Making High-Quality Short-Term Workforce Programs Pell Grant-Eligible:

A Community College Perspective

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As the nation confronts the economic upheaval caused by the coronavirus pandemic, community colleges are ready to offer training for individual economic security and businesses recovery. This includes workforce education and training provided in relatively short segments—offerings that have been hamstrung by a lack of federal support. This policy brief outlines why, particularly now, community colleges support extending Pell Grant eligibility to short-term programs less than 600 clock hours in length, and why Congress should act to create that eligibility. Data to support that position are provided. Also, the broader educational and public policy context is briefly examined.

Short-Term Programs Within the Broader Community College Context

Community colleges offer a vast array of workforce education programs, ranging from very short-term certificate programs to degree programs of two years or longer. The programs are offered on a credit or non-credit basis. The latter option often enables colleges to respond more quickly to labor market needs. Some of these programs are later transformed into credit offerings, and sometimes similar programs are offered on both a credit and non-credit basis.

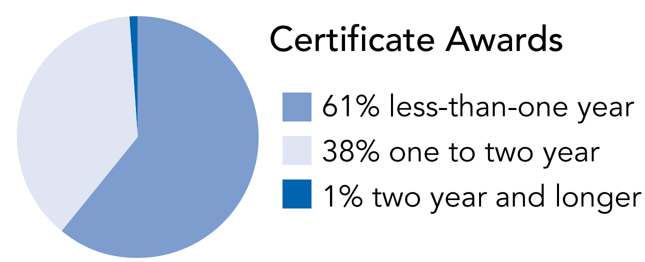
Given finite resources, institutional decisions about which workforce programs to offer are important. Selections are made following careful, data-driven analysis of the local labor market, future projected economic activity, the cost of programs, and funding available to both students and colleges. Now with COVID-19 pandemic, another factor is securing a viable and safe mode of delivery. Programs are evaluated at various points by an array of public and private entities. These include faculty, trustees, consultants, accreditors, state licensure agencies, business advisory boards, state and local government officials, and legislators. Through this process, ineffective or unnecessary programs are terminated to make way for more compelling priorities.

Examples of the wage gains produced through short-term programs are presented below. It should be noted up front, however, that wage gains that seem small to some have a tremendous positive impact on people with lower incomes. For someone with a six-figure salary, a $6 hourly wage increase might not seem as beneficial as it does to a minimum wage employee. Adding $6 dollars to a minimum wage worker (from $7.25 to $13.25 per hour) increases wages by 83%, raising a family of four out of poverty. Training that results in such wage gains provides a measure of economic mobility increasingly rarer in today's economy.

Short-term programs are a piece of the broader workforce context outlined above. The programs are designed with multiple goals. Generally, they are about preparing people for a job or a higher wage job. They often also serve as a gateway to further higher education for individuals and a better educated population.

Financial Benefits to Students of Short-Term Programs

Lack of comprehensive national data, in large part because of Congressional inaction, notwithstanding, good data are available. Data on the outcomes of short-term career and technical education (CTE) programs, credit and non-credit alike, in this brief are derived from various studies and state-based reports.



Note: To put these percentages into context, the breakdown of certificates conferred in 2018-19 by length for all Title IV eligible institutions is: 54% less-than-one-year, 43% one to two years, and 3% two years or longer.

The Georgetown University Center on Education and the Workforce (CEW) has produced several reports on the financial outcomes of sub-baccalaureate awards, including short-term certificates using the less-than-one-year definition. The work documents the prevalence of sub-baccalaureate awards overall as well as the financial benefits, including those from short-term certificates, especially in certain fields. Another CEW study found that certain groups of students find short-term programs appealing and beneficial.

Efforts are underway in several states toward standardizing the definition of a quality non-degree credential as well as measuring their quality.

Financial Benefit to Students of Non-credit Short-term Programs

A recent report prepared by Old Dominion University (ODU) looked at employment outcomes for short-term credentials in three states: Virginia, Louisiana, and Colorado. In Virginia and Louisiana, the report analyzed pre- and post- short-term, non-credit credential program earnings and in Colorado the post-program earnings from less-than-one-year, for-credit certificates. Virginia data are from the FastForward program conferring industry-recognized certifications offered by the Virginia Community College System (VCCS). In the case of Louisiana, the data are from programs offered by the Louisiana Community and Technical College System (LCTCS), which are customized business and industry training. In Virginia, most FastForward programs are between six and 12 weeks in length. The programs ODU studied were non-credit and between 150 and 600 hours.

