



Institute for Credentialing Excellence

EXG2025

A Whole New World for Credentialing – The Future of State Policy and Third-Party Data

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Credentials of Value

Credentials of Value

- How do you determine if a credential (e.g., certificate or certification) is of value?
- What data would you need to determine value?



What are the Types of Data?



First-party

Second-party

Third-party

First-party: Self attestation

Second-party: Endorsement, but is related in some way to the organization

Third-party: Independent judgment about an entity and has no relation to the organization

State Policy

- Policymakers are placing greater emphasis on high-value, non-degree credentials that put individuals on a path to economic and career success
- As of 2024, 32 states had invested more than \$5.6 billion across 70 short-term credential initiatives
 - Initiatives focused on providing financial aid to students pursuing short-term certificates or certifications, while others focus on boosting institutional capacity to meet demand for shorter-term programs
- To identify high-value credentials, states are creating credentials of value lists that are used in secondary and postsecondary education and the public workforce development system
 - In 2024, 44 states had publicly available lists of industry-recognized credentials

Sources:

- HCM Strategists: https://static1.squarespace.com/static/62bdd1bbd6b48a2f0f75d310/t/672549d2c51bcd00c9c0f9cc/1730496979314/HCM_Short-term+Credentials+Update_112024.pdf
- The State of Career Technical Education, Credentials of Value: https://careertech.org/wp-content/uploads/2025/05/StateofCTE_2025_FullReport-1.pdf

State Policy Examples

- Texas [HB8](#) (2023) shifted community college funding away from a static system tied primarily to students' time in class to an outcomes-based formula that includes community college students earning credentials of value
- Colorado [SB 119](#) (2021) modifies the Career Development Success Program to include requiring the Department of Education to identify and recognize the top 10 industry-recognized credentials
 - These credentials must be aligned with in-demand industries and include a guaranteed credit transfer pathways in higher education
- Louisiana [SB 102](#) (2017) includes credential attainment as part of the funding model for workforce training and education programs

Data is Required

- These policies and credentials of value lists must be based on data
- There is a lack of data, especially third-party data, for many non-degree credentials, including certifications and assessment-based certificates.
- Postsecondary education institutions that integrate certifications into their academic programs have a difficult time obtaining data about whether or not their students earned the certification.

Types of Outcomes Data of Interest to Policymakers

Earnings

- Salary growth over time (e.g., 1-year, 5-years, 10-years impact of earning the credential)

Educational Attainment

- Relationship among different types of credentials (e.g., certification and degree)

Employment

- Job attainment, promotion, retention, type of employer, career pathways

HB8 in Texas

What is HB8?

- In 2023, the 88th Texas Legislature unanimously approved historic legislation that transforms how Texas funds its 50 community college districts. House Bill 8 (HB8) replaces a static funding model based on the number of courses and credit hours offered with a dynamic, performance-based model tied to specific outcomes.
- Instead of competing against one another for state dollars, each community college is now challenging itself to earn additional funding by educating more students and awarding credentials of value that align with Texas's workforce needs.

How is HB8 Affecting Houston City College?

- Base Tier reflects contact hour enrollment and is meant to ensure small and/or rural community colleges can meet basic financial obligations. HCC's tax base is too large to qualify for this funding.
- Performance Tier is the majority of the funding. Each community college's funding is based on student outcomes:
 - *The number of credentials of value awarded, including CEU, certificates, and degrees, that position graduates for well-paying jobs*
 - *Credentials of value awarded in high-demand fields where employers are looking for skilled employees*
 - Successful student **transfers** (or co-enrollment) from community colleges to four-year universities (Texas GAIs)
 - Completion of a sequence (15 SCH) of **dual credit** courses (CEU now ok). To ensure low-income students benefit, the legislature also allocated *FAST* funding to cover the costs for economically disadvantaged students

