

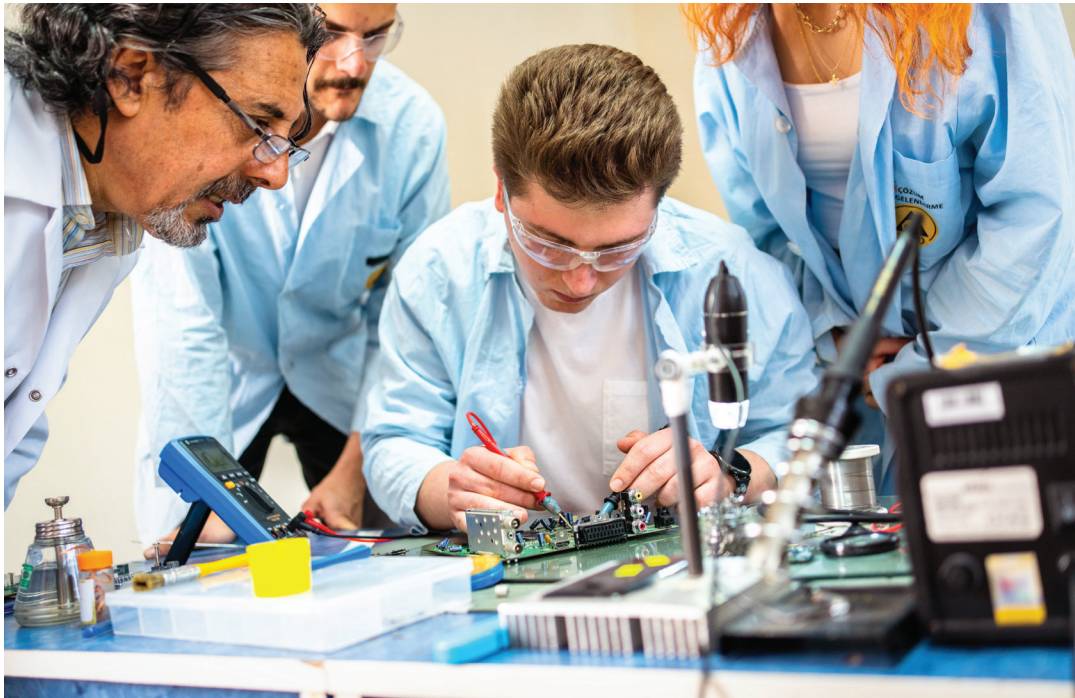
REPORT

Nondegree Credential State Policy Framework



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Introduction

The future of work is changing rapidly, and so is the demand for traditional education credentials. Increasingly, states are challenged to fill middle-skill jobs—those requiring some postsecondary education but not a four-year degree—and are looking to alternatives, including [removing formal degree requirements](#) from job postings and shifting to skills-based hiring approaches.

As demand for career-ready and skilled workers increases, state legislative interest and [investment in short-term](#) and nondegree credentials is growing. Nondegree credentials include a range of programs such as certificates, industry certifications, microcredentials, occupational/professional licenses, and apprenticeships. These options often require far smaller investments in time and money than traditional degree programs, but are not exclusive of traditional programs; in fact, nondegree credentials yield particularly [positive returns](#) when combined with associate and bachelor’s degrees.

State legislators are critical actors in this complicated space, developing policy across K-12 and higher education and workforce development sectors to improve outcomes for students and employers. As non-degree credential offerings expand in the states, ongoing challenges include how [quality is defined](#) and whether there are quality indicators in place; how to [promote the value](#) of nondegree credentials to students and employers; how to use and validate nondegree credentials for [hiring](#); and concerns about [equity in outcomes](#).

The National Conference of State Legislatures convened a working group of state legislators and legislative staff who met in person and virtually numerous times throughout 2023. The working group emphasizes that completion of a nondegree credential can signal many of the same “durable” or “soft skill” competencies typically conveyed by a two- or four-year degree, such as determination, problem solving and communicating. A student who has earned a quality nondegree credential can demonstrate career readiness with a set of both hard and soft skills. Hard skills are those determined to be most useful to an industry, and soft skills are transferable across industries throughout a career.

