



# Credentials of Value

## Identifying and Promoting Credentials for Good Jobs

Individual and economic success are contingent on preparing students with skills valued in the workforce. Microcredentials and certificates have become a widespread tool to validate skills and prepare students to enter the workforce more quickly. Accountability and education funding sources, such as Perkins V and the forthcoming Workforce Pell, are also adapting to support credentials. However, with the myriad of credentials available and the complexity of state education and workforce systems, states should have well-defined systems in place to ensure the credentials they offer students are indeed valuable.

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# Key Recommendations

The Southern Regional Education Board Commission on Career Pathways and Credentials defined three key areas to support pathway systems in promoting credentials of value. States should focus on developing transparent processes, rigorous criteria, and robust data systems to ensure students have access to credentials that offer real benefits.



## Processes

- A statewide committee or governing board of credential experts is established through statute or regulation.
- The application process is clear and transparent to external stakeholders.
- A unified list supports credentials across secondary and postsecondary.
- Approved credentials are tiered or weighted.
- The list is public-facing and communicates approved and promoted credentials to stakeholders.
- A semi-annual revalidation process ensures that credentials are relevant.



## Approval and Tiering Criteria

- Rigorous criteria provide a clear threshold for list inclusion and tiering.
- Criteria should include, at a minimum, documentation of alignment with priority occupations, credential rigor, business and industry validation, and portability.
- Credential criteria are publicly available and shared with system partners.



## Measuring Value

- Longitudinal data systems link credential attainment with other educational data, employment information and wage data.
- Supply and demand for credentials are monitored over time.
- Credential funding mechanisms consider evidence of labor market value.

# The Need for Valuable Credentials

Industry-recognized credentials are a key component of career and technical education programs in both secondary and postsecondary systems. With the inclusion of industry recognized credentials as an accountability option in Perkins V, numerous states have adopted credentials for federal accountability in K-12 systems and have passed legislation focused on credentials. Postsecondary institutions have increased opportunities for students to earn industry certifications within their degree programs. Many states have also included credentials as part of their postsecondary attainment goals. Additionally, the Workforce Pell Grant program, to be implemented in July 2026, offers further funding opportunities to increase a skilled workforce through credential attainment.

Meanwhile, the number of credentials has skyrocketed. Credential Engine estimated in 2025 that there were over 1 million credentials available; however, few of these credentials advance the career paths for earners. A recent Burning Glass Institute report found that only 12% of credentials offered any meaningful impact on individual outcomes, based on an analysis of available workforce data tied to credentials.

The combination of volume in quantity and scarcity of quality in credentials provides a difficult challenge for policymakers to address. Credentials are essential to quality career pathways, but an overwhelming majority of them are not valuable to earners or employers. Thus, state policymakers and education leaders need effective criteria and processes for determining a credential of value — a credential that validates an individual’s skills and competencies and leads to positive employment and wage outcomes.

This brief is the third part of a series produced for the Southern Regional Education Board Commission on Career Pathways and Credentials. The briefs provide guidance on identifying high priority occupations in a state and aligning career pathways with workforce demand.

This brief addresses how to vet and sequence credentials so that students are provided with the training they need to earn credentials of value and that the credentials on a state list are, in fact, valuable. The following sections outline the challenges in doing this well, the importance of the education and workforce ecosystem, and the recommendations developed by the commission.

The Commission on Career Pathways and Credentials included members from each of SREB’s 16 states, including leadership from governors’ offices and state agencies, K-12 superintendents, principals and teachers, postsecondary deans and faculty members, and business leaders. Chaired by Georgia Gov. Brian Kemp, the Commission met during 2025 and developed recommendations for connecting education and the workforce.

## Credential of Value Definition

Credentials of value validate an individual’s skills and competencies in a particular industry through a certification, license or other credential. They are obtained through an assessment process, are often stackable or portable, and lead to positive employment and wage outcomes.

# The Credential Landscape

The need for postsecondary education beyond high school has been well-documented. By 2031, the Georgetown Center for Education and the Workforce estimates that 71% of jobs in the United States will require some form of postsecondary training. However, recent postsecondary attainment estimates from the Lumina Foundation report that, on average, only 48% of the working-age population (25 to 54) in the South has any postsecondary training.

Industry-recognized credentials are a key strategy to provide students with the necessary postsecondary education to meet the demands for a skilled workforce. Federal and state governments attempt to address these gaps by setting goals related to postsecondary attainment that include incentivizing credentials and incorporating credentials into their Perkins accountability metrics.

