



Stackable Credential Policy TOOLKIT

PART OF NSC'S SKILLS EQUITY AGENDA



JOB-DRIVEN
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ALIGNMENT



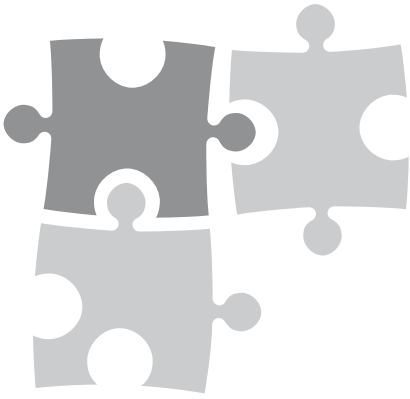
INTEGRATED EDUCATION
AND TRAINING



TEMPORARY ASSISTANCE
FOR NEEDY FAMILIES



A **stackable credential** policy allows working learners to balance their education and training with job schedules, family needs, and financial resources by earning short-term, industry-validated credentials one at a time. Stackable credentials articulate toward a higher level certificate or degree, but allow students to periodically stop out for work or family responsibilities without losing credit or having to repeat what they've already learned.



Stackable Credentials Toolkit

SECTION I. PURPOSE OF TOOLKIT

This toolkit provides resources to state policymakers and advocates on state policies for stackable credentials. Stackable credentials are among a set of state “skills equity policies” being promoted by National Skills Coalition (NSC). These policies are aimed at expanding equitable access to middle-skill training, credentials, and family supporting careers, particularly for those who have faced barriers to economic opportunity.

If our nation is to meet skill needs of employers and provide workers with skills required for higher levels of employment and earnings, more individuals must obtain postsecondary credentials. Middle-skill jobs, which require more than a high school degree but not a bachelor’s degree, account for 54 percent of United States’ labor market, but only 44 percent of the country’s workers are trained to the middle-skill level.¹ This skill gap is not evenly distributed across the population. According to the Lumina Foundation, looking at all postsecondary levels, only 9 percent of those from the lowest income quartile attain a postsecondary credential. If we are to meet the nation’s skill needs, we must increase the attainment of postsecondary credentials, particularly among populations that have historically been left behind.

Stackable credentials² are an emerging tool for providing equitable access to postsecondary education and training and for increasing postsecondary credential attainment. Stackable credentials are those that articulate toward a higher-level certificate, degree, or other credential. Credentials at the beginning of the sequence allow students to earn a short-term, industry-recognized credential so they can find skilled work while preparing for the next step in their career. These short-term credentials count toward education requirements for

another credential so that students who need to temporarily “stop out” of their education to work or attend to family needs can do so without losing credit for prior education.

Stackable credentials are particularly useful for increasing credential attainment among low-skill, low-income working adults. Working adults can complete education or training that matches their resources and needs, receive a credential, and continue on at a later time without having to repeat what they already learned. In the meantime, they have a credential they can show a potential employer.

States can adopt policies that require postsecondary institutions to offer stackable credentials and/or that provide state funding to establish stackable credentials. States looking to establish robust policies should both require postsecondary institutions to offer stackable credentials and provide funding to institutions to develop them. However, in many states, institutions of higher education have a great deal of autonomy from state control. In such states, it may not be possible for states to mandate that institutions offer stackable credentials. Such states, though, could still support stackable credentials by providing funding to institutions that decide to offer stackable credentials.

Stackable credentials are an emerging tool for providing equitable access to postsecondary education and training and for increasing postsecondary credential attainment.

States without policies can use this toolkit to establish them, and those with policies can use it to strengthen or scale up their existing policies. This toolkit provides information that state policymakers and advocates can use to drive the establishment or enhancement of stackable credential policies at the state level. It contains:

- Guidance on key components of a state stackable credential policy, as well as criteria for stackable credentials;
- Examples of state stackable credential policies; and
- A legislative template for a robust stackable credential policy, which can also serve as the basis for an administrative policy.

State policymakers and advocates can use this toolkit to:

- Inform key decisions for establishing or enhancing policies that support stackable credentials;
- Learn about best practice policies from other states; and
- Develop legislation and executive orders that establish stackable credential policies.