Credentials of Value in Texas

- Credentials of value must meet a certain cost-benefit threshold that indicates a positive return on investment:
 - A typical student with that credential must earn enough within 10 years to pay for the cost of their education, and
 - Must surpass the earnings of a typical high school graduate

Fundable Credentials



Degrees, Certificates, and Awards

- Associate degree
- Baccalaureate degree
- Level 1 or 2 Certificate
- Advanced Technical Certificate
- Continuing Education Certificate
- Occupational Skills Awards



Institutional Credentials Leading to Licensure or Certification

Completion of a credential leading to licensure or certification meeting a threshold of contact or semester credit hours

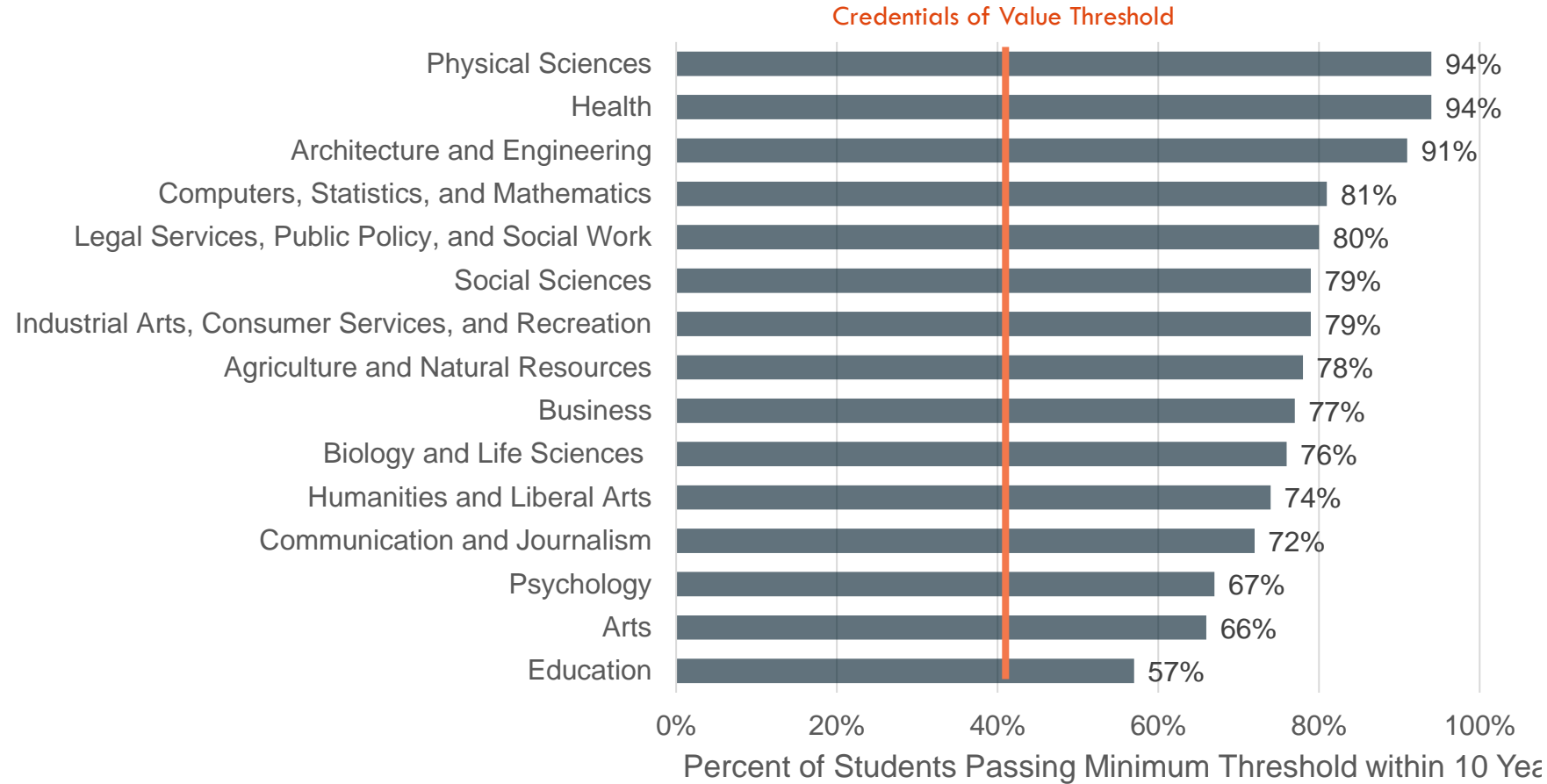
NEW IN FY25



Third-Party Credentials

Credentials listed in the American Council on Education's National Guide and meet contact hours, conferral, transcript, and other program content requirements

THECB Credentials of Value Study: All HCC Certificates and Associate Degrees Qualify as Credentials of Value



Source: <https://data.highered.texas.gov/credentials-of-value/>

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DEFINITION – OSA

Occupational Skills Award

A sequence of courses that meet the minimum standard for program length specified by the Texas Workforce Commission for the federal Workforce Innovation and Opportunity Act program. The content of the credential must be recommended by an external workforce advisory committee, or the program must provide training for an occupation that is included on the Local Workforce Development Board's Target Occupations list. The credential prepares students for employment in accordance with guidelines established for the Workforce Innovation and Opportunity Act.

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DEFINITION – ICLC

Institutional Credential leading to Licensure or Certification

A credential awarded by an institution upon a student's completion of a course or series of courses that represent the achievement of identifiable skill proficiency and leading to licensure or certification. This definition includes a credential that meets the definition of an Occupational Skills Award in all respects except that the program may provide training for an occupation that is not included in the Local Workforce Development Board's Target Occupations list.



