

Putting Pell Grants to work for working students

How modernizing our federal higher education policy can improve outcomes for students and employers in today's economy



BY KATIE BROWN

Federal higher education policy has historically been designed to expand access to traditional two- and four-year academic degree programs, with a particular focus on first-time, full-time students. While these policy decisions have resulted in a significant increase in the percentage of students receiving bachelor's degrees, they have failed to satisfy the growing demand for qualified workers to fill “middle-skill” jobs—those requiring more than a high school diploma but less than a college degree.¹

To ensure that our higher education policy is responsive to the needs of all students, workers, and industries, it is important to consider the continuing evolution of the U.S. labor market. In 1973, only 28 percent of all jobs required some form of postsecondary education or training—meaning that entering the higher education system to acquire additional skills was not necessary for most workers.² Today, the economic landscape is vastly different, with approximately 80 percent of all jobs requiring some form of postsecondary education or training.³ This, coupled with the fact that nearly half of all jobs can be classified as middle-skill, has resulted in a notable shift in the utility of higher education.⁴

This increase in the importance of skills and credentials has driven significant changes in the characteristics of the typical college student and the types of credentials they are choosing to pursue. For instance, more than 70 percent of individuals enrolled in the postsecondary education system have at least one characteristic of a nontraditional student—which, according to the National Center for Education Statistics (NCES) can include working full-time while attending school, being the sole caretaker of a dependent child, and/or satisfying the definition of financially independent for purposes of student aid eligibility.⁵

Since a large majority of today's students can be classified as nontraditional, it is safe to assume that many of these individuals enroll in the postsecondary education system with a different set of objectives than first-time, full-time students between the ages of eighteen and twenty-five. In fact, more and more students are pursuing higher education while balancing work and family obligations for the explicit purpose of increasing their success in the labor market. Since short-term certificate programs, 54 percent of which take one year or less to complete, fit more seamlessly into the lives of nontraditional students, they are frequently used as on-ramps to education and off-ramps to the labor market.⁶ For these reasons, credentials achieved through short-term programs—which can include industry-recognized credentials or certifications, licenses and certificates—make up 24 percent of all postsecondary awards in the U.S. today—a noteworthy jump from 8 percent in 1980.⁷



80 PERCENT OF ALL JOBS REQUIRE SOME FORM OF POSTSECONDARY EDUCATION OR TRAINING.



HALF OF ALL JOBS CAN BE CLASSIFIED AS MIDDLE-SKILL



CREDENTIALS ACHIEVED THROUGH SHORT-TERM PROGRAMS MAKE UP 24 PERCENT OF ALL POSTSECONDARY AWARDS IN THE U.S. TODAY.





It is time to end this outdated policy bias against working students, and modernize our federal financial aid system to be better aligned with the needs of today's students and employers.

Both academic and industry-recognized credentials can also yield a significant return on investment, especially when aligned with the needs of local and regional employers. One recent study shows certificate holders earn 30 percent more than individuals with a high school diploma alone.⁸ Additionally, the wage premium for short-term programs is often comparable or higher than associate's degrees and even bachelor's degrees in certain fields.⁹ These data points help demonstrate that short-term credentials can be powerful tools for lifting workers into high-wage careers while also serving as a way to reconnect individuals to the postsecondary education system.

Despite the growing value and utility of certificates for both individuals and employers in need of skilled workers, students who choose to enroll in short-term programs are typically ineligible for federal financial aid, simply because their coursework does not meet the length and time requirements dictated by current law. For example, students can only receive a Federal Pell Grant—a needs-based subsidy aimed at offsetting the cost of higher education—if they enroll in a program of study that requires 600 clock hours of instruction over fifteen weeks, and results in the attainment of academic credits.¹⁰ As a result of this roadblock, students who wish to enroll in a short-term or noncredit program must either pay out of pocket to cover the cost of enrollment, reside in a state that has dedicated

funding for tuition assistance, or commit to an academic program that meets the Pell grant length requirements—even if it will not equip them with the skills they need to succeed in their particular field.