What is a stackable credential?

For purpose of this toolkit, a stackable credential is an industry-recognized credential offered by a certificate or other non-degree program, or a third-party certification or occupational license, which articulates toward a higher level certificate or associates degree in the same occupational area. The stackable credential may be offered by an institution of higher education or another type of organization, so long as the credential articulates to a higher level certificate or associate degree offered by state recognized institutions of higher education.

Why should states establish stackable credential policies?

By adopting a robust stackable credential policy that includes a state requirement that institutions offer stackable credentials and funding to support the establishment of stackable credentials, states can:

- Expand the use of stackable credentials;
- Ensure the portability of stackable credentials beyond individual institutions;
- Align stackable credentials with other state policies that support skill equity; and
- Increase the state's performance on the Workforce Innovation and Opportunity Act (WIOA) primary indicator of credential attainment.³

More broadly, states can increase postsecondary credential attainment, particularly among low-skill, low-income working adults.

TYPES OF CREDENTIALS

"Credentials" is an umbrella term that includes, among other things:

Certification

A credential awarded by a certification body (not a school or government agency) based on an individual demonstrating, through an examination process, that he or she has acquired the designated knowledge, skills and abilities to perform a specific occupation or skill. The examination can be written, oral or performance based. Certification is a time-limited credential that is renewed through a recertification process.

License

A credential that permits the holder to practice in a specified field. A license is awarded by a government licensing agency based on pre-determined criteria. The criteria may include some combination of degree attainment, certifications, certificates, assessment, apprenticeship programs, or work experience. Licenses are time limited and must be renewed periodically.

Certificate

A credential awarded by a training provider or educational institution based on completion of all requirements for a program of study, including coursework and tests or other performance evaluations. Certificates, as an academic award, are not time limited and do not need to be renewed.

These definitions are based on the U.S. Census Bureau publication; Stephanie Ewert and Robert Kominski, *Measuring Alternative Educational Credentials: 2012* (Washington, DC: U.S. Department of Commerce, U.S. Census

SECTION II: A GUIDE FOR STATE STACKABLE CREDENTIAL POLICIES

The components of a robust state stackable credential policy

The Toolkit defines a state stackable credential policy as either a state requirement that postsecondary institutions offer stackable credentials, or state funding to establish stackable credentials. Since NSC's skills equity agenda is particularly focused on expanding access to middle-skill credentials and careers, this toolkit concerns stackable credential policies for middle-skill education or training.

NSC recommends that states develop robust stackable credential policies that include both a state requirement and funding. States with robust policies are better positioned to generate and grow stackable credentials, ensure their portability, and align stackable credentials with other skill equity policies. In states where a state level requirement is not feasible, NSC recommends that states provide funding to institutions that decide to offer stackable credentials.

This section of the toolkit provides recommendations to states on each component of a robust stackable credential policy.

State requirement

States should establish a requirement that public two-year institutions offer and recognize stackable credentials. The state should require that institutions offer short-term programs of less than a year that culminate in a certificate or other type of credential that is industry recognized. The state should also require institutions to accept the credits earned as part of these credentials as counting toward longer term certificates or associate degrees in the same field. In addition, longer-term certificates should also articulate to associate degrees in the same field. As shown in the state examples below, these requirements may be established either by statute and/or by a board or other body with requisite authority over the state's public two-year institutions.

Minnesota is an example of a state that established this requirement by statute. Under Minnesota Statutes Section 136F.32, "A technical college or consolidated technical community college shall offer students the option of pursuing diplomas or certificates in each technical education program, unless the board [the Board of Trustees of the Minnesota State Colleges and Universities] determines that a degree is the only acceptable credential for career entry in a specific field. All vocational and technical credits earned for a diploma or certificate shall be applicable toward any available degree in the same program."

In Georgia, the State Board of Technical and Adult Education adopted a statewide policy that technical colleges must offer technical certificates and diplomas that stack to associate degrees in the same occupational area.⁴

In Kentucky and Ohio, the higher education systems established elaborate structures of stackable credentials based on statutory direction. Kentucky statutes (164.580) direct the Kentucky Community and Technical College System (KCTCS) to: "Facilitate transfers of credit between certificate, diploma, technical, and associate degree programs." Based on this language, KCTCS preceded to breakdown technical degree programs into modules that articulate toward certificates and degrees.