Key Virginia findings include:

- The analysis of almost 5,000 FastForward credential holders, who earned their credential between 2016 Q3 and 2017 Q4, revealed overall earnings gain of 24% ($6,180) one year out.

Virginia Community Colleges

Median 24% earnings gain
one year post short-term credential
+ $6,180

- The percent and dollar gain varied by industry. The highest percent gain of 49% was for credential holders in mechanic, repair, and precision production; next, a 40% gain for credential holders in education and 30% and 29% for construction trades and health and clinical services, respectively. The number of credential holders ranged between a low of 102 or 2% in computer and information sciences to 1,905 or 39% in transportation and materials moving. The pre-credential earnings also varied substantially, from a low of $14,400 for health and clinical services credential holders to a high of $61,200 for leisure and recreation credential holders.

Key Louisiana findings include:

- Based on an analysis of more than 9,000 LCTCS credential holders, there was a 19% wage gain ($6,616 annual) overall between pre-credential wages and those one year after credential attainment.

Louisiana Community Colleges

Median 19% earnings gain
one year post short-term credential
+ $6,616

- The dollar and percent gain of credential benefits varied by industry, with the highest percent gain in construction trades (50%), transportation and materials moving next highest (38%), which also comprised the largest group of credential holders, followed closely by mechanic, repair, and precision production (34%). There was a 1% decline in earnings for those in business management and marketing, but the number of credential holders was one of the lowest (154 or less than 2%).

Virginia and Louisiana use different approaches to target programs. Virginia helps individuals earn industry-recognized credentials in high-demand fields. In Louisiana, short-term training is customized by business and industry. Both approaches have been demonstrated to increase the likelihood of positive gains, and as such, either approach may be used to develop criteria for identifying programs of value.

In addition to these and other data, there also is anecdotal evidence, which consistently show that the economic returns on investment for completers of short-term credit and non-credit CTE programs vary by area of program. This is also true for academic educational programs. The variation may be due to several factors: local and regional labor market demand, remuneration for specific fields of study, an individual's prior levels of education and training, and demographic factors, including socio-economic background.

Iowa Case Study: Non-credit Programs

Iowa community colleges have data on the earnings for non-credit CTE program completers. The data provides earnings prior to enrollment, during enrollment, and in the year following enrollment in the non-credit program. It therefore allows a look at both the absolute earnings as well as the change in earnings based on program participation. The data are aggregated into career clusters and thereby do not allow program specific analysis. Nonetheless, they can provide insight into career areas where non-credit programs show positive economic returns.

- An analysis of these data show that there are several career clusters with a positive net median earnings impact (pre- vs. post-earnings). Likewise, there is a range in the median earnings across the career clusters from a low of $10,708 in food services to $80,204 in the utilities career cluster. The percent change in median earnings for food services went up by 38.9%.
- The data reported also provide information for the non-credit program participants based on age. The median change in earnings across the career clusters for younger non-credit participants was greater (up 44.5%) than it was for individuals aged 25 or older (median change of 5.8%). The data also show that while individuals who were 25 or older had higher earnings prior to entering the non-credit programs, there were several career clusters where those individuals had substantial increases in median earnings pre- and post-program.
- CTE program earnings data are also broken down into three different program durations: 32 to 99 contact hours; 100 to 200 contact hours; and longer than 200 contact hours. These data indicate that there is not a clear relationship between the length of the non-credit CTE program, and the earnings outcomes for the programs.
- For example, in the Health Care & Social Assistance career cluster, both change in the pre-post earnings and absolute earnings are greatest for the longer non-credit programs. In comparison, for the Retail Trade career cluster, the greatest percent increase (84% for pre-post earnings) was for the shortest programs (32-99 contact hours), but the absolute earnings were larger for the moderate- and longer-term programs.

As useful as these Iowa data are on the value of non-credit CTE programs, one cannot be certain they are applicable to or representative of non-credit programs in other states.

Credit Programs

Iowa also provides earnings outcomes data for shorter-term credit CTE credentials. These certificate programs are 22 credits or less in duration, although most of the short-term programs are less than 12 credit hours, which place them in the under-600-hour category. Based on that caveat, the data provide insight into earnings outcomes for programs that represent non-Pell eligible credit programs.

The Iowa data on short-term CTE credit programs do not provide pre-post comparisons, only earnings one year after completion. These data show variation in outcomes based on the career clusters of the CTE program. Adjusted median salaries were below $15,000 per year for three of the career clusters: Agriculture, Forestry, Fishing & Hunting; Accommodation & Food Services; and Administrative & Support Services. Conversely, four of the career clusters had adjusted median salaries above $40,000: Mining; Wholesale Trade; Transportation & Warehousing; and, Information.

