

Credentials as a Tool for Equity and Regional Economic Growth: A Funders' Primer

Degree affordability. Work pressures. Parenting. Debt. Long-term ROI versus short-term ROI.

Our students are juggling multiple, competing priorities as they seek the best educational decisions for their economic mobility and life goals. Increasingly educational and regional economic stakeholders—including funders—are looking at new strategies to increase postsecondary completion rates.

Credentials can serve as an important resource and strategy in developing a regional pipeline and in providing students with tangible outcomes in a manageable amount of time. Particularly when these credentials are stackable or come with wrap around counseling to show how the credential can be built upon to lead to continued career development, they can provide a more affordable path to a better career now and options for further growth in the future.

But as postsecondary education funders move to support these options, how do we evaluate the quality of the credentials and student outcomes?



What is a quality credential?

The field is new and we have not yet reached a consensus on definitions, measurements or stackability. But increasingly funders and other stakeholders understand the importance of establishing consensus, in order to provide transparent, practical assistance for students. Ensuring quality and stackability is vital to ensuring this does not become an additional avenue toward inequity. Students must understand the intended outcomes of credentials and how they can fit into a broader career path—leading to additional education and career opportunities if the student chooses.

Driving questions of quality has been the recent effort of states to set and increase postsecondary attainment rates. These rates typically include all types of degrees (associates or higher) and some types of non-degree credentials which can include certificates, apprenticeship certificates, industry certifications and licenses.

Unfortunately, counting credentials is the real tricky part. Currently, no state has comprehensive data about all types of non-degree credentials and only 36 states report having most of the data on “for-credit” certificates for two-year universities in their states. This lack of data has forced states to focus on “quality” or to identify credentials that have an inherent value for the states.

Defining what “quality” means in terms of credentials has not come with a uniform approach. More generally states examining quality or high quality credentials report that they are:

- Utilizing labor market information to better understand in-demand industries and occupations.
- Engaging employers to learn more about what they look for when hiring.
- Examining employment and wage outcomes of credential completers.ⁱ

More typically stakeholders default to industry-recognized credentials or those that are recognized by multiple employers across an industry. According to the Association for Career and Technical Education, high-quality, industry-recognized credentials mean that a credential:

- Is sought or accepted by employers within the industry or sector involved as a recognized, preferred, or required credential for recruitment, screening, hiring, retention, or advancement purposes.

- Where appropriate is endorsed by a nationally recognized trade association or organization representing a significant part of the industry or sector.ⁱⁱ

To further guide stakeholders on high-quality credentials the American Council on Education has developed a set of six dimensions of quality for credentials. They include transparency, modularity, portability, relevance, validity, and equity.

Each dimension is meant to focus questions on the value that a specific credential brings to the field. The following are examples of questions associated with each dimension.ⁱⁱⁱ

Transparency – Does the credential clearly show how it leads to a career or furthers education?

Modularity – Does the credential include units that carry individual value?

Portability – Does the credential have value locally, nationally and perhaps internationally in labor markets?

Relevance – Does the credential prepare the earner for career, employment, civic and/or social engagement and meaningful contributions?

Validity - Is the certificate industry-recognized or accredited?

Equity – Is the credential an enabling mechanism for promoting educational, social and or economic mobility?

But how do I know who provides quality credentials?

Since the components of “quality” can vary by context, this can be a bit tricky for funders just entering the space.

A common lens of quality for educational credentials and licenses is an increased degree of economic mobility. The economic mobility standard may be broken down into many contributing factors.

Ability to improve employment opportunities is one lens that both degree seekers and those measuring quality externally often put foremost. An ancillary factor to improved employment opportunities that lead to economic mobility is debt ratio and time needed to earn the credential.

When evaluating credentials, we face decisions about where to focus along the spectrum between global credentials and more locally tied credentials. While associate’s degrees and 4-year and beyond degrees are accredited nationally and globally, most certificates and licenses are accredited on a state or even a municipal basis.