Over the past decade, Ohio's General Assembly has passed several measures directing the development of stackable credentials beginning with the Capital Budget, HB 699 in 2007. HB 699 included a provision requiring the Ohio Board of Regents and the Department of Education to develop a system of pre-college and college level stackable certificates. The General Assembly directed that the system of stackable credentials:

(1) Be uniform across the state; (2) Be available from an array of providers, including adult career centers, institutions of higher education, and employers; (3) Be structured to respond to the expectations of both the workplace and higher education; (4) Be articulated in a way that ensures the most effective interconnection of competencies offered in specialized training programs; (5) Establish standards for earning pre-college certificates; [and] (6) Establish transferability of pre-

college certificates to college credit. The board shall develop college level certificates that can be transferred to college credit in different subject competencies. The certificates shall be based on competencies and experience and not on classroom seat time.

Ohio's policy thus recognizes stackable credentials from the private sector, as well as from public institutions.

Funding stackable credentials

Whether or not a state has a policy requiring higher education institutions to offer and recognize stackable credentials, a state should allocate dedicated funding to encourage and support the creation of stackable credentials at individual institutions. In states with decentralized governance of higher education, funding is a way of incentivizing institutions to establish and expand stackable credentials without imposing a state mandate. States can decide to provide funding to every public, two-year postsecondary institution or to select institutions through a competitive grant process. States can also use performance based funding to incentivize institutions to create stackable credentials.

The Massachusetts legislature appropriated funds to the Department of Higher Education to develop, implement and promote stackable credential programs at public higher education institutions (2014, H 4377). In order to implement the legislative requirement, the Department of Higher Education established the Stackable Credentials Programing Grant (see text box).

During the 2016 legislative session, Utah enacted SB 103, the Strategic Workforce Investments Initiative, creating a competitive grant program to establish regional programs of study that lead to the attainment of a sequence of stackable credentials. Under SB 103, a stackable sequence of credentials means "a sequence of credentials that: (a) an individual can build upon to access an advanced job or higher wage; (b) is part of a career pathway system; (c) provides a pathway culminating in the equivalent of an associate's or bachelor's degree; (d) facilitates multiple exit and entry points; and (e) recognizes sub goals or momentum points." The initiative received an initial appropriation of \$1.5 million, with the stated intent that the sum be reallocated in the future. The legislature, itself, administers the initiative. Eligible grant recipients are partnerships of postsecondary or secondary institutions.

STATE EXAMPLES

Massachusetts Statutes

Direct the Department of Higher Education to: assess stackable credentials offered at community colleges, state universities and the University of Massachusetts campuses and, in collaboration with the public higher education institutions and regional workforce organizations, shall: (i) identify best practices to be shared and replicated across campuses to provide a clear and accessible path for students seeking to advance their education through workforce training and preparation; (ii) establish guidelines and standards for earning stackable credentials through workforce development or career and technical education; (iii) identify and implement stackable programs on campuses where further needs exist; and (iv) disseminate information on stackable education pathway opportunities with regional workforce agencies. (General laws, Chapter 15A, Section 15G)

The Department's Request Proposals, which was presumably informed by the assessment described above, explains:

Stackable credential programs provide short term academic preparation and skills training that result in certification of student achievement recognized by employers as addressing the competency requirements of in-demand occupations. Certifications can be aggregated in a prescribed sequence, over time enabling students to progress along a career pathway or up a career ladder to more challenging and rewarding jobs. Students can "stop out" at various points of the stackable credential pathway enabling their transition into the workplace to gain practical work experience and income. The "stop out" will still allow the option to return to an academic program at a later time and "stack" additional certifications or transfer credits toward a college degree.

The Department made \$800,000 available for qualifying workforce training projects, between \$50,000 and \$100,000 per individual project.



Performance based funding

Although not directly funding stackable credentials, states have also incentivized stackable credentials through performance funding. States have included the number of stackable credentials awarded by an institution as one of the metrics for determining performance allocations.