THINGS TO THINK ABOUT IN CHOOSING TO OFFER A CREDENTIAL

Occupational Skills Award

9-14 SCH for credit courses or 144-359 contact hours

Student-level data reported by institutions

Funding weights are applied (economically disadvantaged, academically disadvantaged, adult 25+)

Institutional Credential leading to Licensure or Certification

5 SCH or 80 contact hours for high demand; 9 SCH or 144 contact hours for other

Student-level data (FY2024) being collected by institutions for reporting and certification in fall 2025

For FY2024, no shared contact hours between ICLCs and OSAs



THINGS TO THINK ABOUT IN CHOOSING TO OFFER A CREDENTIAL

Decision Drivers

- Listen to your Advisory Committees - recommended skill requirements and program length
- Understand your region's profile: industrial composition of the economy; current and future occupational shortages; economic development data; employer needs.
- Calibrate your institution's responses to labor market signals and keep fine-tuning.
- Plan programs for student success v plan programs to maximize funding.
- Differentiate between high demand occupations and other occupations with higher-wage outcomes.
- Determine most appropriate "credential package": OSA, ICLC, Certificate Level 1 and 2, or Continuing Education Certificate.

Challenges with Credentials of Value

- HCC faces challenges with the ICLC's funding due to lack of data agreements from licensure/certification agencies
- It is critical to maintain rigor so that students are able to obtain living-wage jobs and excel
- Credentials of Value are grouped into two categories:
 - Standard
 - High demand fields
 - Determined at 4-digit CIP code (field)
- High demand fields are reimbursed at a higher rate
- High demand fields are **not** equivalent to “high wage” - it is determined by workforce need
 - Example: Early Childhood

High-Demand Fields: Meeting Texas' Workforce Needs

Colleges receive extra funding for credentials aligned to either the statewide or their regional list, which will be evaluated every 2 years across key categories:

STATEWIDE

10

STATEWIDE HIGH-DEMAND FIELDS

Based on **Top 10** growing occupational groups according to 10-year demand projections from TWC and Bureau of Labor Statistics (BLS) data



