelor's degrees, “post-high school credentials” have become necessary for career success, and those with a high school diploma or less are often left behind.

From industry-recognized credentials to postsecondary certificates and licenses to associate and bachelor's degrees, “post-high school credentials” have become necessary for career success, and those with a high school diploma or less are often left behind.

In credential-driven labor markets, however, not all students must attain a bachelor's degree. In fact, there are 30 million “good jobs” nationwide¹ that are held by individuals with less than a bachelor's degree (B.A.) and more than a high school diploma. This important “middle” represents a significant opportunity for growth. Recent data find that 28 percent of associate degree holders, and many workers with one-year certificates, earn more than the average B.A. holder.²

In response to this economic shift, state K-12 leaders have made college and career readiness a larger focus of their high school strategies. Of

particular note is the increase in the number of states—from 11 prior to the passage of the Every Student Succeeds Act (ESSA) to 26 today—that have included industry-recognized credentials as a component of their reporting or accountability systems for high schools.³ This represents a significant shift in state recognition that earning an industry credential while in high school can pay dividends for a student's long-term prospects.

Identifying industry-recognized credentials that are high value, and differentiating them from those that do not provide a return on investment for credential earners, is of paramount importance. Otherwise, states risk that their new attainment goals and accountability metrics could drive students and returning adult learners to unwittingly pursue lower-value credentials that do not lead to good jobs. This would not only be detrimental to those individuals, but it would also undercut the impact and credibility of the new state policies.

1 Georgetown University Center on Education and the Workforce, *Good Jobs that Pay without a BA*, 2017, <https://goodjobsdata.org/wp-content/uploads/Good-Jobs-wo-BA-final.pdf>.

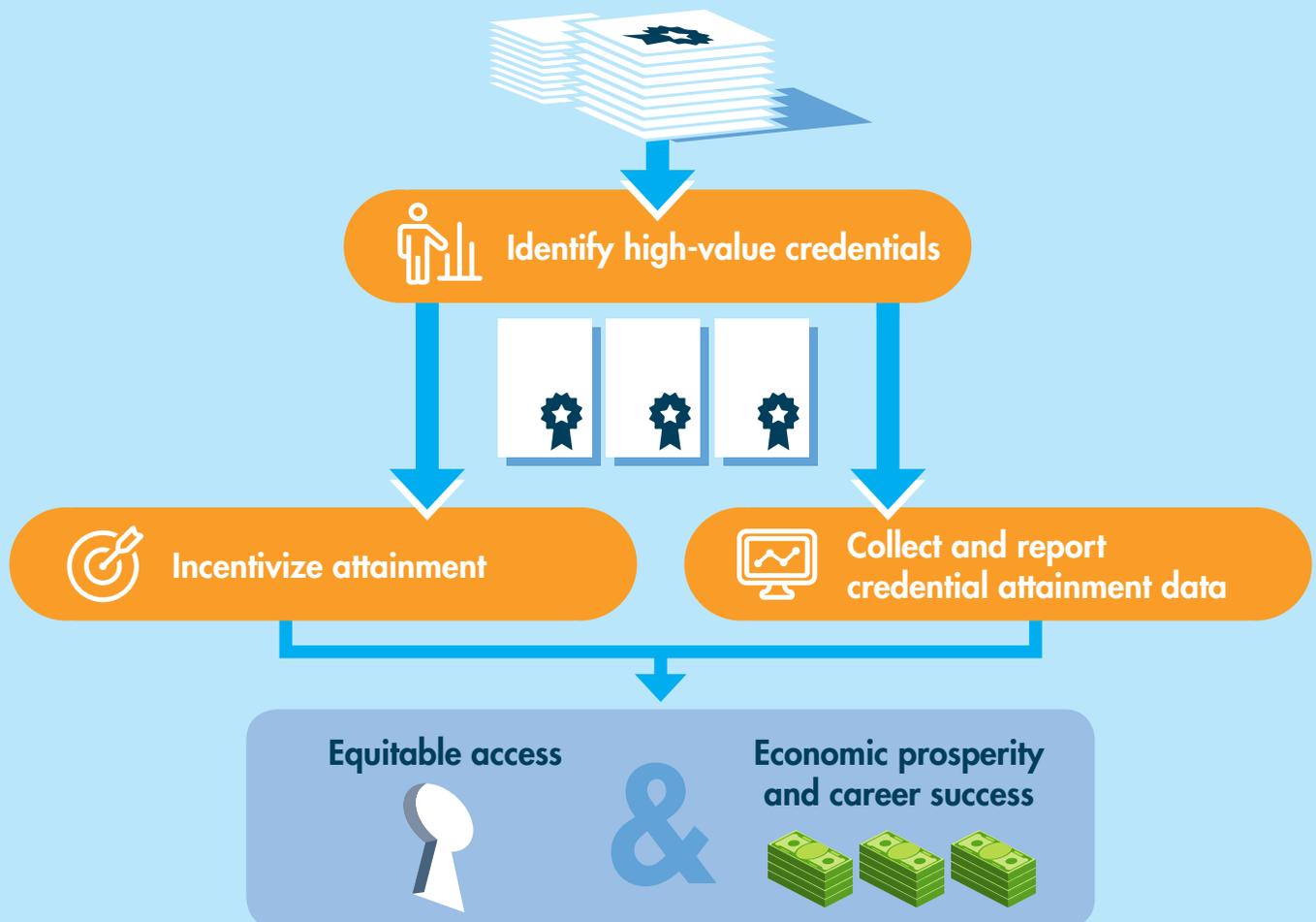
2 Georgetown University Center on Education and the Workforce, *Five Rules of the College and Career Game*, 2018, <https://cew-7632.kxcdn.com/wp-content/uploads/Fiverules.pdf>.