State legislatures have a variety of policy levers related to nondegree credentials, including creating new programs and funding structures or making changes to existing nondegree credential programs; collecting and using data about quality and outcomes; and making various state investments and policy choices that impact nondegree credential offerings for today’s students. The working group recommends that policy-makers consider the following policy principles as they develop policy related to nondegree credentials.

NCSL Nondegree Credential State Policy Framework



Definitions for Nondegree Credentials

Creating consistent definitions for nondegree credentials is an important first step toward improving participation and success in nondegree education programs. The development of a unified understanding of nondegree credentials will not only help students to recognize how these credentials can potentially lead to high-demand, quality jobs, but also help states to create a plan to increase employment.

There are a wide range of available nondegree credential pathways as well as a breadth of providers and popular programs. However, not all nondegree programs are created equal; some programs provide more value than others, creating a stronger return-on-investment for students. Therefore, it is important for states to both define the credentials themselves and develop criteria to determine the quality and value of each credential.

The [National Skills Coalition](#) lays out the importance of building robust quality assurance frameworks for nondegree credentials in its [Nondegree Credential Quality Imperative](#) report. The paper shares reflections and outcomes from a multiyear effort across eleven states to identify what makes a nondegree credential valuable for students. The Coalition also explored ways that states can measure and track quality and implement these concepts in practice. The alignment of access, affordability and attainment policies with a quality assurance framework is a central theme throughout the report.

Another motivation behind creating consistent definitions is the opportunity to identify new credentials that can help workers meet demands for the future. The global economy is experiencing the emergence of new [technological advancements](#). Digitization, artificial intelligence, bioengineering and automation can potentially thrust the participating workforce into unknown territory.

The McKinsey Global Institute [projects](#) there could be up to 12 million occupational transitions needed by 2030. As people leave shrinking occupations, the economy could shift toward higher-wage jobs that require significant reskilling support for workers. A quality definition for nondegree credentials may help future displaced workers find new trajectories and respond effectively to rapidly changing workplace expectations.

State Legislative Examples



FLORIDA

[SB 266](#), passed in 2023, requires the state Board of Governors, which oversees all public universities in the state, to align the missions of each constituent university with the academic success of its students as well as the existing and emerging economic development needs of the state. The bill also requires periodic reviews by the Board of Governors of the existing academic programs and missions of the constituent universities. Following the review, the Board must make updates or revisions to increase alignment across universities. By mandating this review process, Florida has demonstrated its intention to align academic goals, promote nondegree credential attainment, and identify key areas for economic development in the state.



MICHIGAN

In 2019, [SB 268](#) defined an “industry-recognized certificate or credential” as a certificate or credential that is portable and is sought or accepted by multiple employers within an industry for the purposes of recruitment, hiring or promotion. The bill also establishes financial aid programs for individuals seeking associate degrees or industry-recognized certificates/credentials from different educational and jobs training programs. The goal is to provide students with greater access to the education and skills needed to meet the demands of an evolving economy. The state also plans to increase the number of residents ages 25 to 64 with a college degree or skill certificate or credential to 60% by 2030.

Alignment and Coordination

Nondegree credential options exist across the education and workforce spectrum. Nondegree options can be issued by K-12 schools, higher education institutions, employers, third-party companies and other providers. This expansive ecosystem of providers creates complicated entry points for state policymakers seeking to ensure affordability and quality outcomes. Nondegree options must also be aligned with state labor market needs, which shift frequently due to technological changes, demographic shifts and macro-economic conditions. Given these challenges, it is important for legislators to carefully consider the alignment of nondegree credentials within their local, regional and state landscape.

Credentials must be tied to relevant and in-demand workforce needs to provide a demonstrable value to learners, businesses and communities. State policymakers can use occupational projections, such as [newly released data](#) from the Bureau of Labor Statistics or state economic and workforce agencies, to understand broad trends while also focusing on their unique state context. Some states, including [New Jersey](#) and [North Carolina](#), have published lists of in-demand or industry-valued credentials available through their programs. States can also support direct engagement between education providers and local employers to better understand the in-demand credentials in their area.