The Florida Career and Professional Education Act (CAPE), for example, allocates incentive funds tied to students' attainment of industry certifications. Colleges receive \$1,000 for each industry certification earned by a student, up to a maximum allocation of \$5 million. Statewide articulation agreements make it possible for students to receive college credit for successfully earning a nationally recognized industry certification. In another example, Ohio's performance based funding system includes the attainment of technical certificates that articulate to longer-term credentials, contributing to a large increase in the number of stackable certificates.⁵ State funding for Ohio Technical Centers is completely based on certificate production.

Criteria

Whether a state requires institutions to offer stackable credentials and/or a state provides funding to support stackable credentials, a state should establish criteria for creating stackable credentials.

1. Types of credentials. States should identify the type of credential(s) that will be awarded for completing short-term programs that stack to longer-term credentials. For example, Virginia's New Economy Workforce Credential Grant Fund and Program, created in 2016 by SB 576 /HB 66, requires participating institutions to offer a "non-credit workforce credential" that articulates credits to certificates and degrees. Oregon's career pathway system includes Career "Pathway Certificates of Completions" that are stackable to Associate degrees. Wisconsin's Technical College System authorizes technical colleges to offer "technical diplomas" and "career pathway certificates" that are embedded in longer-term programs.

- 2. Adult education.** States should offer stackable credentials to adult education students.⁶ North Carolina, for example, provides funding for Basic Skills Plus at community colleges. Basic Skills Plus offers adult education students the opportunity to co-enroll in adult education and occupational courses and to earn a high school diploma or equivalency and "industry recognized marketable and stackable credentials, certificates and degrees that have value in the labor market."⁷
- 3. Industry validation.** In order to ensure that stackable credentials are valued by industry, a state should establish requirements for industry validation. This should include direct employer engagement through sector partnerships.⁸ Under WIOA, states and local areas are required to support sector partnerships. Through sector partnerships, employers work together with education, training, labor, and community-based organizations to develop and implement plans to close skill gaps in a regional industry. This should include establishing sequences of stackable credentials. For examples, Colorado's career pathway system, as established by HB 13-1165 and HB 15-1274, requires industry engagement through regional sector partnerships, which must provide initial input and annually review the design and implementation of career pathways that feature industry-validated, stackable credentials.

Utah's Strategic Workforce Investments initiative requires that groups of five or more employers representing the regional industry sector must provide input and support for education institutions' grant applications to create credential pathways.

A complimentary approach to industry partnership validation of certificates is to accept third-party certifications by industry organizations and occupational licenses. For example, Ohio's criteria for industry-recognized credentials include industry certifications from valid third parties, occupational licenses, registries from professional boards, and apprenticeship completion certificates issued by the Ohio State Apprenticeship Council.⁹ Florida's State Board of Education has approved over 130 statewide articulation agreements under which colleges are required to grant a minimum number of credits, typically three, to students who have attained an industry certification. Wisconsin Technical

College System embeds industry certifications throughout career and technical programs.

It should be noted that industry validation of credentials is an evolving field. WIOA has stimulated interest by incorporating a primary indicator on the attainment of “recognized” postsecondary credentials. In addition to employer engagement and third-party certifications and licenses, states are also turning to labor market information that demonstrates credential demand among employers, and scorecard information on the labor market outcomes of training programs.¹⁰

4. Targeted sectors. States that allocate funding for stackable credentials frequently target certain industry sectors or occupations. States do this to help ensure there is employer demand for the credentials and in order to direct limited resources to industries that are strategic for the state’s economy. Virginia’s New Economy Workforce Credential Grant Program, for example, is limited to high demand fields defined as fields in which there is a shortage of skilled workers to fill current job vacancies or anticipated additional job openings. Proposals funded under Utah’s Strategic Workforce Investments Initiative must be responsive to the workforce needs of the region in a high need strategic industry cluster as identified by the Governor’s Office of Economic Development.

