

## Policy Brief

January 2013

### Sub-Baccalaureate Credentials: Improved Data Measurement Needed

Sub-baccalaureate credentials can have a strong economic impact for students, employers and their communities. Unfortunately, that impact is currently obscured and potentially blunted by a shortfall of meaningful data collection. This brief discusses what makes credentials unique in the field of educational attainment, and makes recommendations about how better measurement can lead to improved outcomes.

#### ***What are Sub-Baccalaureate Credentials?***

While various terms are used to describe sub-baccalaureate credentials, they are best understood by the benefits they bring to students, employers and the state. The terms themselves can be slippery: what is known as a ‘one-year certificate’ in one state may be called a ‘diploma’ in another state. Therefore, we use the umbrella term *credential* to encompass sub-categories such as certificates, certifications, apprenticeships and licenses. We use the term ‘sub-baccalaureate’ to indicate that the credential is earned below the four-year degree level.

Beyond the terminology, what is most important about credentials are their economic characteristics, such as:

- the jobs they lead to;
- the wages that can be earned in those jobs;
- whether they are ‘stackable’ to higher postsecondary degree attainment, and;
- whether they are ‘portable’ within a career and lead to industry-recognized exams or state licensures.

#### ***The Economic Impact of Credentials***

Credentials bring economic benefits to the students who earn them, to employers who increasingly demand them, and to the communities and states. High school graduates who earn credentials can earn an average of 20 percent more than those who do not, nearly \$240,000 over a lifetime.<sup>1</sup> If only half of workers with only a high school diploma were to earn a credential, the state would stand to gain over \$316 million in sales and income tax revenue each year. By 2018, there will be 400,000 job openings in Indiana that will require more than just a high school diploma.

#### ***Limitations on Data Regarding Credentials***

The current limitations of data collected on credential programs and their economic impacts are a serious liability to effective administration of these programs. Little data is collected on programs below the

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<sup>1</sup> Certificates: Gateway to Gainful Employment and College Degrees, Georgetown University Center on Education and the Workforce p.18

associate's degree level, a problem complicated by the wide variation in length and composition of credential programs. Furthermore, while many education-related studies focus solely on degree-seeking programs, at the same time much labor-market research also neglects credential programs.

### ***The Problem with 'Some College, No Degree'***

While the U.S. Census American Community Survey (ACS) provides useful information about American families, its information on educational attainment needs improvement. Currently the survey counts any college study below the associate's degree level in the category 'Some College No Degree'. Unfortunately, this category does not distinguish the holders of credentials from students who drop out of college after a year. Because the survey uses this educational attainment measure to track other economic data, the misleading 'Some College, No Degree' label makes it difficult for states and researchers to identify and track the impact of credentials in their communities.

### ***Recommendation: Create a Category for Credentials in the U.S. Census ACS***

To provide more accurate information, the Census should include information about credentials in educational attainment that differentiates from 'Some College No Degree'. The credential attainment information will help states, educational institutions, and workforce development organizations produce research that more accurately reflects the distinction between credential holders and college dropouts.

### ***Recommendation: Track Outcomes through Cross-Agency Credential Measurement***

Indiana can better track the effectiveness of credential programs by measuring outcomes across state institutions and agencies. This tracking would be part of a robust tracking policy known as Cross-Agency Credential Measurement (CACM). CACM would not only collect data about credentials from all state education and training programs, but would measure how these programs are meeting employer demands and filling the skills gap. CACM would also allow the governor to set a baseline for credential attainment, set new goals along the way and to publicly report on progress over time.

CACM is a complement, not a substitute for, traditional efforts to track educational outcomes, such as those performed by IWIS or other SLDS activities. Far from being a substitute to these efforts, CACM is an effort to broaden how the state would track skills and credentials beyond the traditional pathway of degrees.

Indiana can benefit from implementing best practices from states that have successfully implemented Cross-Agency Credential Measurement, including Maryland, Colorado, Rhode Island and Massachusetts. Several elements and steps to implementing CACM common to all states include:

- State leadership: CACM program should be overseen by the governor (or high-level designee) with authority over multiple education and workforce development agencies. This leadership should set a bold goal for skill attainment and credential outcomes.
- Policy codification: CACM policy should be codified through Executive Order or legislation in order to give the policy weight and to sustain it over time.

- Establish a Cross Agency Council: The state should establish a senior-level cross-agency council to collect analyze and report on credential attainment data. Members often represent the education, workforce and economic development sectors.
- Data collection: States should measure education and training outcomes across the broader range of credentials and skills in addition to traditional educational pathways. Focus should be trained on collecting yearly enrollments and completions; number and type of credentials attempted and completed; matriculations to further education/training programs; and industry sector or occupational category in which the credential/skills were obtained.
- Data Reporting: The cross agency council should establish a process for regularly reporting outcomes, as well as establishing an attainment measurement accountability process.
- Aligning Credential Outcomes with Labor Market Demand: By measuring outcomes for the full range of education and training investments, states can identify gaps with demand in the labor market and realign investments to better ensure economic growth.<sup>2</sup>

Read the Institute's full report *Credentials of Opportunity: Better Jobs, Better Employment & Better Outcomes for Indiana* at <http://www.incap.org/credentialreport.html>

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<sup>2</sup> <http://www.nationalskillscoalition.org/states/state-policy/cross-agency-credential.html>