As states work to ensure nondegree credentials are connected to workforce demand, they must also examine how these options integrate into their state’s education and workforce training system. Many non-degree credentials are awarded at community and technical colleges, which over the past decade have experienced large degree [enrollment declines](#) along with an [uptick in students enrolled](#) in nondegree programs. With growing career and technical education programs in high schools, more students can start or earn a credential before entering postsecondary education. Expanding nondegree credential opportunities is part of a growing trend to reduce the barriers between K-12 and postsecondary education. Jobs for the Future, a national nonprofit advocating for transformation of the workforce and education systems, covers the restructuring of education opportunities between high school and college in the publication [The Big Blur](#).

State Legislative Examples



SOUTH CAROLINA

In 2021, using federal COVID relief funds, Gov. Henry McMaster launched a program to provide additional funding to reskill workers in the state Technical College System. Enrollment was strong, and in 2022, the legislature passed [HB 3144](#), which created the South Carolina Workforce Industry Needs Scholarship (SCWINS). The scholarship provides free tuition, fees and related course materials (up to \$5,000) at the state’s 16 technical colleges for students pursuing a credential in a high-demand workforce field. These fields currently include health care, computer science and IT, advanced manufacturing, criminal justice, and early care and education. As of September 2023, more than 32,000 students had earned an industry credential through the SCWINS program.



DELAWARE

In 2021, Delaware passed [HB 166](#), which created the [Elevate Delaware Program](#), providing up to \$10,000 for students approved for noncredit certificate programs. The funding can be used to cover direct program costs or basic living expenses while enrolled. Individuals are eligible if they are employed by a company with fewer than 51 employees and pay Delaware income tax. The legislation also required the state Workforce Development Board to create a list of eligible noncredit certificate programs and establish priorities based on the skill requirements of employers in the state.



Metrics and Evaluation

Despite the growing interest in nondegree credentials, over [40% of certificate and credential programs fail to recoup net costs for students](#), according to the center-left think tank Third Way. This disconnect between credential programs, students and government can be partially attributed to the lack of metrics and evaluations for the programs. Obtaining data and creating useful metrics is essential to effectively evaluating the success of, need for and quality of nondegree credentials programs. Before metrics can be used, it's important that all stakeholders are on the same page about what the benchmarks mean. It can be helpful to create common definitions for metrics, tests, outcomes and more so that all stakeholders understand what they cover. According to a previous [NCSL report](#), creating uniform definitions is one way states and legislatures can follow evidence-informed policymaking principles.

Some organizations have already created common definitions for important terms in the credentials space. The [National Skills Coalition](#) recommends using criteria such as evidence of substantial job opportunities, evidence of competencies mastered by credential holders, and evidence of employment and earnings outcomes to define a quality nondegree credential. In addition to defining quality nondegree credentials, the coalition's report also covers quality assurance and defines certificates, industry certifications, apprenticeship certificates, occupational licenses, and badges and microcredentials.

While definitions are important, there need to be metrics and evaluations that ensure students are learning what they are supposed to and that the credential is providing value to those who earn it. A wide range of organizations have developed different ways to measure credential quality. The [Education Quality Out-](#)

comes Standards Board released a framework for quality assurance in 2018, and Rutgers University and the National Skills Coalition followed with criteria of their own shortly after. While these reports come from different organizations, they overlap on key criteria, including:

- Are credentials designed to effectively teach content, and are they “stackable,” or combinable, with other programs and institutions?
- Is there evidence of competencies mastered by credential holders?
- Is there recognition of the credential by employers and market forces?
- Are there substantial job opportunities for credential holders?
- Is there evidence of positive career, employment and earning outcomes for credential holders?
- Do students complete the course, and are they satisfied with their program?

These indicators can be used to create metrics and goals for programs. Some examples of metrics include median earnings upon completion of the credential as well as longer-term earnings, job attainment rates in fields and careers related to the credential earned, student satisfaction with post-credential employment, and a positive change in earnings after completing the credential. To ensure programs are producing positive outcomes, legislators may consider tying funding for programs to achieving some of these metrics or achieving certain goals set by the legislature.