EMERGING OCCUPATIONS

Fields designated by the Commissioner (in consultation with the Governor's office) that are critical to the state's economic needs and legislative priorities

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COORDINATING BOARD

REGIONAL

5

REGIONAL HIGH-DEMAND FIELDS

Based on **Top 5** growing occupational groups in each college's region not on the statewide list, where regions align with the Texas Comptroller's economic regions

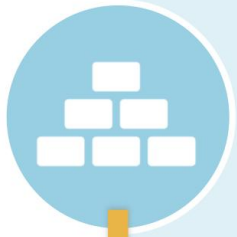


ESSENTIAL OCCUPATIONS

Colleges can petition to add **up to 5** occupational groups on their local workforce board's target list that are critical to their region's workforce needs

Credentials of Value: Achieving Positive Return on Investment

Credentials of value provide a positive return on investments (ROI) to students. Starting FY25, community colleges will be eligible for performance funding for 2 tiers of Credentials of Value:



CREDENTIALS OF VALUE BASELINE

Institutions are funded for all conferred credentials in a program when a typical graduate earns cumulative wages greater than the median earnings of Texas high school graduates and recoups the net cost of attendance within 10 years of earning the credential



CREDENTIALS OF VALUE PREMIUM

Institutions receive premium funding for each student earning a credential of value who is projected to achieve a positive ROI at or before a target year when most students in comparable programs are projected to reach positive ROI

Credentials of Value Premium - Simplified

- Credentials of value are calculated at the institutional level
- Premium bonuses are calculated at the student level
- For each student, a credential becomes valued if the student reaches a positive return on investment faster than average for the state
- Students must “spend less” on their education, in time (opportunity cost) and/or money than “average” to earn this bonus
 - Scholarships and grant aid are subtracted from total student cost
 - Earnings during enrollment is subtracted from total cost (help students obtain higher paying jobs)
 - Minimize failed/withdrawn credits with support
 - Minimize excess credits

Board of Certified Safety Professionals' (BCSP) Journey

Outcomes of Value

- For the public
 - Public protection
 - Good use of tax revenues (workforce development agencies, educational institutions)
- For employers
 - Qualified workforce
 - Productivity
- For certificants
 - Career advancement
 - Wage/salary growth
 - Knowledge verification

Salary Survey

- Conducted every two years, jointly with the National Safety Council
- Sound methodologies are used
- Drawbacks:
 - Second-party data
 - From a self-selected pool of respondents
 - Not always timely, as the survey is run only once every two years

National Student Clearinghouse

- Lumina Foundation funding
- True third-party data from the Clearinghouse and the U.S. Census Bureau
- Substantially full national datasets
- BCSP's goals for use of the data were:
 - Strategic planning
 - Identifying blind spots
 - Refining targeted outreach
- Drawbacks:
 - No records for credential holders without higher education degrees
 - Incomplete information on older credential holders

CredLens

- Collaboration with the Clearinghouse
- Strada Foundation and other funding
- Focused from the beginning on non-degree credential attainment
- Not limited to higher education degree holders
- Full data sets for higher education attainment, wages/salaries

Challenges in Sharing Data

- Adhering to accreditation standards
 - Transparency with status holders
 - Option for individuals to not share data
- Protecting applicant/candidate/credential holder data privacy
 - Robust data sharing agreement
- Data integrity
 - Robust record and field matching across systems

Value of High Quality, Third-Party Data

- Reliable data to counterbalance inaccurate information in the marketplace
- Potential for harm is greater while AI is still an unreliable source

Future Plans with Governmental Agencies

- Develop an entry-level pipeline strategy and career path
 - Start as early as CTE programs
 - Government enablement is crucial
- Work more closely with community colleges/systems
- Outreach to state and other governmental entities that provide funds to individuals seeking credentials
- Seek to be added to states' eligible training provider lists (ETPLs)
 - Challenge: Each state has its own rules
- Anticipate the need for reliable outcomes data

For more information:

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