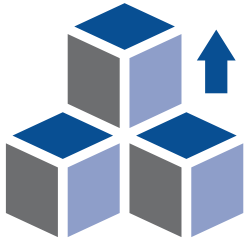
5. Alignment with other skill equity policies. A state may adopt a policy that focuses solely on supporting stackable credentials. A state, however, may also establish a stackable credential policy in alignment with other skill equity policies, such as integrated education and training and job-driven financial aid. Alignment policies are discussed in more detail in NSC’s Toolkit for State Alignment Policies. For now, it is important to note that some of the most ambitious stackable credential policies are part of a broader state alignment policy.

For example, a state may require or fund stackable credentials in alignment with a state financial aid policy. Nebraska’s Community College Gap Assistance Program (2015 Legislative Bill 519) provides financial assistance to low income students in noncredit occupational programs at community colleges that are aligned with training programs

with stackable credentials. Virginia’s New Economy Workforce Credential Grant Fund provides grants to students in noncredit workforce training programs. Students who complete their program need pay only one third of the cost of the program.

Other states support stackable credentials as part of comprehensive alignment policies that combine the central elements that provide a learning pathway for low-skilled adults. For example, Colorado House Bills 13-1165 and 15-1274 require the creation of comprehensive career pathways (beginning with manufacturing, construction, healthcare, and information technology) that include stackable credentials aligned with integrated education and training, career counseling, wrap around support services, and employer engagement through sector partnerships. Iowa Code 2014, Chapter 260H establishes the Pathways for Academic Career and Employment (PACE) Fund, authorizing up to \$5 million per fiscal year that is available for integrated basic education and skills training, career counseling, support services, and the development of stackable credentials.

North Carolina provides funding for NCWorks Certified Career Pathways. In order to be certified, pathways must include industry engagement, partnerships of multiple education and workforce stakeholders, multiple entry and exit points for secondary students and adults, career counseling, integrated education and training, and secondary and postsecondary stackable credentials.¹¹ Oregon’s career pathways include the alignment of all key pathway components: education, training, guidance, support services, sequential course offerings, and stackable credentials.¹² Finally, the Wisconsin Technical College System Board awards funds to create, expand and/or implement career pathways, “a series of connected education and training strategies and support services that enable individuals to secure stackable industry relevant credentials ...”¹³



Stackable Credential Policy

LEGISLATIVE TEMPLATE

This template outlines key components of a robust stackable credential policy and can be used to develop legislation or to inform a state higher education administrative policy. States may wish to include additional detail.

SEC. 1: INTENT

The Stackable Credential Framework and Program are established for the purpose of supporting industry-recognized, short-term credentials and certificates that count toward a higher-level certificate or degree so that individuals can advance in employment and training over the course of their careers.

SEC. 2: STACKABLE CREDENTIAL FRAMEWORK

The Stackable Credential Framework is established in the community and technical college system.

- a. Definitions: A stackable credential is an industry-recognized credential offered by a certificate or other non-degree program, which articulates toward a higher level certificate or associates degree in the same occupational area.
- b. A community or technical college shall offer one or more short-term training programs of 9 to 36 credit hours in each vocational-technical education program of study, unless the [name of appropriate higher education body, hereafter referred to as the, "Board"] determines that a longer-term certificate or degree is the only acceptable credential for career entry in a specific field. Students who complete a short-term training program shall be awarded a [name of credential(s)]. All vocational and technical credits earned for a [name of credential(s)] shall articulate to any available certificate or degree program at a community or technical college in the same occupational area. The Board shall establish policies for the approval of short-term training programs and the award of [name of credential(s)].
- c. A community or technical college shall offer one or more training programs that award a certificate in each vocational-technical education program of study, unless the Board determines that a degree is the only acceptable credential for career entry in a specific field. All vocational and technical credits earned for a certificate shall be applicable toward any available degree program at a community or technical college in the same occupational area. The Board shall establish policies for the approval of certificate training programs.
- d. The Board shall establish policies for the inclusion of industry certifications in short-term and certificate training programs whenever valid industry certifications are available in order to recognize the mastery of skills attained in such programs. The policies shall include the granting of credits for industry certifications that articulate to certificate and degree programs in the same field.
- e. The Board shall establish a process for the industry validation of short-term and certificate training programs. The process shall include the engagement of an industry or sector partnership established under PL 113-128,³ or any successor legislation, if such a partnership, or similar partnership, exists in the sector for which the program trains workers. The process shall also consider labor market information that demonstrates credential demand among employers, and consider information on the labor market outcomes of training programs.