State Legislative Examples



NEW JERSEY

In 2021 and 2022, New Jersey enacted [SB 1271](#) and [AB 1695](#), directing the offices of the Secretary of Higher Education and the Commissioner of Labor and Workforce Development to design performance quality standards for both public and private “career-oriented programs.” New programs are required to provide sufficient academic quality and show evidence of labor market demand.



IOWA

Iowa has a robust system for nondegree credential attainment, in part due to its [Gap Tuition Assistance Program](#), which provides financial support for students completing short-term training programs for in-demand occupations. Data collection is an instrumental part of the program. The state tracks [employment outcomes](#) for students who complete an eligible training program. Some of metrics measured are wage growth, employment and the percentage of students who continue their education.

Outcomes for Students

The United States education system has faced [criticism](#) for not properly equipping students with the skills needed to become financially stable in the job market. Since the COVID-19 pandemic, the disconnect between education and employability has become even more pronounced. Many attribute the unprecedented labor shortages, which continue to plague the workforce, to a lack of skilled talent needed to maintain public and private sectors.

A 2021 report on [graduate employability](#) surveyed Americans who graduated from a two-year or four-year college in the previous five years. The survey found that nearly 1 in 5 (19%) reported that their college education experience did not provide them with the skills needed to perform their first post-degree job. Job candidates reported feeling underqualified and ill equipped for the skills and capabilities required for jobs. Nondegree credentials have the potential to fill the gaps in traditional four-year degrees and offer students a valuable alternative.

Nondegree credentials can generate sizable returns, especially when stacked on top of associate and bachelor's degrees. A [Strada report](#) on the outcomes of nondegree credentials evaluated the prevalence, quality and value of nondegree credentials by length of program, field of study, provider, gender, race/ethnicity, parents' education, and generation. The results demonstrate that students are satisfied with their experiences in nondegree pathways, with 65% of those who completed nondegree programs saying their education was worth the cost, and 49% saying it helped them achieve their goals.

Stackable credentials are programs that are part of larger sequences of credentials that can be aligned through pathways to lead to further education or a career. The Strada survey found that 70% of those who had both an associate degree and a nondegree credential said their education made them an attractive job candidate, compared with 43% of associate degree holders without a nondegree credential.

The value of a credential also depends on the wages it allows workers to earn. Adults with both associate degrees and nondegree credentials have reported earnings of \$50,000 annually. While that reported salary is lower than that of an average worker with a bachelor's degree or higher (\$75,000), it represents a significant jump above the earnings of high school graduates (\$32,000). These outcomes can be available for future workers if policymakers are intentional in promoting and providing credentials for jobs that are in demand and high paying.

State Legislative Examples



LOUISIANA

Louisiana's Board of Regents created a [Higher Education Master Plan](#) to provide a broad vision for the state's higher education system, increase educational attainment and make investments toward better lives for Louisiana citizens. The [one-year review](#) of the plan stipulated that nonacademic credentials of value will be counted toward the state's attainment goal. Credentials of value must meet the following five standards:

- Provide valid, reliable and transparent evidence of the competencies mastered and conferred by an entity recognized by business and industry and/or the state of Louisiana.
- Align to an occupation with a three-, four- or five-star rating as defined by the Louisiana Workforce Commission based on job demand, projected job growth and earnings.
- Lead to an occupation with a 20% wage premium over a high school diploma in Louisiana.
- Provide evidence for employment and wage outcomes.
- Meet these criteria as a stand-alone credential, independent of another credential.



INDIANA

Indiana passed [SB 198](#), or the [Workforce Ready Grant](#), in 2017. The legislation allowed residents who have earned a high school diploma, but not a postsecondary degree, to enroll in no-cost training programs in certain high-demand fields. The grants may be used only for 125 high-value certificate programs in advanced manufacturing, building and construction, health and life sciences, IT and business technology, and transportation and logistics. Through the passage and maintenance of the bill, Indiana has demonstrated its intention to promote high-demand jobs and set students up for positive outcomes.