One-offs or stackable?

The ability to stack credentials to other educational opportunities can be an indicator of content quality of a particular credential, and it is even more important in adding to a quality ecosystem that supports career-long mobility and growth for students.

Stackability can help ensure on and off ramps for students. If students start out on a four-year path but need to pause or exit their studies two years in, they still have the additional economic benefit of the credentials they earned along the way.

Possible Sources for Evaluating Quality

- Educational ratings/rankings (to the extent they exist in the specific field).
- Market forces can help when gauging the worth of a credential, including:
 - ◇ Wage data by career track.
 - ◇ Minimum wage data and job/position availability in the local work force. For this information local and up to date is key. Minimum wage data for the municipality is the starting point, followed by extrapolation to state and national data sources.
- Job/career openings:
 - ◇ Generally published online by large cities and/or the Chamber of Commerce.
 - ◇ States’ workforce commissions often publish on a weekly and even a daily basis.
 - ◇ “Think tank” research predicting future trends in workforce demand.
 - ◇ Local nonprofit input, especially from those with contact, relationships and trust of or with employers so that they are in touch with participant voice is another lever for understanding and evaluating the utility of specific credentials.
 - ◇ Nonprofits, cities, school districts and college districts have each invested time and capital of all types in the portion of the workforce they have determined is in demand.
- Filters to use include: low-income students, high demand jobs and cost/time investment.

Being able to increase their credentials one step at a time, with corresponding new job opportunities, can provide a chance for students with precarious financial stability or those juggling multiple responsibilities, who may be unable to commit to a multi-year path all at once.

Does this help promote equity?

That depends.

As with any relatively new focus in the education space, it is important that funders keep in mind potential unintended consequences of a focus on credentials and build risk avoidance/mitigation into our efforts. A commitment to disaggregating data and using a robust, immediate feedback loop as a response to data are important components of that approach.

In particular, we need to be aware of the possibility of a bandwagon approach to industry engagement that co-opts specific schools into tracks for students. It is important to form robust partnerships with local industry leaders to support their talent needs, while simultaneously providing equality of choices for all students in our regions.

Four-year options should be available and promoted at all schools, while credentials and certificates should be discussed at our highly-resourced schools. The community benefits when all students understand and can choose among the assortment of options available in their greater community.

Stackable credentials, particularly those that align with and are recognized by two-year and four-year higher education institutional partners, may also be key to a forward-thinking strategy for the economy of the future.

As we begin to think of education in deconstructed components that can be reassembled as we pivot to new careers, we

are empowering our students to adapt in an ever-changing economy. This is important to ensuring that advancement increasing opportunities are accessible to all students and is thus an essential component of an approach to equity of outcomes.



So how do I know what to fund? We've only worked with academic degrees.

Your first question as a funder will be, "What is your goal?"

Are you trying to help unemployed or minimum-wage workers find higher wage earnings, without a significant time and money investment, within your local context? Your region probably has established nonprofit organizations with a track record of job placement.

Maybe your goal is to only fund credentialing programs that can connect to an associate's degree, for more long-term flexibility. In that case, you might consider partnering with your local community college.

What might this look like in practice?

Example: Sooch Foundation, Austin, Texas

The mission of the Sooch Foundation is to make a positive and permanent change in the lives of economically disadvantaged people in Austin, Texas, through increased educational opportunities. "Positive and permanent change" can translate to fast-track employment opportunities that pay a higher wage for the most disenfranchised. As a new funder in late 2003, the foundation was intent on building a trusted and professional network of nonprofit leaders and educational and public sector advisors. Sooch Foundation works with a variety of nonprofits and dropout recovery charter schools that continually monitor workforce data and input from employers so they can identify the skills needed by the region's employers so employees can access higher-paying jobs. Sooch includes a focus on credentials as part of its strategic lens, as this can be key to providing access to a higher wage in the local economy.