Credentials of value are in-demand by employers and validate the skills that earners have so that they meet job entry and advancement requirements. They should provide a tangible benefit to earners through an increase in employment opportunities or higher salaries. Research evidence supports this logic. A study by Di Xu and colleagues reports that having an industry credential increases quarterly earnings by \$1,000 on average, and the probability of being employed also increases by 2.4 percentage points.

Recent findings by Peter Bahr and Rooney Columbus exploring noncredit programs in community colleges in Texas show slightly higher gains of \$2,000 per year on average and a 3.8% increase over pre-training earnings. These returns suggest that there is a clear benefit for the earners. However, to be attainable and aligned with the workforce, the credentials of value offered by a state pathway ecosystem must be intentionally vetted and fall within a clear pathway sequence.

High school students may also experience positive effects of credential attainment, though their career pathways may change after graduation. Matthew Giani finds that some specific credentials do increase short-term earning, but most high school students who earn credentials are not employed in the industry relevant to their credential.

To realize the economic value of credentials, states need an appropriate and effective credential infrastructure that establishes clear approval criteria, promotes valuable credentials and aligns with state and local workforce demand.

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## Credential Systems Challenges

Credentials of value offer a powerful way to signal an individual's skills and readiness for employment, yet some challenges make it difficult for learners, employers and states to navigate this landscape effectively. One of the most significant issues is the sheer volume and variety of available credentials, industry certifications, occupational licenses, microcredentials and other certificates on the market. It can be difficult for learners to distinguish which ones truly lead to strong employment and wage outcomes.

Employers also face difficulties in determining which credentials accurately reflect the competencies needed for specific jobs. This complexity often results in misalignment between education programs and workforce needs, limiting the impact credentials are intended to have on talent development.

A second challenge is the lack of consistent and transparent standards for evaluating credentials. States and institutions often rely on different criteria—or no formal criteria at all—to determine which credentials are of high value. Without a common framework for reviewing industry demand, assessment rigor, portability and labor market outcomes, decision-makers may endorse credentials that vary widely in quality. This inconsistency can undermine trust in the credentialing system and make it harder for learners to make informed choices.

Finally, cost remains a persistent barrier. Many high-value credentials require expensive coursework, exam fees or equipment costs that place a disproportionate burden on low-income learners. Even when financial aid or subsidized programs exist, navigating these options can be complicated. Together, these challenges highlight the need for more coherent and transparent systems to support learners in earning credentials that truly lead to economic opportunity.

## Policies and Implications


States face several key policy considerations as they work to strengthen and scale credentials of value. Because states use different standards to determine which credentials are high-value, one major implication is the need for unified and transparent approval processes that incorporate labor-market demand, wage data and employer validation.

States should also have consistent systems for reviewing and removing credentials that no longer lead to strong outcomes. It is equally important to invest in a statewide data infrastructure that links credential attainment with employment and earnings, enabling states to make evidence-based decisions about which credentials merit public investment.

These considerations directly intersect with the implementation of Workforce Pell Grants, which will allow Pell funding for short-term, job-focused programs beginning in 2026. Workforce Pell eligibility requires that programs align with high-skill, high-wage or in-demand occupations, making state credential frameworks essential tools for determining which programs qualify.

States will need strong accountability measures to ensure only high-quality programs are approved, particularly as evidence of the effectiveness of short-term training is mixed. To protect students and public funds, states should emphasize outcomes such as employment, earnings gains and stackability into longer-term pathways.

The emergence of statewide credentials of value systems and the rollout of Workforce Pell present an opportunity for states to expand access to high-quality career pathways while reducing the risk of funding low-value programs. By aligning credential approval processes, data systems, funding incentives and cross-agency coordination, states can help ensure learners gain transferable, labor-market-aligned skills that lead to economic mobility and meet workforce needs.



