

Credential Transparency: Judging Return on Investment for Higher Education and Workforce

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Key Points

- Companies are facing a persistent and growing skills gap, which has been exacerbated by the tight labor market. Employers use industry certifications, college degrees, boot camps, and badges to measure job skills, but until recently it was impossible to compare certifications or degree attainment.
- Credential transparency provides specific details on a credential program's length, cost, competencies, skills provided, level of mastery targeted, earnings potential, and employment outcomes. It allows individuals to compare credentials, be they diplomas, degrees, certifications, apprenticeships, licenses, or badges, to see which is more likely to result in a preferred career or higher wages.
- Currently, 26 states are engaged in important work around credential transparency, allowing them to measure return on investment, align credential offerings with economic needs, and support the creation of digital transcripts and learning and employment records.

If you've been to your local pharmacy, brought your pet to the veterinarian, or waited for live IT support on the phone, you know that America is experiencing a major shortage in high-skilled staff. Despite a record level of new hires over the past year, job openings in many industries are still hovering near all-time highs.

For decades, we've known that companies are facing a persistent and growing skills gap, which has only grown worse in a tight labor market. According to Wiley University Services' annual *Closing the Skills Gap* report, a growing number of companies are having an increasingly difficult time attracting and retaining workers who have the skills needed to fill open jobs.¹ Among 600 HR professionals surveyed, 69 percent said their organization has a skills gap, up from 55 percent in 2021.²

So, what can be done? What actions can state and federal policymakers, schools, and the business community take? And why should we care? Before we address

these questions, let's consider what employers look at when it comes to job skills.

According to Wiley, employers are looking at industry certifications, college degrees, boot camps, and badges. But here's the challenge: As an employer, how do you know what certifications or degrees will ensure you're hiring the right person, and how do you compare certifications and degree attainment across your region? As a potential employee, how do you know which credential will lead to the best outcomes and which credential employers value most when hiring and promoting? Before America can truly address the skills gap, employers and workers need better information around the skills and knowledge required for in-demand jobs.

Until recently, there was no common language to describe or compare credentials and competencies. But that's starting to change. State and federal leaders are pushing credential transparency, which has the

potential to engender sweeping and systemic change to the nation's higher education and workforce development systems.

What Is Credential Transparency?

Currently, there are more than one million unique credentials in the US—diplomas, degrees, certifications, apprenticeships, licenses, and badges—spread out across 60,000 providers.³ With so many options, students and their families are often overwhelmed with the choices.

Credential transparency provides specific details on a credential program's length, cost, competencies, skills provided, level of mastery targeted, earnings potential, and employment outcomes. It is made possible by Credential Transparency Description Language (CTDL), technology that is recognized as a common, standard language to make credentials understandable, comparable, and discoverable.

Importantly, the CTDL is open source and creative-commons licensed. Instead of having multiple or conflicting definitions, competing formats, and different data points, CTDL allows states to have a single source of information about all credentials and house them in a credential registry readily accessible to the public. States that have embraced credential transparency can calculate return on investment, review quality indicators of success, align credential offerings with economic needs, and support the creation of digital transcripts and learning and employment records.

Workers can compare credentials to see if one is more likely than others to result in a preferred career or higher wages. In today's individualized economy, credential transparency puts students and workers in charge of their education and helps meet a learner's needs throughout their working life. It promotes mobility along educational and career pathways and across regional economies, supporting efforts for workers to receive necessary employment skills.

Recent Federal Support for Credential Transparency

While the federal role in higher education has largely focused on providing access to postsecondary institutions, policymakers have a vested interest in ensuring

that current and prospective students have the knowledge and tools to choose the school setting that meets their unique needs. This includes providing the necessary information to students and workers in case they want to enroll in programs that are an alternative to the traditional four-year degree, potentially reducing the amount of loan debt incurred or speeding matriculation through college. Credential transparency is key, allowing students and workers to access and use comparable information about credentials, explore the most effective paths to learn skills, and find the best jobs.

The federal government, through the US Department of Labor, has taken steps to promote the use of credential transparency. The Trump administration established and the Biden administration expanded regulations stating that credentials developed through select workforce development programs must be publicly accessible through linked open data formats that support full transparency and interoperability. Congress is currently in the process of reauthorizing the Workforce Innovation and Opportunity Act, which governs the nation's workforce development system, and there's optimism that a new bill will promote state efforts around credentials. In 2022, the House Education and the Workforce Committee passed legislation to facilitate sharing information about credentials in transparent, linked, open, and interoperable data formats.