Priorities for credentialing: low-income participants, high demand jobs, short time investment, measurable wage change, stackability (or career path options).

Sooch chooses highly regarded nonprofits who have a history of systematically drawing upon data from the Texas Workforce Commission, Travis County, and the City of Austin to identify careers that fit the priorities of both the nonprofit and the foundation. Many in Sooch's nonprofit networks also work directly with unions or employers to determine curriculum. This collaborative approach with Sooch Foundation's network of partners and other relationships in the community allows the grantmaker to continually triangulate data. The strategy further enables the foundation to experiment, evaluate and recalibrate program efforts and outcomes in a collaborative way with its grantees.

As U.S. Supreme Court Justice Potter Stewart once said of a difficult to define concept, "We know it when we see it." In the case of a quality credential this is only true with the help of heavily triangulated information that comes from deep and continual collaboration.

Example: Helios Education Foundation, Phoenix, Arizona and Tampa, Florida

With offices in both Phoenix, Arizona and Tampa, Florida, Helios Education Foundation's vision is that all students are prepared for and have the opportunity to attend postsecondary education. Rooted in education Helios' community investments are made across three impact areas spanning early childhood to postsecondary completion.

While credentialing is not a direct strategy the Foundation supports the development of high-quality credentials in a number of ways. First, in both Arizona and Florida, Helios collaborates and supports statewide organizations leading initiatives aimed at increasing postsecondary completion rates. This includes defining what a high-quality certificate entails and identifying ways to collect data around these certificates. Second, in both states, the foundation has supported reverse transfer programs between two-year colleges and four-year universities. Through reverse transfer, four- or two-year institutions can send course grade information to two-year institutions from which a student has transferred. If eligible, the student is awarded an associate degree. As a result, this helps the student earn a stackable credential that can lead to further degree and career advancement.

Where can I find additional resources?

Credentials are tools that can be important for the growth of many of our students. As you decide how your foundation might incorporate credentials into your postsecondary completion strategies, we recommend some additional resources:

- Lumina Foundation, “Connecting Credentials”: <http://connectingcredentials.org/>
- Lumina Foundation, “Unlocking the Nation’s Potential”: <https://www.luminafoundation.org/files/resources/unlocking-the-nations-potential-1.pdf>
- National Student Clearinghouse: <https://studentpathways.org/>
- Credential Engine: <https://credentialengine.org/2018/04/05/counting-u-s-secondary-and-postsecondary-credentials-april-2018-report/>
- The National Bureau of Economic Research: “The Value of Postsecondary Credentials in the Labor Market”: <https://www.nber.org/digest/mar15/w20528.html>
- CLASP: <https://www.clasp.org/resources-postsecondary-credentials>

Endnotes

ⁱLeventoff, J. (2018). Measuring non-degree credential attainment: 50 state scan. National Skills Coalition. Retrieved from: <https://www.nationalskillscoalition.org/resources/publications/file/Measuring-Non-Degree-Credential-Attainment-50-State-Scan.pdf>

ⁱⁱAssociation for Career and Technical Education. What is a credential? Retrieved from: https://www.acteonline.org/wp-content/uploads/2018/02/What_is_a_Credential_71417.pdf

ⁱⁱⁱEverhart, D., Ganzglass, E., Casilli, C., Hickey D., & Muramatsu B. (2016). Quality Dimensions for Connected Credentials. American Council on Education. Retrieved from: <http://connectingcredentials.org/wp-content/uploads/2016/04/Quality-Dimensions-for-Connected-Credentials.pdf>

Contributing Writers:

- Jenny Achilles, Director of Partnerships & Programs, Trellis Foundation
- Erica V. Ekwurzel, Founder, CivicAIM
- Paul Perrault, Vice President of Research & Evaluation, Helios Foundation
- Mary Ellen Pietruszynski, Executive Director, Sooch Foundation

**Produced by the Grantmakers for Education
Data Impact Group**

