Stackable Credentials Overview: How We Build a System Where Learner Experience Counts

Background
In the spring of 2022, The Attainment Network, with support of its funders, identified areas of further policy/regulatory support needed to advance the education-to-career ecosystem in Colorado. Based on multiple interviews with internal, external, and community partners, The Attainment Network presents a series of policy briefs with analysis of the issues, national best practices, current local best practices, and recommendations to accelerate learner success in Colorado.

Stackable credentials are a sequence of credentials or credit skills that can be accumulated over time, may have stand-alone labor market value, and are structured so that individual credentials or demonstrations of skills stack to higher-level credential options and eventually towards a degree. U.S. Department of Labor defines stackable credentials as: “part of a sequence of credentials that can be accumulated over time to build up an individual’s qualifications and help them to move along a career pathway or up a career ladder to different and potentially higher-paying jobs.” More plainly, stackable credentials can be viewed as building blocks where each short-term credential that is earned builds into a higher-level credential. Credentials in a stackable pathway can include industry recognized certifications, micro credentials, badges, credit for prior learning, career and technical education and degrees.

Stackable credentials:
✓ can be completed over time.
✓ offer a learner the opportunity to have more flexibility and agency in their educational journey and see a more direct path to higher wages and better jobs.
✓ allow learner mobility by reducing cost and time barriers.
✓ allow employers to retain employees with specified skill sets.
✓ allow postsecondary providers to remain nimble in an ever-changing skills market.
✓ must be affordable to the learner, aligned with quality and readily available jobs in the labor market, support a progression of education and skills training experiences, and accelerate personal and professional goals.

Goal
Create stackable credentials that can be incorporated into postsecondary degree pathways, meet the needs of evolving workforce demands, and provide increased opportunities in high-
demand, family-living wage employment opportunities. Ideally, stackable credentials should include options for credit for prior learning, work-based learning experiences, industry recognized credentials, and career and technical education opportunities. Stackable credentials require postsecondary institutions to create degree frameworks with the flexibility to adapt to new demands of short-term credentials as they are developed to meet industry needs.

**Problem Statement**
The pandemic and unstable economy have further exacerbated the need for a more streamlined education and workforce talent development system. The current postsecondary system is not historically designed to allow the learner to “stack” their formal and informal knowledge into meaningful and valuable pathways. This is a challenge for learners who are looking for opportunities to save time, money and faster career advancement, and for employers who are urgently seeking qualified talent. Learners are increasingly seeking shorter term options, despite the research that says that postsecondary credentials are critical to today’s workforce and long-term economic equity.¹ According to Western Governors University Scott Pulsipher, “two-thirds of the jobs in the future are going to require a postsecondary credential. But the data show that 35 percent of those are going to be degrees and the other 30 percent are going to be non-degree credentials.”²

**Solution**
Build a statewide stackable credential strategy that dissolves learning experiences into industry-valued requisite parts and reduces cost and time barriers to completing a postsecondary credential or degree. Stackable credentials enable learners to move through postsecondary programs at their own pace and complete credentials valued in the marketplace. The stackable credential framework enables shorter-term mobility and creates momentum for postsecondary completion as credentials apply toward degrees. Stackable credentials allow employers to find and retain specific skill sets and allow postsecondary to be more responsive to the changing needs of industry and employers.

→ Stackable credentials have been proven to increase access and provide positive outcomes for learners. Data show higher persistence and improved diversity, equity, and inclusion (stackable options have been shown to have a disproportionately positive impact for learners of color). In fact, giving credit for prior learning can increase access and completion rates (+17%) for all adult learners.

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Stackable credentials have also shown positive labor outcomes including an approximate four-percentage point increase in employment and a quarterly wage increase of just under $400.

Stackable credentials in the healthcare industry have shown even higher wage returns of approximately $950 quarterly increases; 11 percent higher than non-stackers’ wages.

Research also affirms that a stackable credential framework provides higher returns for learners whose first credential was a certificate. (Data source)

In Colorado, sector-specific initiatives in renewable energy and behavioral health are underway to build a stackable credential framework. Led by the Colorado Community College System, efforts are in progress to create stackable credential pathways that include micro-credentials that stack into either a larger credentials and/or degrees connected to in-demand careers. Significant state investment, deep employer engagement, and aligned technical assistance have made stackable pathways a reality; these sector pathways will now serve as pilots for other initiatives and sectors.

Best Practices

✓ Create stackable credential pathways in high-demand, high-wage fields using labor market data to guide decisions about which short-term programs to offer and which long-term programs can be disaggregated into shorter credentials.

✓ Focus on stackable short-term certificates that lead to licensure, are recognized by industry, are competency-based, and provide skills known to be used and valued in the hiring process.

✓ Build a statewide transfer system that validates prior learning and work experience and that articulates certificates to associate and bachelor's degrees, without credit loss.

✓ Dedicate ongoing, specific funding to incentivize institutions to create stackable credentials.

✓ Embed certificate completion into postsecondary performance-based funding models.