Promotion of Nondegree Credential Attainment

As students work to complete a nondegree program, they face numerous challenges that may hinder obtaining the credential in a timely and affordable manner. Additionally, nondegree programs are sometimes perceived as being less valuable and less prestigious than college degrees. This stigma is compounded by a lack of information about nondegree options among prospective students. According to a [2023 survey from Jobs for the Future](#), nearly two-thirds of youth said they would have considered a nondegree pathway program if they had known more about it, and one-third said they lacked confidence in knowing the steps to take to transition into a post-high school career and education.

Even students who are enrolled in nondegree credential programs continue to face obstacles. A [2023 survey](#) from Gallup and Lumina Foundation found that program cost is the largest reason why students are not enrolled in a nondegree or credential program. Learners enrolled in nondegree credential programs are generally [not eligible](#) for Federal Pell Grants. These learners, who are often adults, typically face higher [costs beyond tuition](#) such as child care, housing, transportation and food. These costs, even when they represent relatively small financial outlays, can create massive setbacks for students pursuing a postsecondary credential.

Students who overcome these challenges and obtain a nondegree credential must then be able to use it in the labor market. Policymakers can help students use these credentials for future learning and in multiple job markets by supporting credential portability and stackability. Portability means that credentials issued in one state or region are recognized and valued in other states and regions. Stackability is a core element of promoting lifelong learning and allowing learners to reskill, upskill and learn new trades as needed. [Research from WestEd](#) has shown the importance of skill building to help learners and their families move up economic rungs and obtain a high return on investment.

State Legislative Example



VIRGINIA

Passed in 2016, [HB 66](#) created the state's FastForward program, which offers financial aid for students pursuing short-term credential training programs at Virginia community colleges. Programs are funded via the [“paying for success”](#) model in which students pay one-third of tuition costs upon registration. An additional third is covered by the state upon training completion, and the final third is paid by the state when a credential is earned. As of January 2023, over [32,000](#) certificates and credentials have been issued in 40 in-demand careers across the state, and the average wage gain from program completion is \$11,626.

Conclusion

The NCSL Working Group on Nondegree Credentials found that the rapidly evolving nature of the workforce, growing interest in skills-based hiring, and the changing needs of today's students are shifting enrollment patterns such that more students are pursuing nondegree credentials than in the past. As states invest in nondegree credential programs, they can consider a variety of factors for how these credentials will impact their state's educational and workforce systems.

Acknowledgment

The NCSL Nondegree Credentials Work Group was staffed by, and this report was written by, the following NCSL Staff:

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The work group first convened in March 2023 with the goal of identifying, developing and refining key state policy issues related to nondegree credentials. The group met in person in June 2023 in Bentonville, Ark., and in October 2023 in Raleigh, N.C. The group also convened virtually in August 2023 and November 2023 to develop this policy framework.

NCSL extends deep appreciation to the members of the working group for dedicating their time and energy to this project and for their thoughtful consideration of how nondegree credentials can support their states. NCSL hopes this framework will assist state policymakers across the country as they navigate challenges related to nondegree credentials in their education and workforce development systems.

NCSL Nondegree Credentials Working Group Members

- Sen. Scott Kawasaki, Alaska
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- Lonnie Edgar, deputy director, PEER Committee, Mississippi
- Rep. Yanira Gurrola, New Mexico
- Sen. Frank M. Ruff, Virginia
- Rep. Sharon Tomiko Santos, Washington

NCSL Resources

- State Approaches to Nondegree Credentials, nctl.org/education/state-approaches-to-nondegree-credentials
- Measuring the Quality of Nondegree Credentials, nctl.org/labor-and-employment/measuring-the-quality-of-nondegree-credentials
- Affordability for Nondegree Credentials, nctl.org/labor-and-employment/affordability-for-nondegree-credentials

Additional Resources

- The Non-Degree Credential Quality Imperative, National Skills Coalition, <https://nationalskillscoalition.org/resource/publications/the-non-degree-credential-quality-imperative>
- Making Sense of Quality in the Non-Degree Credential (NDC) Marketplace—Implications for Policy-makers and Practitioners, Rutgers School of Management and Labor Relations, <https://smlr.rutgers.edu/faculty-research-engagement/education-employment-research-center-eerc/eerc-projects/mapping-non>

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