Three States Leading on Credential Transparency

Currently, 26 states are working on credential transparency, according to Credential Engine, a nonprofit organization working with states on CTDL adoption and registries.⁴

In Texas, the three state agencies with primary responsibility for education and occupation credentials—the Texas Education Agency, Texas Workforce Commission, and Texas Higher Education Coordinating Board—are publishing data that they house about credentials, competencies, program quality, and student outcomes. Other state organizations are engaging private-sector companies to publish information about credentials offered internally to employees and credentials available on the open market through companies and platforms such as Amazon, LinkedIn, and Microsoft.

In Indiana, the Commission on Higher Education has worked extensively on credential transparency efforts in state education and workforce systems.⁵ The state has published information on more than 3,600 credentials,⁶ including secondary school diplomas and vocational education credentials, postsecondary education certificates, apprenticeships, micro-credentials, occupational licenses, industry certifications, degree types, courses and learning opportunities, outcome data, and quality indicators.

In Arkansas, Gov. Sarah Huckabee Sanders created the Governor's Workforce Cabinet and appointed Mike Rogers, a senior director at Tyson Foods, as the first chief workforce officer. Rogers told us that he's looking to build a strong pipeline of skilled, qualified workers.⁷ To do this, he's creating a single, easily navigable portal for workers and employers. The goal is to match employers' needs with the skills of job seekers using digital technology with the development of a Learning and Employment Record (LER) system.

LERs are the ultimate digitized "LinkedIn" for students and workers, a digital transcript that contains verifiable information about a person's achievements spanning a range of contexts, from the classroom to the workplace. LERs can record, verify, transmit, and interpret information about learning achievements among institutions, businesses, and individuals. Rogers says the key to Arkansas's workforce development success is fostering credential transparency and building a credential registry using CTDL, which will break down silos that exist at the state level between competing education and workforce systems and funding streams, allowing workers to show employers their value.

Arkansas began working on credential transparency in 2019. Like many states, it was facing a growing skills gap, and the new master education plan set a goal to increase the percentage of adults with college credentials to 55 percent by 2030 while increasing regional credentials to match targeted workforce demand.⁸ But

state leaders quickly realized they also had a knowledge gap when it came to credentials, so they began working with national experts, engaging local and regional businesses, talking to the higher education community, and building a foundation for better shared data. When Sanders was elected and Rogers was appointed, the state's work around credentials became the centerpiece to align higher education with workforce needs.

Making Credential Transparency a Priority

As governors, state legislative leaders, and state higher education communities begin or continue to plan their priorities for 2024 and 2025, all states should be working toward credential transparency. For new states interested in moving the needle on credential transparency, the first step is to conduct a comprehensive review of existing processes, systems, and information around credentials.

If there is no common language, the state should work in partnership with other states or national leaders like Credential Engine that can assist in planning and identifying potential partners. For states with robust transparency efforts, governors should include credential transparency as part of a strategic vision to align education with workforce goals. State legislatures should encourage the use of CTDL to describe credentials granted by educational institutions.

State leaders must move to make credentials understandable, comparable, and discoverable as the cornerstone for effectively measuring the return on investment for programs and aligning higher education and workforce development systems to better serve students and employers. This work will bring about systemic change to postsecondary education, empowering students and their families to gain the skills necessary to succeed in their career.

About the Authors

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Notes

1. Wiley University Services, *Closing the Skills Gap 2023: Employer Perspectives on Educating the Post-Pandemic Workforce*, <https://universityservices.wiley.com/closing-the-skills-gap-2023>.
2. Wiley University Services, *Closing the Skills Gap 2023*.
3. Credential Engine, *Counting U.S. Postsecondary and Secondary Credentials*, 2022, <https://credentialengine.org/all-resources/counting-credentials>.
4. See Credential Engine's state map highlighting the 26 states and four regions engaged in credential transparency. Credential Engine, "State Partnership Map," <https://credentialengine.org/credential-engine-partners/federal-state-and-regional>.
5. State Higher Education Executive Officers Association, *Using Credential Transparency to Advance Student Success and State Outcomes: Spotlight on Indiana*, December 2022, https://sheeo.org/wp-content/uploads/2019/02/Credential_Transparency_Indiana_Spotlight.pdf.
6. Credential Engine, "Indiana," <https://credentialengine.org/partners/indiana>.
7. Mike Rogers (senior director, Tyson Foods), phone call with the authors, May 31, 2023.
8. Arkansas Division of Higher Education, *Align Arkansas 2026: A Targeted Approach to 2030 Goals*, https://adhe.edu/File/Align_Arkansas_2026_Final.pdf.

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