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# The Commission's Focus

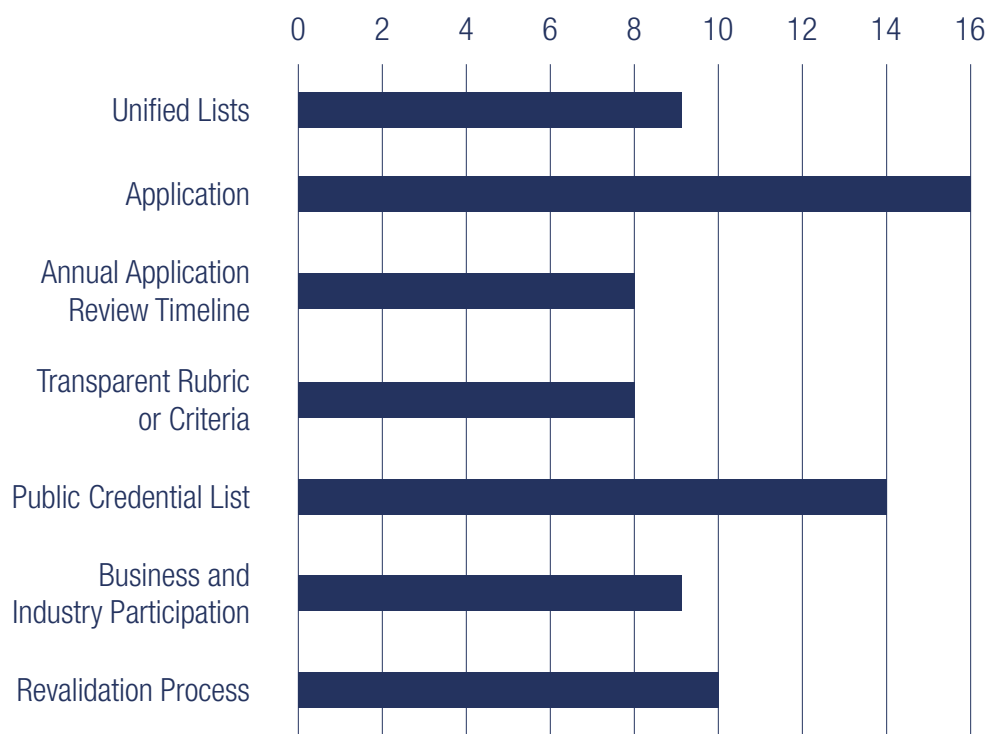
The benefits to credentials can be significant, but so are the challenges to maintaining a high-value list. The commission used the existing best practice recommendations to dive deeper into what is happening in the SREB region. As part of a policy learning experience, the commission shared current state practices to develop a landscape of current credential practices. Some of these practices are part of legislation, but some have developed organically as state agencies have tackled credential list issues. With this knowledge in hand, the commission then set about developing practical and relevant recommendations that can be used by policymakers and state agency leaders to enhance their credential systems.

## Credentials of Value in SREB States

Within the SREB region, states have been working diligently to improve their credential processes. Many are aligning themselves with best practices. SREB collected state resources from education leaders and policymakers within the states and reviewed websites for publicly available information on credentials. The table below provides a synopsis of SREB states' work in key areas.

### Credential Processes in the SREB Region

Credential Processes in SREB States



Average Number of Credentials Per List:

**410**

Source: SREB Analysis of Member State Credential Resources

While the South has worked to improve the management of credential ecosystems, there is still work to be done to ensure that credential lists contain valuable offerings that prepare students for in-demand careers and provide value to the economy. As funding for credentials expands, so does scrutiny on the impacts of credentials and the use of public dollars.

## Credential Legislation from 2020 to 2025

The increased focus on credentials has led to legislative action to strengthen credentials and pathways systems in states.

Many states are mandating the creation of credential lists and identifying specific collaborative groups to lead their development. For example, Florida House Bill 1057 (2021) and Mississippi House Bill 1388 (2022) designate specific offices or organizations to develop credential lists, establish credential committees and analyze program outcomes.

Kentucky Senate Bill 158 (2020) requires local workforce investment boards to provide an industry-recognized credential list to the Workforce Innovation Board of Kentucky. States have also attempted to strengthen structures around data collection to build evidence of credential effectiveness. In Alabama, AL House Bill 109 (2023) created the Alabama Credential Quality and Transparency Act, which established a committee to work on making credential and competency data publicly available through a registry. It also created the Alabama Terminal on Linking and Analyzing Statistics on Career Pathways Act to create a secure longitudinal data system.

Legislation has also tied funding to the earning of credentials, whether that is through approval of funding for credentials on a designated list, as in FL Senate Bill 240 (2023), or as a success measure in performance-based funding models, as in Texas House Bill 8 (2023) or KY Senate Bill 191 (2024).

## Recommendations of the Commission

The inclusion of credentials of value as part of secondary and postsecondary career pathways represents a concrete intersection of education, business and industry. The alignment of credentials with workforce needs presents a unique opportunity for collaboration between policymakers, educators and industry representatives to develop an education to workforce pipeline leading to both student and economic success. The recommendations focus on three key areas: processes, criteria and metrics. Each state in the region has their own needs and conditions that influence their approach to credential management. These recommendations are intended to provide guidance in core inputs to a healthy credential system. Each state is encouraged to evaluate, adapt and adopt the recommendations to reflect their current approach and vision for their credential system moving forward.