Wisconsin Case Study: Financial Benefit to Students of Credit Short-term Programs

The Wisconsin Technical College System also provides data for short-term technical diplomas, which like the Iowa programs are generally not Pell-eligible programs. The Wisconsin data are disaggregated in more detail than the Iowa data, looking at different programs within career clusters.

Wisconsin Technical Colleges awarded more short-term technical diplomas (9,835) than any other type of award in 2018. Unlike the Iowa data that are based on matches to unemployment insurance wage records, the Wisconsin data are based on a survey of program completers. The state has remarkably strong participation in the survey process.*

- There was considerable variation in earnings reported both across career clusters and within career clusters. Hospitality and Tourism (e.g., Food Service assistant, Culinary and Baking Basics Technical Diploma) had the lowest median wages at $22,722, while Transportation, Distribution, and Logistics (e.g., Truck Driving, Driving, and Safety Education Certification) had the highest median salary at $55,000.
- Looking within the Transportation, Distribution, and Logistics career cluster, the median salary for Automotive maintenance and light repair technician was $28,078, while the median salary for Driving and Safety Education Certification diploma recipients was $72,000.
- Of the programs with reported earnings, the lowest were for Food Service Assistant ($16,938 or $8.75/hour) and Basic Early Childhood Educator ($26,518 or $12.75/hour). It is important to note, however, that for many categories there were insufficient numbers of diploma recipients to display earnings data.

* The overall response rate to the survey was 64%, and the response rate for short-term technical diploma programs was 63% of the respondents who completed short-term technical diplomas.

Stackable Credentials – Next Steps for Students Selecting Short-Term Programs

Adult students who completed a short-term program for an economic boost, may not be ready to immediately continue with their college careers. Having the option to do so, however, is important. In fact, many colleges and state community college systems are developing ways to combine a specified sequence of shorter programs into longer-term credentials, commonly known as stackable credentials. A recent report from the Public Policy Institute of California (PPIC) defined this phenomenon in terms of "Stackable credential pathways consist of multiple, sequential awards that either allow students to earn successively higher-level credentials ('progressive' programs) or build a 'lattice' of interconnected credentials." An analysis of California community college administrative records for academic years 2000-01 through 2013-14 found that of the 200,000-plus short-term certificate earners (defined as programs between six and 29 credits), about one-fourth earned an additional credential within three years and a majority returned to earn additional credits.

According to a study using data from both the U.S. Department of Education and the Bureau of Labor Statistics' (BLS) National Longitudinal Survey of Youth 1997 (last interviewed in 2017-18), about 6% of all undergraduate awards were some form of stackable credential. Stackable credentials include degrees earned subsequent to a certificate (3.2%), certificates earned subsequent to a degree, and multiple sequentially earned certificates (1.5% each).

In a follow-up report focused on labor market returns of single short-term and stacked credentials, the PPIC found there was an 8% wage gain for short-term program completers. Moreover, although they take longer, stackable credentials earners typically catch up in earnings to students who complete a single, high-return credential. It takes about two years for most students who begin with a short-term certificate and then stack additional credentials to earn middle-income wages. This compares to less than six months for students who initially earn an associate degree. Despite the additional time it takes, for many students, the ability to earn shorter-term, stackable credentials is how they succeed economically and academically.

Expanding Pell Grant Eligibility for Short-Term Programs and Related Policy Considerations

AACC strongly supports helping financially needy community college students access high-quality, short-term workforce education and related programs through the Pell Grant program. For community colleges, the Higher Education Act (HEA) Title IV institutional eligibility structure guarantees a standard of accountability and reliability that has been enhanced and refined over time. For both students and institutions, Title IV provides an efficient and well-understood administrative structure. Much of the American public is familiar with the programs. Moreover, the Pell Grant, and Title IV generally, maintains strong political support from both sides of the aisle in both the Executive and Legislative branches. Most importantly, Title IV efficiently targets aid to those with documented financial need, and there is no question that financial barriers prevent low-income students from fully accessing academic and CTE programs.

According to the Congressional Budget Office (CBO), the cost of adding short-term programs to the Pell Grant program is relatively small. The new short-term Pell Grant eligibility provided in the 2019 College Affordability Act was a little more than $1 billion over 10 years, barely 1% of the annual expenditures on the Pell Grant program, which are now less than $30 billion. This additional cost hardly represents a dramatic shift in public policy, as has been painted by some.