3 Advance CTE and Education Strategy Group, *Career Readiness & the Every Student Succeeds Act: Mapping Career Readiness in State ESSA Plans*, December 2017, http://edstrategy.org/wp-content/uploads/2017/12/Mapping_Career_Readiness_ESSA_FULL_2017.pdf.

Yet states grapple with making such a shift in three primary ways. They wrestle with systematically and reliably identifying those industry-recognized credentials that are valued by employers in hiring, compensating, and promoting workers. They question whether and which incentives for students, schools, and districts will lead to growing attainment rates. And they are hindered by a lack of access to source data on credentialing attainment results, which limits their ability to understand which credentials are being earned and by whom.

Ensuring students' equitable access to earning high-value industry credentials is a critical step toward enabling their economic and career success. Such work requires committed partnership between K-12, postsecondary, workforce development, and industry leaders. This report provides recommendations to states for identifying credentials of value and increasing the number of students who attain them. It reflects best practices from around the country. It also identifies emerging national initiatives and opportunities for collective action that can help states accelerate their work.

Recommendations to Promote Credentials of Value





Identifying High-Value Credentials

Credentials have currency in two primary ways: they (1) help an individual find employment or move up in the workforce and/or (2) accelerate a student's progression into and through postsecondary education and training. As leaders from K-12 and postsecondary education, economic development, and business and industry work together to identify the credentials that are high value, they should take into account the extent to which each credential shapes employer decisions and provides currency to learners. Each are valuable individually, and the credentials that can accomplish both provide the greatest value. To accomplish this, states should:

- **Build stronger employer signaling analyses** to identify the industry-recognized credentials that are valued by industry by using specific criteria, including the extent to which employers
 - ▶ state in their job postings and advertisements which credentials are required or preferred for hiring;
 - ▶ use the credential as a factor in selecting candidates for interviews and/or in determining which candidates are chosen for a job;
 - ▶ offer higher wages for those who have earned the credential; and/or
 - ▶ use a common credential within the same industry, providing portability across employers.
- **Identify which industry-recognized credentials count for credit toward postsecondary education and training**, noting that credentials with the greatest postsecondary currency
 - ▶ are transferrable for postsecondary course credit or credit hours in core program courses;
 - ▶ count toward hours in an aligned apprenticeship program at the postsecondary level; and/or
 - ▶ “stack” to allow students to progress to a more advanced industry credential within a specific field (e.g., machining levels 1, 2, and 3) or to a postsecondary certification, an associate degree, a bachelor's degree or beyond within a given field.