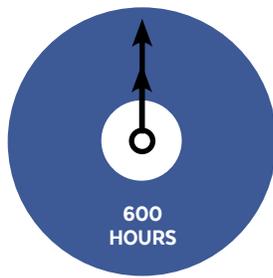
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Today's students: Finding success in an evolving job market

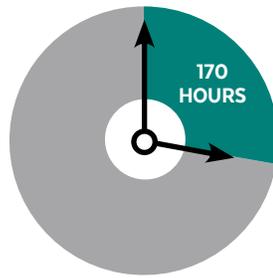
The reality of today's labor market is that some level of postsecondary education or training has increasingly become a prerequisite for both economic security and continued professional development.¹¹ As a result, many students today are enrolling in the higher education system in pursuit of stable and gainful employment, which is leading to important—but often underrecognized—changes in college demographics.¹²

More than 70 percent of all undergraduates are classified as non-traditional in some way, with more than half qualifying as financially independent, 43 percent attending school on a part-time basis, and more than a quarter working full-time.¹³ These trends are even more pronounced at community and technical colleges: 62 percent of all community college

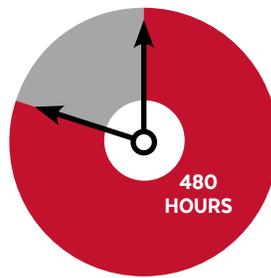
HOURS OF TRAINING FOR CERTIFICATION



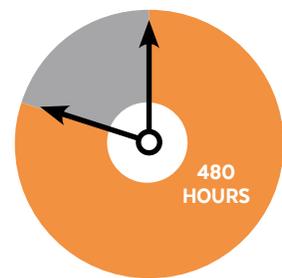
FEDERAL PELL GRANT
REQUIRES 600
TRAINING HOURS



CALIFORNIA
EMERGENCY MEDICAL
TECHNICIAN (EMT)



BATON ROUGE
COMMUNITY COLLEGE
DOMESTIC AIR CONDITIONING
& REFRIGERATION TECHNICIAN



PIEDMONT COMMUNITY
COLLEGE NURSE AIDE
CERTIFICATION

students—or roughly 4.5 million individuals—attend on a part-time basis, and nearly three quarters of these individuals are working either full- or part-time.¹⁴ Many of these students are balancing family obligations in addition to work and school, with parents making up approximately 30 percent of total community college enrollment, and single parents making up as much as 17 percent of total enrollment.¹⁵ In addition, many of today’s community college students are older than “traditional” students, with an average age of twenty-eight and nearly one in seven students over the age of forty.¹⁶

For many of these working students, traditional full-time, four-year programs are simply not a viable option, and those that do enroll in longer-term pathways often face significant barriers to completion. However, that should not mean that these hard-working individuals are excluded from postsecondary opportunities particularly as more and more jobs require some form of post-high school education and training. Community and technical colleges in particular have been evolving to meet the needs of these students, developing accelerated learning and career pathway models with “stackable” credentials that will allow working adults to enroll in postsecondary education in ways that fit their career and family schedules, as well as providing career counseling and other support services that help working students more effectively enroll in and complete programs.

Short-term credentials offered in both academic and industry settings are an important component of this effort to adapt, and community and technical colleges have been the leaders in expanding these opportunities. In the 2014-2015 academic year, more than 600,000 short-term credentials were conferred at public institutions—a 63 percent increase from the 370,000 credentials granted during the 2004-2005 academic year.¹⁷ Despite the fact that short-term credentials are often associated primarily with trade schools and other proprietary institutions, community colleges are responsible for 93 percent of the growth in short-term certificates since 2004-2005, while short-term certificates awarded at private, for-profit schools only increased by 2.6 percent during that timeframe.¹⁸

In fact, there are many for-credit and noncredit programs across the U.S. that are less than 600 clock hours, and are equipping workers with in-demand skills. For example, California emergency medical technicians (EMTs) can meet licensing requirements after completing 170 hours of training.¹⁹ Students attending Baton Rouge Community College (BRCC) can complete a Technical Competency Area (TCA) in Air Conditioning and Refrigeration—a credential that is accredited by HVAC Excellence—after completing 480 hours of training.²⁰ Additionally, Piedmont Community College in North Carolina offers a Nurse Aide Certification that can be completed in 480 clock hours—and prepares individuals for employment in home health agencies, hospitals, clinics and nursing homes.²¹ These and many other programs can meet the needs of students who may not have the luxury of having the residential-college experience—due to work obligations, family commitments, or lack of transportation.²²