✓ Engage and incentivize employers in the design of programs embedded with stackable credentials. Utilize employer guidance on workplace expectations as a cornerstone of program design. Build structures and systems to ensure that employers are continually engaged in the development and evaluation of stackable credential pathways.

✓ Engage and incentivize employers in developing and providing work-based learning experiences aligned with classroom-based instruction.

✓ Partner with K-12 education, career and technical education, postsecondary and employers to offer postsecondary credit and work-based learning experiences in high school that directly stack into postsecondary and career pathways.
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✓ Recruit student alumni working in the field to advisory boards that will support the build-out of pathways and stackable credentials.

Pitfalls to Avoid

No workforce value:
→ Stackable credentials that are not built with employers as the end user can become an arbitrary award with no workforce value. A stackable credential must offer a lower-cost alternative to a degree and be clearly tied to a high-demand, high-value job or occupation. In addition to postsecondary and employers partnering at the beginning, one strategy is to embed existing industry and professional certifications in stackable career pathways with demonstrated workforce value.

Barriers between what does and does not count for credit:
→ Prior learning, work experience and short-term credentials should be part of the pathway to stackable credentials and career gains. If an institution only stacks for credit courses, a learner should have the option to demonstrate competency in not-for-credit courses that will stack directly into a credential.

Terminal short-term credentials:
→ Data shows that on average postsecondary certificates have a positive return, but the returns may diminish over time and last only a few years as job competencies evolve. Because the value of short-term credentials have relatively short life cycles, it is critical that additional options exist within the pathway to maintain workforce value and continued employment returns.

Policy and Best Practices
Several innovative examples are being piloted and implemented in varying states.
→ North Carolina uses an early college model, i-TECH Academy, where learners take high school classes in the morning and for-credit, tuition-free college courses in the afternoon. The i-TECH pathway incorporates stackable credentials and industry-valued third-party credentials. Similar early colleges and innovative schools in North Carolina have found learners are more likely to graduate high school, earn more college credits, enroll in a postsecondary institution, and complete a credential.

→ Virginia community colleges have collaborated with Sentara Healthcare and Optima Health in a public-private partnership to support learners in stackable credential pathways in healthcare programs with the aim to expand across the state.

→ Several public-private partnerships with stackable credential options have emerged such as Salesforce’s free Trailhead programs, which offer credit options through Southern New Hampshire University, and Grow with Google which offers college credit for short-term certification programs.
In Colorado
Metropolitan State University of Denver created Career Launchpad which offers affordable pathways in high-demand fields where non-credit courses can convert to credit courses and stack to a certificate or a degree. Stackable credential programs offered include health, cybersecurity, and business with more pathways on the horizon.

Seventeen states, including Colorado, have allocated funding to colleges to develop stackable credential pathways, and 10 states require that their community college systems offer and advertise stacking options. Several states have directed funding from the CARES Act to support workforce development for adult workers and boost postsecondary enrollment. In some states, this takes the form of targeted aid for displaced workers. Colorado passed SB22-181 which directs a portion of American Rescue Plan funds to the Colorado Community College System to design a statewide, stackable behavioral health training program.

During the 2022 Colorado legislative session, SB22-192 “Opportunities for Credential Attainment” passed which “facilitate(s) the creation of stackable credential pathways for at least three growing industries” by 2024 and additional stackable credential pathways in 2025. The legislation provides a solid foundation for a stackable credential system in Colorado and includes several best practices, such as requiring postsecondary institutions to consult with business organizations or industry representatives, developing further alignment between non-degree and degree credentials, and focusing on high-demand, and or living wage jobs.

Recommendations
In 2021, The Attainment Network piloted the implementation process for CO HB 20-1002, “College Credit for Work Experience”. Currently, we are working with the Colorado Department of Higher Education on the implementation of CO SB 22-192 to help design a process for stackable credential pathways. Based on our experience with partners and systems design, we recommend the following seven components to build an equitable stackable system in Colorado:

- Associate degree conferring institutions should initially evaluate and offer credit for high-quality work-based learning experiences.
- Bachelor’s degree conferring institutions should accept certificates, credentials, and high-quality work-based learning experience for credit towards an aligned degree, with no credit loss.
- Ensure an equitable and fair system where CTE stacks across the state’s associate and bachelor’s degree conferring programs.
- Employer validation of the market demand of stacked skills and industry recognized credentials.
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- A marketing /communications strategy to better inform learners and families of their options and the value of continuously learning.
- Leverage existing and future collaborative grant funding to incentivize stackable credential creation among employers and institutions.
- Align the state’s funding formula to reward postsecondary institutions that promote learners’ ability to continuously build upon their experience and credentials

Summary
While we are pleased that Colorado is one of 17 states that has passed stackable credential pathway legislation, we believe the largest challenge will be to implement the legislation with fidelity, in a learner-centric way, and grounded in best practice. In addition, with the implementation of CO HB 22-1350 (Regional Talent Development Grant Initiative), we anticipate that the state will provide grant funding to several projects that further spur stackable options among institutions, training providers, and with work-based learning options. The Attainment Network will continue to work with its communities to further pave the way on stackability by identifying best practices that facilitate statewide adoption.