- **Build a cross-sector priority industry-recognized credential list spanning the education and workforce systems** that is backed by labor market data and has demonstrated postsecondary value, which includes
 - designing and executing a systematic, evidence-based process across K-12, higher education, and workforce development that utilizes a balanced collection of primary and secondary sources, including both real-time and lagging labor market data, to decide which credentials fall above and below the line;
 - maintaining the identification process through annual or biennial reviews to update and validate the list over time to ensure it reflects changing workforce needs; and
 - undertaking longitudinal analyses that track credential holders into the marketplace to be certain that credentials identified as high value do in fact lead to greater employment outcomes for learners over time.

In addition to leveraging these recommended strategies, states can take their high-value credential identification work a step further by developing new technology-based approaches to streamline employer signaling, establishing industry-recognized credentials that are the industry-accepted standard, and building cross-state agreements to award postsecondary credit for both youth and adults seeking to upskill.





Incentivizing Attainment of High-Value Industry-Recognized Credentials

Without clear incentives for attainment of these industry credentials classified as high value, students, schools, and districts may not make pursuit of these credentials a priority. States may be best served in deploying a wide range of incentives intended to increase students' and schools' motivation to earn high-value credentials and recognize the importance of those credentials statewide. To accomplish this, states should:

- **Inspire and support students' high-value credential attainment** to show the clear value proposition such credentials offer by
 - ▶ communicating the workforce and higher education benefits of credentials of value;
 - ▶ removing financial and access barriers to earning high-value industry credentials;
 - ▶ enabling priority industry credentials to count for postsecondary credit or hours; and
 - ▶ making attainment of high-value industry credentials a graduation expectation.
- **Spark school and district prioritization of high-value credential attainment**, encouraging and rewarding them for offering more pathways that lead to credentials and increasing the number of students who earn them by
 - ▶ providing funding for high-value industry credential attainment;
 - ▶ recognizing schools and districts for success and improvement; and
 - ▶ making high-value credential attainment count in accountability systems.
- **Recognize and emphasize the importance of high-value credentials statewide** to communicate to the public that attainment of high-value industry-recognized credentials matters by
 - ▶ leveraging the program of study approval process to ensure that career pathways are anchored in high-value credentials; and
 - ▶ publicly reporting high-value credential attainment for all students and schools.

Beyond implementing these recommended strategies, states can leverage additional opportunities to advance their work by counting high-value industry-recognized credentials in postsecondary attainment goals, leveraging online credential databases to capture and promote priority credentials, and harnessing collective buying power by partnering with other states to lower credential price points.



Collecting and Reporting Credential Attainment Data

Every potential incentive to prioritize industry-recognized credentials is contingent upon having accurate and reliable data on credential completion. To date, many states have to rely upon self-reported credentialing exam data from students to determine which credentials have been earned. All states need to put in place high-quality mechanisms to collect and report how many and which students successfully take and pass credentialing exams and earn specific industry-recognized credentials. To accomplish this, states should:

- **Set a new minimum data threshold for collection** through one of two different approaches:
 - ▶ execute data-sharing agreements with each vendor offering a credential from the state's high-value list to receive student-level data on exam taking and passage rates by credential type; or
 - ▶ initiate secure data transfers of individual student credential certificates from schools and districts.
- **Create a standardized reporting framework** that allows for tracking high-value credentials tied to specific pathways and courses.

While these strong steps will improve states' ability to track and report credential completion, states can go further by leveraging emerging national reporting systems to identify students who have earned industry credentials from the high-value list. Or they can enter into multi-state data-sharing agreements with credentialing vendors to collect data on credential attainment rates.



NEW SKILLS FOR YOUTH

JPMORGAN CHASE & CO.