Favorable outcomes for students attending short-term programs

During the 1970s, the average earnings differential between high school graduates and college graduates was relatively small. After 1980, however, the gap between the earnings of those with a high school diploma and those with a postsecondary degree began to rise—and nearly doubled by the year 2000.²³ Recent research indicates that overall, earnings increase for individuals after they complete postsecondary credentials. More specifically, career and technical certificates generate an increase of about 30 percent in earnings over a high school diploma.²⁴ Since these credentials can often be earned in a year or less, this increase constitutes a strong average return in the labor market. This data is consistent with administrative information across multiple states, including Florida, California, Kentucky, and Michigan.²⁵

In addition to obtaining a wage premium relative to their high-school diplomas, it is important to note that short-term credential holders receive earnings comparable to those with two- and four-year degrees. For example, a study of data from



Increased buy-in from employers also helps to improve their confidence in the quality of short-term credentials—making it easier for them to verify that prospective employees have the competencies needed for on-the-job success.

the state of Colorado found that while graduates with bachelor's degrees earn more on average over ten years than those with other credentials, completers of short-term programs and Associate's of Applied Science (AAS) degrees earn almost as much.²⁶ The median income for individuals with bachelor's degrees after ten years is \$55,287—while the median incomes of short-term certificate and AAS holders are \$53,940 and \$54,146 respectively.²⁷ Additionally, research conducted on the long-term outcomes of community college students in California, shows that over a span of nine to twelve years, short-term certificate holders on average see a 13 percent increase in their earnings, while associate's degree holders see their earnings increase by 7 percent.²⁸ Given the fact that these credentials take less time to earn than other degrees, it is clear that they represent a viable alternative for many students.

To be clear, this data does not indicate that all short-term credentials are equal; rather, these statistics help demonstrate that short-term credentials can play an important role in meeting the economic needs of nontraditional students—especially working adults. This information builds a strong case for modernizing our higher education policy to ensure that students have access to industry-responsive and valuable short-term credentials, while excluding programs that are not aligned with employer demands.

Today's employers: Partnering with community colleges to close the skills gap

It is no secret that today's employers are having difficulty filling middle-skill jobs. According to a survey conducted by the Society for Human Resource Management in 2016, more than two-thirds of organizations hiring full-time staff indicated that they are struggling to successfully recruit qualified candidates.²⁹ Human resource professionals who were surveyed noted that the some of the biggest roadblocks they encountered included an overall lack of technical skills and a deficiency of relevant credentials or certifications among job applicants.³⁰

In an attempt to improve the level of workforce readiness in their hiring pools, a growing number of employers are participating in sector partnerships; collaboration models that allow multiple employers in an industry to join forces with community colleges, workforce agencies, community organizations and other stakeholders in order to align training and education with the skills needed for that industry to compete.³¹ Increased buy-in from employers also helps to improve their confidence in the quality of short-term credentials—making it easier for them to verify that prospective employees have the competencies needed for on-the-job success.

Despite their involvement in workforce development, community college leaders have pointed out that the lack of federal financial aid for noncredit and short-term programs is preventing them from fully meeting the needs of students and employers.

Community and technical colleges are often the most obvious partners for companies looking to help shape the curriculum for specific programs, as their willingness to collaborate with employers and other industry partners is evident in most states. Community and technical colleges have also proven to be particularly adept in addressing the needs of local and regional employers—as demonstrated by the explosive growth in short-term and occupational training programs offered at these institutions.

Despite their involvement in workforce development, community college leaders have pointed out that the lack of federal financial aid for noncredit and short-term programs is preventing them from fully meeting the needs of students and employers. These leaders maintain that the continued absence of support from the federal government will keep their institutions from expanding short-term programs that have the potential to fulfill employer demand.³²

Policy recommendations

As our economy evolves, it is crucial that our postsecondary education system progresses along with it. As we have seen, postsecondary institutions across the country are changing to accommodate the increased demand for skilled workers by offering more career-oriented programs and collaborating with employers to develop and finance high-quality curriculum. However, federal higher education policy has not been updated to meet the needs of today's students and employers.

