Credentials FOR Success

Massachusetts Business Alliance *for* Education

# What States Are Doing to Expand Access to Industry Recognized Credentials

Many states recognize the value of students earning industry-recognized credentials (IRCs), which certify an individual's qualifications and competencies. IRCs are globally portable and can be accumulated over time to build up an individual's qualifications to pursue a career pathway or another postsecondary credential after high school.

Delaware, Florida, Louisiana, Ohio and Wisconsin adopted strategies to increase opportunities for students to earn industry-recognized credentials in high school to address the challenges of converging economic and educational trends similar to what Massachusetts is experiencing:

- a rapidly changing economy due to increased automation and globalization
- growing need for a workforce able to fill middle skills jobs
- skills gap between what employers require and the competencies students possess
- the urgent need to provide students career preparation and pathways that prepare them for jobs in high wage, in-demand industries and higher education opportunities

Expanding access to industry recognized credentials helps meet labor market demands and provides students opportunities for upward mobility. To address our urgent skills gap, Massachusetts should adopt and customize an incentive model like those used successfully in other states highlighted here.

## Success with State Credential Programs

Industry-recognized credential programs in Delaware and Ohio do not offer incentives. Instead, they integrate credentials into the school curriculum and current career preparation activities like work-based learning and internships.

**Delaware** established its Delaware Pathways program in 2014 with 27 students in an advanced manufacturing pathway. The state saw a growing gap between the needs of employers and the skills students needed as well as a gap in the number of black, Hispanic and low-income students who left high school with the skills to pursue higher education or a middle skill job. Today, there are 14 pathways serving over 9000 students in fields such as finance, healthcare and information technology. In collaboration with business, secondary and postsecondary institutions and families, Delaware aims to enroll 20,000 students in pathways by 2020.

In **Ohio** students can earn industry-recognized credentials in one of 13 career fields with a choice of over 250 in-demand credentials. The program is included in one of three pathway options for high school graduation. The program was developed in 2014 by a coalition of 15 school districts, Columbus State Community College, and various community and business partners in four industries – Information Technology, Logistics, Healthcare and

Advanced Manufacturing. Students in any district can sign up for an industry-recognized credential course. Ohio includes industry-recognized credentials as a measure of how well schools prepare students for life after high school on school state report cards.

These models align with how Massachusetts currently approaches career preparation. An industry-recognized credential program will naturally align with other state efforts such as the Innovation Pathways. While this model is successful in Delaware and Ohio, to address Massachusetts' skills gap, an incentive model, also integrated into career pathways and school curriculum, would accelerate access to more students.

## Expanding Access with Incentives

Florida, Wisconsin and Louisiana have implemented similar models, but have adopted incentives to dramatically increase the number of students earning high value industry-recognized credentials in high wage, in-demand fields. As a result, these states see student demand and enrollment in the program increase year over year.

**Wisconsin** began its program in 2013 and capped funding at $3 million with incentives set at $1,000 per student. The program was oversubscribed in its first year and incentives were prorated at $882 per student. In 2018, the program budget increased to $3.5 million. Student demand for this program continues to grow.

**Louisiana**'s program began in 2014 with 14,473 students who earned national or state industry-based credentials. In 2017, over 41,000 high school students attained a credential. Louisiana distributes incentives through its Career Development Fund which is uncapped and currently stands at $12 million. The incentive rate is $238 per student, per credit for each student who enrolls in an industry-recognized credential course. After four years of implementation and increasing student demand, 2018 will be the first year in which industry-recognized credential courses are a requirement for high school graduation.

**Florida**'s program is the oldest. It began in 2007 with 803 students earning industry certifications. The initial cost of the incentive program was $550,000 for the 2007-2008 academic year. By 2015-2016 the state investment was $50 million as a result of rising student demand for the program. Over 71,000 students earned industry-recognized credentials in 2016. Incentives ranged from $416-$832 per student in 2016-2017. Student enrollment in the program continues to rise each year. Florida has included industry certifications in the high school grading formula since 2010.

### Florida Student Outcomes

In Florida, students who graduate with an industry-recognized credential outperformed peers who graduate without an industry-recognized credential by several academic measures. Students enrolled in the program demonstrated higher:

- GPAs;
- Graduation rates; and
- Postsecondary enrollment rates

Students also had higher placement rates in employment following high school graduation. Data also indicates that high school graduates with industry certifications surpassed peers in overall average earnings by the third year.

Graduates with industry-recognized credentials show higher performance in placement rates and earnings over time.[1]

The success of these state incentive models captured the attention of states searching for an innovative solution to close the skills gap. The following states enacted legislation between 2016-2017 to appropriate funds to create incentive programs for students to earn industry-recognized credentials.

**Colorado:** $1 million annually
**North Carolina:** $600,000 for 2016-2017
**Nevada:** $2.9 million
**Minnesota:** $1 million annually
**South Carolina:** $3 million for 2016-2017

These states underscore the value of this approach and can be a guide for Massachusetts. Each has customized an industry-recognized credential program that fits their state's needs and Massachusetts can do the same. Industry-recognized credentials can be integrated into several state efforts underway such as the High-Quality College and Career Pathways, skills training and apprenticeships. Initiatives like the Innovation Pathways and vocational technical and traditional school partnerships only serve a fraction of high school students. Massachusetts must adopt an incentive model to accelerate access to more students and address the lack of career preparation of over 200,000 high school students and provide options to approximately 3000 students on vocational technical school waitlists.

## Closing the Skills Gap and Fueling the Growth of a Diverse Workforce Pipeline

Massachusetts can customize and improve upon the industry-recognized credentials models by addressing access and equity at the outset. MBAE's proposal includes funding for implementation to encourage less well-resourced districts to participate in the program. No other state has included startup funds for this purpose. MBAE's proposal focuses on credentials with value now and in the future and calls for alignment of industry-recognized credentials with the state's high priority industry sectors and its High-Quality College and Career Pathways initiative.

To accelerate access to career preparation and pathways for ALL students, Massachusetts should adopt the incentive model to address our urgent skills gap.

MBAE's proposal makes career preparation and pathways an option for ALL students. An industry-recognized credential program can provide Massachusetts students with essential, real world skills they can apply in pursuing higher education options or a job in a high-wage, in-demand field.

MBAE's proposal fuels a diverse, highly skilled workforce pipeline that is the engine of growth and prosperity and helps close the equity, skills, and education achievement gaps by putting students on pathways to success. It will strengthen business and our state economy.

MBAE is being advised on this project by senior human resource experts that are members of MBAE's Future Ready Advisory Council. Contact Jackney Prioly Joseph at jpjoseph@mbae.org for more information.

Credentials FOR Success