A highly effective approach to providing eligibility for short-term workforce programs through Title IV of the HEA is the Jumpstart Our Business Act, better known as the JOBS Act (S. 839, H.R. 3497, 116th Congress). AACC has endorsed the JOBS Act, though it also endorsed earlier versions of the legislation that included fewer program eligibility requirements. The JOBS Act would be improved by reverting to previous versions of this legislation that are less onerous for community college training providers. The CBO estimates the cost of the JOBS Act to be $1.2 billion over 10 years, including mandatory spending. The current version of the JOBS Act links programmatic eligibility to the following program characteristics or approvals from public or private entities—basically, a certification of quality:

- Approval by accreditors
- Inclusion on the WIOA eligible provider list
- Articulating non-credit programs into credit ones
- Aligning with an industry sector or partnership
- Being part of a career pathway
- Being approved by a state workforce entity (largely to certify that other criteria have been met)

Programs that could become eligible under the JOBS Act would exclude many valuable community college programs that are not specifically workforce directed. They do, however, provide many of the same benefits as those that are components of longer programs that are Title IV-eligible. For example, these might include acquiring technology facility, learning a foreign language, better understanding American history, or hundreds of other benefits. But, in the interest of crafting a more limited and less costly proposal, these programs would be excluded from the JOBS Act.

The Workforce Innovation and Opportunity Act (WIOA) is another vehicle that supports access to short-term programs, but it has substantial limitations. The lack of adequate funding is an overwhelming limitation; funding is grossly inadequate to meet the needs of all those who might potentially qualify. WIOA has absorbed significant reductions in inflation-adjusted terms over time and there is no sign of this changing anytime soon. Also, eligibility criteria for WIOA can limit student access. Finally, community college participation in the WIOA system is inconsistent—some colleges are integrated into the system, while other institutions remain largely sidelined.

Therefore, extending Pell Grant eligibility to short-term programs is the preferred approach. Access to Pell Grants would help community colleges students chose from a larger number of short-term workforce community college programs.

Conclusion

In theory, using outcome data to determine program eligibility for short-term programs is a legitimate concept, but there are practical limitations. First, there is a lack of adequate data, though enactment of the College Transparency Act could address that flaw. Community colleges also have philosophical or policy reservations concerning an outcomes-oriented approach that is limited to a subset of HEA programs. The concern derives from the fact that, irrespective of their field or program of study, college students consistently state that their top reason for going to college is to get a good job. Therefore, it is illogical and inequitable to apply standards to programs that are explicitly directed towards jobs, while neglecting to include degree programs at both the undergraduate and post-baccalaureate levels that fundamentally serve the same function for students.

Particularly at this moment, the American economy and society need to have a wide range of higher education and workforce training opportunities. Adults who have been dislocated, furloughed, or otherwise have experienced a disruption in their employment, are seeking marketable skills to find new jobs or to be more competitive. However, few have the time or resources to devote many months pursuing a credential. Short-term programs that provide the knowledge and skills of the emerging economy are in high demand, according to all the surveys conducted since the onset of the pandemic.

According to the August 26, 2020, weekly survey conducted by Strada Education Network, 62% of respondents have consistently reported a preference for non-degree and skill training options. And the top three reasons that they gave for this preference are better value, better fit for my personal needs, and more benefit to my job and career advancement.

Any decision to expand federal funding for education and training, even in the current environment, should be driven by data and well-articulated public policy goals. The dual purpose of this brief is to demonstrate that there is strong evidence of the value of all short-term credentials and to recommend policies that could foster their availability.

Legislation expanding Pell Grant eligibility to less-than-600-clock-hour certificate programs should reflect the following:

- Providers should be limited to non-profit, Title IV-eligible institutions
- Credit programs must have a transfer path to higher level programs (stackable credential) absent a waiver based on economic value
- Programs should be demonstrated to be in-demand locally or regionally (via various methods and sources, including BLS data, local workforce boards data, employer job openings data, etc.)
- Better data on short-term program outcomes and all higher education programs should be collected
- Policies on short-term job training programs need to occur within the broader context of higher education and related federal support

AACC commends the efforts by states, such as Iowa, Louisiana, Virginia, and Wisconsin, to assist their low-income residents obtain access to much needed education and training. The need for a skilled, and in many cases up-skilled, workforce is not confined within state borders; this needs a national response. AACC urges Congress to pass legislation that addresses this need as soon as possible.

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