As we are presented with a chance to reauthorize the HEA, we must consider making it more inclusive of a broad range of postsecondary programs that are preparing students to succeed in today's workforce, responding to the needs of employers, and helping to close the skills gap. Congress should consider:

Extending Pell Grant eligibility to industry recognized short-term credentials

The first step to making our higher education policy work better for all students is to modernize the federal government's signature Pell Grant program. Congress should authorize the expansion of Pell to short-term programs of at least 150 clock hours over no less than eight weeks, so long as those programs are offered by a Title IV-eligible institution of higher

education and meet certain quality assurance standards, including:

- ◆ Requiring that qualifying programs lead to a recognized academic or industry-recognized credential that aligns with local or regional industry demand, and has been verified by employers, including through industry or sector partnerships between employers, community colleges, and other key stakeholders;
- ◆ Mandating that qualifying programs be approved by a state educational agency, accrediting agency, or similar entity;
- ◆ Encouraging institutions to articulate short-term credentials with longer term career pathways leading to two- or four-year degrees; and
- ◆ Encouraging institutions to ensure that students participating in qualifying programs have access to student supports—including basic skills instruction, transportation and child care assistance, and other services.

In addition to expanding Pell to these short-term programs, Congress should consider making it easier for not-for-credit programs to qualify for financial aid, and should also work to reduce the bias against half-time and less-than-half-time students in the calculation of award amounts.

Adopting a community college compact

Congress should consider adopting these policy changes as part of a broader Community College Compact that would recognize the important role of community and technical colleges in connecting working students and businesses to the skills and credentials needed in today's economy by:

- ◆ Investing in partnerships between businesses and community colleges that encourage collaboration between community-based organizations, secondary schools, workforce boards, and other stakeholders;
- ◆ Dedicating annual funding to academic support services including career counseling and career awareness activities that will enable non-traditional students to find the right programs for their life and employment needs;
- ◆ Increasing the transparency of postsecondary education data by collecting employment, earnings, and credential attainment metrics—a step that will enable us to measure return on investment and support program improvements when necessary.

STATE EFFORTS TO INCREASE ACCESS TO SHORT-TERM PROGRAMS

As a response to the increasing demand for skills coupled with the lack of federal financial support, states across the U.S., including Iowa and Virginia, are stepping up to enroll students in short-term programs that will lead to job attainment in in-demand industries. Stakeholders in these states recognize the value of these programs when it comes to improving their local economies, building a permanent pipeline of skilled workers for their employers, and increasing the long-term financial stability of their residents.

State profile: Iowa

Like many states across the country, Iowa is facing a shortage of qualified applicants who can fill middle-skill positions. Despite the fact that the composition of Iowa's labor market is dominated by middle-skill jobs, only 33 percent of working Iowans have the skills and credentials they need to fill these positions.³³

As a response to this growing disconnect, community colleges across Iowa are working with business and industry to develop short-term training programs for jobs that have applicant shortages. There are currently sixty sector partnerships (which represent over 300 employers) that are engaged in the design of these programs and career pathways.³⁴

These efforts are supported by the Iowa Skilled Worker and Job Creation Fund, which was authorized by the Iowa state government in 2013.³³ The fund is a collection of programs geared toward worker training and retraining, technical skill development and job creation.

The Fund supports the GAP Tuition Assistance Program (GAP), so-named for the "gap" in available tuition assistance which it seeks to bridge. The program helps enable community colleges to offer affordable, industry-aligned training.

GAP Tuition Assistance Program (GAP)

Purpose: The GAP program was created to help students cover the cost of enrolling in non-credit short-term training programs. As previously mentioned, most short-term program enrollees cannot access Pell funding and often earn too much to qualify for training funds authorized by the Workforce Opportunity and Investment Act.