SEC. 3: STACKABLE CREDENTIAL GRANT PROGRAM

The Board shall administer the stackable credential grant program. Grants shall be available to a community or technical college for the development of short-term or certificate training programs that meet the requirements established under Sec. 2 of this Act. Grants shall also be available to non-profit organizations that conduct short-term training programs that award an industry-recognized credential that articulates to a community or technical college certificate or degree program.

- a. The Board shall allocate the grants to community and technical colleges and non-profit organizations by a competitive process.
 - i. The Board shall prioritize the creation of stackable credentials in occupational areas where there is substantial employer demand for job applicants and where employer demand exceeds the supply of students completing training.
 - ii. The Board shall provide technical assistance to colleges and non-profit organizations on the establishment of stackable credentials.
 - iii. The Board shall report to the Governor and the legislative committees on higher education on the outcomes of the stackable credential program, including but not limited to, the number of training programs created and the number of credentials awarded, with information reported for each field of study.

SEC. 4: FUNDING

For the period ___ to ___ \$___ funds are appropriated to the Board for the Stackable Credential Grant Program. The Board shall allocate no more than ___ to any one college or non-profit organization. The Board may use of to 15 percent of the funds to administer the Grant Program, including the provision of technical assistance.

ENDNOTES

¹ National Skills Coalition, "Middle-Skill Job Fact Sheets" www.nationalskillscoalition.org/state-policy/fact-sheets. Middle-skill jobs are jobs that require some form of postsecondary education or training but not a bachelor's degree.

² In this toolkit, "credential" is a general term that includes degrees, diplomas, licenses, certificates, badges and professional/industry certifications.

³ The fourth primary indicator of performance under WIOA is, "the percentage of program participants who obtain a recognized postsecondary credential, or a secondary school diploma or its recognized equivalent . . . during participation in or within 1 year after exit from the program

⁴ State Board of the Technical College System of Georgia Policy Manual

⁵ Ohio Department of Higher Education., *Making Certificates Count: An Update on Ohio's Efforts to Identify, Strengthen, Promote and Increase Certificates of Value in the Workplace.*

⁶ See NSC's Toolkit on Integrated Education and Training Policies.

⁷ North Carolina Community Colleges' Basic Skills Plus website.

⁸ See, National Skills Coalition Fifty-State Scan and Toolkit for Sector Partnership Policy.

⁹ Ohio Department of Higher Education, *Making Certificates Count: An Update on Ohio's Efforts to Identify, Strengthen, Promote and Increase Certificates of Value in the Workplace.*

¹⁰ *Workforce Data Quality Campaign, Quality Assurance Mechanisms in Postsecondary Education and Workforce Development: A Comparative Review.*

¹¹ NCWorks Commission website

¹² Oregon Community College and Workforce Development website

¹³ The Wisconsin Technical College System's 2012-15 Strategic Directions Final Report

¹⁴ PL 113-128 references the federal Workforce Innovation and Opportunity Act.

ABOUT NATIONAL SKILLS COALITION'S SKILLS EQUITY AGENDA

National Skills Coalition is advocating for states to adopt a set of policies that expand equitable access to middle-skill training, credentials, and careers – particularly for those who have faced barriers to economic opportunity.

This effort includes scans of all fifty states to ascertain whether states have the policies in place to expand access to skills. NSC has also developed toolkits that provide resources, including model legislation, for policymakers and advocates to advance a skills equity agenda in their state. NSC's skills equity agenda includes state policies on Job-Driven Financial Aid, SNAP E&T, Stackable Credentials, Alignment, Integrated Education and Training, and Temporary Assistance for Needy Families Employment and Training.

**Read more about NSC's Skills Equity Agenda
at [nationalskillscoalition/skillsequity](https://nationalskillscoalition.org/skillsequity)**

National Skills Coalition organizes broad-based coalitions seeking to raise the skills of America's workers across a range of industries. We advocate for public policies that invest in what works, as informed by our members' real-world expertise. We communicate these goals to an American public seeking a vision for a strong U.S. economy that allows everyone to be part of its success.

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