

Executive Summary

The Newest Economy: Welcome to the Credential Currency Revolution

During the Covid-19 pandemic, numerous technical and skilled jobs went, and are still unfilled, while college attendance and college completion rates are falling, and college loans are a potential deterrent to attendance and completion. At the same time, state governments are struggling to rebalance their human capital pipelines to meet employment and industry needs necessary for economic rebound.

National Laboratory for Education Transformation's (NLET) paper, *The Newest Economy: Welcome to the Credential Currency Revolution*, explores how to operate in a marketplace of sellers (institutional programs) and buyers (employers) as a method of self-regulating the alignment of academic and training offerings with available jobs and careers.

Unraveling the complex relationship in the United States between academic degree attainment and occupational certification and their relationship to the employment market is at the heart of *The Newest Economy* paper.

Unlike many nations in the world, the U.S. does not separate students into academic and occupational or trade tracks prior to or during high school. While the U.S. historically had in-depth vocational programs in high schools and continuing education noncredit certifications in colleges, these offerings were deemphasized in favor of "college for all." A higher education degree correlates with higher lifetime earnings. However, it does little to guarantee actual employment.

What is known is that many technical and skill-based jobs do not require a college degree but do require specific training. Given this, the problem that exists is that there is no mechanism, government or privately led, to allow courses, programs and training to align with job and career hiring trends. There are proximate measures from job postings culled from the Web and analyses from state employment records, but they are not sufficient to make predictions of where institutions should concentrate their offerings, or what individuals should pursue.



In 2018, The Council of Chief State School Officers (CCSSO), Education Strategy Group (ESG) and Advance CTE released a report authored by ESG that contained a series of recommendations to support states as they work to increase student attainment of industry-recognized credentials that have high value in the workforce and higher education.

The report entitled, *Credential Currency: How States Can Identify and Promote Credentials of Value*, instructed states to identify credentials of high value, incentivize their attainment in high schools and higher education and collect and report on the rates that different credentials enter the labor market.

The report led to a number of states enacting legislation following the Lumina and JPMorgan-Chase foundations' funding of Credential Engine to establish an open credential description language and a common Registry of essential information about credentials ranging from diplomas, badges and certificates to licenses, certifications and degrees and their competencies, quality indicators, pathways, transfer value, links to job skills and outcomes.

In the *Newest Economy*, Gordon Freedman, president and founder of NLET, describes the broken chain of education and training that stretches across high school, career and technical education, community college, workforce development, university continuing education and into a disconnected and unpredictable labor market. Freedman suggests that credentials alignment may be maximized through the lens of a marketplace.

Following the original *Credential Currency* report, *The Newest Economy* makes the point that a way to bring coherence to the types of education and training offerings and their connection to available jobs and viable careers is to first view "credentials" broadly. Meaning that a skills badge, technical certification and academic degree are all *credentials*.

Next, going beyond the Credential Currency report that argued for "credentials of value," is to experiment with putting the credentials in a market environment where credentials that deliver the most jobs end up with a higher ranking or value. Doing so may make it easier for learners to not be mired in each step of the process from selecting courses and programs to eventually applying for a job.

The *Newest Economy* advocates for the formation of a Credential Alliance that includes multiple types of stakeholders and stewards. Contributors to the *Newest Economy* paper include the Southern Regional Education Board (SREB), Credential Engine and GoEducate, Inc., who are jointly exploring the formation of the Credential Alliance to examine integrated solutions to power a more coherent education-to-employment pipeline.



About the National Laboratory for Education Transformation (NLET)

NLET is a decade-old California research and development non-profit focused on systems-level changes in mathematics learning, state K-12 data, learner records and the education-to-employment pipeline. NLET believes these are key levers for both academic and career success and works across sectors with researchers, education experts, education technology providers, universities and community colleges, while scaling promising technologies that lead to equitable learning or employment outcomes.

For more information about the report and the work of the Credential Alliance, visit www.nlet.org or email to info@nlet.org.