Student eligibility: Students are eligible for tuition assistance under the GAP program based on their financial need and their projected capacity to achieve certain outcomes. For example, they must demonstrate the ability to complete an eligible certificate program, become employed full-time and maintain gainful employment.³⁴

Program eligibility: Students can use the GAP tuition assistance program to attend courses that result in a state, national, or locally recognized certificate, offer preparation for a professional examination or licensure, or provide endorsement for an existing credential or license. Eligible programs must offer training that prepares workers to enter in-demand occupations, including information technology, health care, advanced manufacturing, or transportation and logistics.³⁵ It is important to note that Iowa community colleges work with industry stakeholders to identify eligible programs. This level of collaboration helps ensure the alignment of available courses with the needs of employers.

Use of funds: GAP program funds can be put towards tuition, direct training costs, books, equipment, and testing fees.³⁶

Demographics: During academic year 2014–2015 (AY 2015) and academic year 2015–2016 (AY 2016), there were a total of 2,369 GAP participants, almost evenly split between men and women. In AY 2015, the average participant was thirty-three years old, and in AY 2016, the average participant was 33.5 years old.³⁷



Completion rates: In AY 2015, 810 GAP participants completed an approved program, which represented 63.1 percent of total participants. During AY 2016, 823 participants completed GAP programs, which represented nearly 75 percent of total participants.³⁸

The GAP program has provided valuable support to individuals who may have otherwise missed the opportunity to engage in the postsecondary education system. The continued investment in these programs will continue to increase opportunities for lowans and provide a pipeline of skilled workers for employers.

State profile: Virginia

In Virginia, impending retirements across many in-demand industries have underlined the need for a reliable pipeline of skilled workers. Today, approximately half of all jobs that are currently available in Virginia require some post-high school education but do not call for a bachelor's degree. Over the next six years, employers will need to fill over 1 million middle-skill positions to avoid a drag on the local economy.³⁹

To address this issue, the Virginia General Assembly passed HB 66 in 2016—a bill that established the New Economy Workforce Grant Program.⁴⁰

New Economy Workforce Grant Program

This grant program, which is the first of its kind, provides a pay-for-performance model for funding noncredit workforce training that leads to a credential in an in-demand field. The Virginia Community College System (VCCS), which oversees a network of twenty-three community colleges in Virginia, estimated that the funds appropriated by the General Assembly for this program would support approximately 10,000 students from July 2016 through July 2018.

Purpose: According to language contained in HB 66, this grant program was established to create and sustain a demand-driven supply of credentialed workers for high-demand occupations, expand the affordability of workforce training and credentialing, and increase the interest of current and future Virginia workers in technician, technologist, and trade-level positions to fill jobs in the Commonwealth that require less than a bachelor's degree but more than a high school diploma.⁴¹

Program eligibility: Institutions that are eligible for funding include community colleges and higher education centers.⁴² Non-credit training programs are deemed eligible through a vetting and approval process conducted by the governing boards of eligible institutions. Programs also align with a list of high-demand fields set forth by the Virginia Board of Workforce Development annually.⁴³

Student eligibility: The only legislated eligibility requirement is for students to be domiciled in the Commonwealth of Virginia.⁴⁴

Use of funds: Responsibility for the costs of training and credentialing are shared among the student, the state, and the institution and are determined by student success. The student is responsible for one-third of the total cost of the training upon enrollment. If a student completes the training and earns the credential, the state pays the remaining two-thirds of the total cost. If the student completes the training but does not earn the credential, the institution, rather than the state, is responsible for the final third of the program cost.⁴⁵ This risk-sharing model provides a tangible incentive for students to complete their programs and for institutions to ensure successful training completion.

Demographics: According to the VCCS, the average age of students enrolled in this grant program to date is thirty-six. Additionally, the program serves a population that is 66 percent male—with approximately 20 percent of attendees being eligible for Temporary Assistance for Needy Families and Supplemental Nutrition Assistance Program.⁴⁶

Completion rate: Since the program began, 95 percent of the approximately 8,800 participants have successfully completed their training programs, preparing them with the skills and knowledge needed to earn related credentials and succeed in high-demand industries.⁴⁷



Endnotes

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