### Top Criteria Considered:

- Aligns with course standards
- Business and industry support
- Aligns with priority occupations
- Assessment integrity
- Portable
- Stackable



States should provide a clear definition of what a credential of value is for their state after determining their goals related to credential of value attainment. These implementation processes should be transparent to all stakeholders including policymakers, education leaders, families, business and industry representatives, and third-party credential agencies.

### **A statewide committee or governing board of credential experts is established through statute or regulation.**

- Committee membership should include representatives from K-12 and postsecondary agencies, workforce and economic development agencies, and business and industry stakeholders.
- Ensure the members of review committees have substantial knowledge of the industry or pathway relevant to the credential. This may mean establishing career cluster or pathway-level committees that can evaluate the credentials based on their experience.
- Relationships with external partners should be a focus of ongoing work for state leads responsible for convening and managing the committees. Communication should be timely, and committee members should be updated on the status of their work and the results of their reviews.

### **The application process is clear and transparent to external stakeholders.**

- The applications should be comprehensive and collect information needed to make decisions for both acceptance and tiering. For example, South Carolina's application requires applicants to provide a link to an exam blueprint, information on exam requirements and endorsement from local business and industry.
- The approval and tiering criteria should be clearly outlined and available to applicants and other stakeholders.

### **A unified list supports credentials across secondary and postsecondary.**

- A centralized application process allows all applications to be reviewed together across the credential system. This helps to alleviate the burden of a dual review process that may draw on many of the same individuals.
- Credential stackability and progression through a pathway can be more easily determined in a unified list.

#### **Unified List State Highlight: Mississippi**

Mississippi has established a unified credential list spanning education systems and providing a central approach to credential approval. House Bill 988 (2022) directs the State Workforce Investment Board to develop and maintain a single, statewide list of nationally recognized industry certifications for use across the Mississippi Accreditation System, diploma endorsements and credential reimbursement programs.

Mississippi employs an open application process that allows workforce and education stakeholders to submit credentials for consideration. The SWIB credential subcommittee evaluates applications using clear criteria, including labor-market demand, wage outcomes and alignment with state and regional workforce priorities. Only credentials approved by SWIB are recognized by the Mississippi Department of Education and local education agencies.

Approved credentials also count toward accountability measures under the MDE Perkins plan and serve as a guide for local CTE planning, program alignment and reimbursement decisions. By aligning credential approval across systems, Mississippi has been able to focus on a smaller set of high-value credentials — those that demonstrate clear labor-market relevance and meaningful returns for learners and employers.



## Approved credentials are tiered or weighted.

- A tiered approach allows for differentiation of introductory credentials and those that offer career advancement benefits. This distinction also helps guide the stackability of credentials through programs of study.
- Tiering may also be used for accountability and funding purposes.

## The list is public-facing and clearly communicates approved and promoted credentials to stakeholders.

- Credential lists should include a list of validated skills as well as links to exam blueprints if available.
- Certifications should be linked to their relevant career pathways with indication of alignment with high-priority occupations in the state.

### Tiering System State Highlight: Tennessee



Tennessee has established a tiered system to classify and promote high-value industry credentials across its secondary education system. The Tennessee Department of Education maintains an annual, statewide list of approved student industry credentials and assigns each credential to one of three tiers — recognized, valued or preferred — based on labor-market demand, wage outcomes and alignment with in-demand occupations and postsecondary pathways.

The tiering system is intended to signal the relative value of credentials to students, districts and employers, with higher tiers reflecting stronger workforce relevance and economic returns. Approved credentials contribute to statewide accountability measures, including the Ready Graduate indicator, and are incorporated into Tennessee's K-12 funding formula through the Tennessee Investment in Student Achievement framework.

The tiered credential list also guides local career and technical education planning and program alignment, helping districts prioritize credentials that support high-quality career pathways and regional workforce needs. Through this approach, Tennessee uses credential tiering to focus attention and resources on credentials with demonstrated labor market value.

## A semi-annual revalidation process ensures that credentials stay relevant to the needs of business and industry.

- States should review credential usage data during the semi-annual revalidation process to understand how credentials are used and flag any credentials that may be outdated.
- A revalidation process should also include confirmation of alignment with priority occupations in addition to industry advancements that may render current credentials obsolete.
- The revalidation process should consider the assigned tier or weight of the credential in addition to its maintenance on the list.
- Sunset provisions prompt reviews that help ensure that outdated or low-usage credentials are removed from the list.



