

A Certificate, Then a Degree

Certificate-First Programs Can Help Tackle America's College-Completion Crisis

by CLARK G. GILBERT and MICHAEL B. HORN

THERE'S PLENTY OF HIGH-PROFILE CONCERN and hand-wringing about college debt in the United States, with some aspiring presidential candidates offering dueling proposals to cancel all \$1.5 trillion in outstanding student-loan obligations. But the far bigger problem affecting college-goers in America is a completion crisis. Far too many students who attend college do not graduate.

More than 40 percent of all first-time, full-time college students in the United States fail to graduate from four-year programs within six years. If they are in the top income quartile, they are more likely to graduate—the rate is 62 percent. But that still means more than one third of relatively well-off students do not graduate. And it is worse for individuals in the bottom income quartile. The graduation rate for these students is a catastrophic 13 percent.

The U.S. education system has made progress in getting more students through the enrollment door. But students are stumbling in frightening numbers on the path to a college degree. One promising strategy to combat the completion crisis is to flip the script and make sure students earn a meaningful, job-ready certificate in the first semester or year of college. This gives them immediate value in the labor market—and, counterintuitively perhaps, a greater likelihood of eventually earning a degree.

The danger of no degree

As Beth Akers and Matt Chingos document in their book *Game of Loans*, the students who rack up extremely high debt loads also tend to be those who finish school and earn a degree—often for graduate school—which skews the average debt-per-student statistic. These students are also typically able to pay off their higher loans given their higher earnings.

Meanwhile, non-completers not only lose out on the benefits of a college degree but also face increased debt without increased earnings. Students who don't complete college tend to have relatively small amounts of outstanding debt. Yet they struggle the most to pay it back, as they lose out on most of

the wage premium that comes from a degree.

The potential damage is widespread: one in six adult Americans carries student debt, and non-completers have a threefold higher risk of default. On average, seven years after leaving college, 74 percent of completers have paid down some of their principal, while nearly half of non-completers owe more than they did upon leaving college.

Helping students earn certificates upfront offers a promising path to address the dropout rate. Postsecondary institutions offer these credentials of student educational attainment in a growing variety of subjects, which run the gamut from auto mechanics to unmanned aircraft systems to finance. Although community colleges have long offered such programs, name-brand institutions also have gotten involved: the extension program at the University of California, Los Angeles, for example, provides certificates in subjects like cybersecurity and interior design, and delivers some of its programs through an app.

Such credentials have grown significantly in recent years. Georgetown University's Center on Education and the Workforce found the number of credentials awarded annually amounts to more than one million—more than a threefold increase since 1994. And last year, Credential Engine reported that nearly 67,000 programs in the United States grant credentials.

Their ultimate value, however, is not yet known. A number of studies have found that certificates have uncertain and uneven value in the labor market. In a working report for the Community College Research Center, Thomas Bailey and Clive R. Belfield found that certificates appeared to have a meaningful return, on average. But further analysis revealed several other important conclusions.

First, the positive returns from certificates lasted only a few years. Second, certificates in health-care fields appeared to drive most of the positive benefits. And third, because the value from certificates was relatively short-term, it was important to use them to acquire additional credentials. The additional credentials that held value were typically assets like a traditional bachelor's degree, not other certificates.



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A certificate-first approach

That's an important finding given the hype around credentials, which takes two basic forms. Some advocates and institutions laud credentials for their potential to displace traditional degrees, whereas others consider them a valuable complement to a traditional degree.

BYU-Pathway Worldwide, an online program that is a part of the Church of Jesus Christ of Latter-day Saints higher-education system, is finding something else. Certificates aren't a replacement for or merely a complement to a degree, but rather a central component of a degree that can help students persist to completion. BYU-Pathway Worldwide (where one of the authors of this piece serves as president) and BYU-Idaho have undertaken an initiative in which certificates are used as a sub-component of a degree. The programs are showing that certificates used in this manner can play a critical role in helping students both boost their earnings and ultimately complete a degree. Offering students a credential for a portion of their learning in a degree program may be the most promising intervention to tackle the college-completion crisis.

At BYU-Pathway Worldwide, for example, students who finish a cluster of certificate courses can receive a credential upfront, while still on their way to a college degree. Among those students, the percentage of freshmen who returned for their sophomore year increased by more than 20 percentage points, to 86 percent from 65 percent. That was a significantly bigger bang for the buck compared to other strategies aimed at improving retention, such as traditional financial aid and mentoring programs.

The basic logic is that students see an immediate payoff to their work in the marketplace, which helps them recognize the value of their studies and engenders affinity to their institution. Because students often must take time off from school for a variety of reasons, since they now have a clear, market-validated credential from the school, they have significantly more faith in the value of re-enrolling and working hard to complete a degree. Their self-confidence and sense of agency also increase dramatically.

It sounds like common sense. But for this approach to work, there are a few important design rules to get right.

Most degree programs begin with a series of general-education courses. Although they provide a foundation for critical thinking and future learning, these courses—which can range from algebra to English composition—can also tend to feel less relevant to many first-generation students, who hope their education will bring increased earnings. Moreover, the learning gained from general education is not immediately valuable in the labor market and can be lost if a student drops out.

A certificate-first approach flips this on its head. In other words, first means first. Rather than start with general-education courses, a college must intentionally move certain courses that have clear relevance and benefit in the labor market to the beginning of a student's experience. This means that the certificate must be more than simple prerequisites but should have immediate freestanding value in the marketplace.

It does not mean that certificate-first is anti-general education or anti-bachelor's degree: it is simply a re-sequencing of value into the first year of college. This embeds the certificate in a clear path toward a bachelor's education, but also means that students who choose to pause or end their studies before obtaining a degree will have at least one valuable credential.

For example, at BYU-Pathway Worldwide and BYU-Idaho, the teams took the applied technology degree and flipped it on its head. Instead of starting with general education or even prerequisite courses, the degree now begins with coursework in database architecture, Web front-end development, or computer support that immediately results in a marketable certificate. The general-education courses are still required to earn the degree, but they come later in the sequence.

Importantly, the certificate that a student earns must serve as a nested path to a degree. It must fit through a modular design into something larger—modularity that drives increased retention and certificate option value.

Conclusion

What is so exciting about this finding is how relatively simple the solution is. Although college faculty will undoubtedly wonder if flipping the sequence of general-education and degree-specific courses would work for students, doing so does not require a dramatic restructuring of a school in terms of cost, time, or modality. Moreover, it may well increase the probability that students complete the degree in the first place.

Although there are multiple ways to implement a certificate-first approach across the first year of college, it is a design that could be implemented across a range of educational settings and institutions. A certificate-first degree structure can accelerate the value of higher education even as it helps more students earn their degree—a compelling way to cut into the college-completion crisis.

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ELEMENTS OF A CERTIFICATE-FIRST APPROACH

■ **First Means First:** Certificate coursework is offered right away to provide immediate job value and help students persist to degree completion.

■ **Modular Design:** Certificate credits match seamlessly with degree requirements to ensure work remains bachelors focused.

■ **Labor Market-Focused:** First-year courses provide students with freestanding, marketable skills that lead to employability.