## Approval and Tiering Criteria

Having established approval criteria is essential for both initial credential reviews as well as revalidation processes. Clear criteria ensure that only credentials with tangible benefits to earners and employers make it on state lists. Lists streamlined by a consistent focus on rigor and demand are easier to adjust for relevance and lend themselves to more precise evaluation.

### Rigorous criteria provide a clear threshold for list inclusion and tiering.

- The criteria should be easily verifiable and consistent. Some criteria may be a non-negotiable requirement. For example, Alabama requires credentials to satisfy minimum conditions before being considered for further review.
- Validation by business and industry cannot be overstated as a key criterion in the approval process. Industry endorsement can be verified through demand for the credential itself, demand for the skills assessed by the credential or by stated support from business and industry partners.
- Reviewing data related to employment outcomes and earned wages associated with the credential may also be used to signify validation.

### Business and Industry Engagement State Highlight: Alabama



Alabama engages business and industry in the identification and validation of industry credentials through formal, state-level governance structures. The Alabama Committee on Credentialing and Career Pathways provides statewide oversight of credential quality and alignment, bringing together representatives from business, industry, workforce and education to guide credential policy and career pathway development.

Industry input is further embedded through sector-specific technical advisory committees (TACs), which include employers and industry experts who help define occupational competencies, identify in-demand skills and recommend credentials aligned with current and emerging workforce needs. These committees play a leading role in ensuring that credentials reflect real-world industry expectations and labor-market demand.

Credentials vetted through this process are housed in the Alabama Credential Registry, which serves as the state's centralized repository of approved credentials. The registry links credentials to occupations and career pathways and provides a common reference point for education and workforce partners. Together, the ACCCP, TACs and the Alabama Credential Registry institutionalize employer engagement at the state level and ensure that industry credentials used in CTE programs are informed by business and labor-market demand.

- Review committees should assess whether the credential fits with the priority occupations within a state or local workforce development region.
- Rigor of the assessments should also be considered. Reputable credentials should have transparent information about their exam structure, skills tested and scoring — often referred to as an exam blueprint.
  - Linking the Lexile or Quantile levels of credential exams is a best practice to ensure that students are adequately prepared.
- Credentials that are portable or applicable to multiple occupations or industries can be prioritized so that they offer greater opportunities for earners.

## Credential criteria are publicly available and shared with system partners.

- States should develop rubrics that clearly communicate review domains as well as how the scoring of credentials occurs.
- Approval criteria, scoring rubrics and the resulting credential list should be posted on agency websites to clearly communicate to stakeholders the fidelity of the review process.



## Measuring Value

The health of the credential system depends on a consistent review of data to verify earner outcomes and benefits to the local workforce. States should consider multiple metrics for indicating value. Alignment with priority occupations and industry support are key; when possible, however, states should also ascertain the true financial benefit of credentials to the earner and the economy.

## Longitudinal data systems link credential attainment with other educational data, employment information and wage data.

- Comprehensive data on student pathways in secondary and postsecondary, including variables such as CTE pathway, courses taken, completer status, credentials earned and dual enrollment participation, coupled with quarterly employment data, provide states with significant information to measure program and credential outcomes.

## Supply and demand for credentials also are monitored over time.

- State agencies should collaborate to monitor credential awards and alignment with priority occupations to identify gaps or over-supply.
- Ongoing demand for credentials should also be monitored closely using job posting data that indicate whether credentials remain relevant and the extent of current demand.

## Funding decisions consider evidence of labor market value.

- Evidence of demand, employment, career advancement and wage premiums are used to prioritize funding for high-value credentials.

### Measuring Value State Highlight: Kentucky

Through its state longitudinal data system and KYSTATS, Kentucky collects and links data that enable evaluations of education and workforce initiatives. Data is also used to identify priority occupations and analyze the alignment of credential awards with those occupations. Connecting occupation demand with awards reveals projected labor supply gaps. State leaders can use these data points to identify which credentials to approve on lists and whether credentials should be incentivized through a weighting mechanism. The state reviews data regularly to ensure that lists are up to date.

Additionally, Kentucky's Technical Education Database System allows the state to review awards and pathway completions across secondary and postsecondary. TEDS collects all data related to Perkins accountability reporting for secondary and postsecondary institutions. These data linkages facilitate easier comparisons of student progress through a career pathway. Merged with additional postsecondary and employment data, TEDS can be used to identify postsecondary and employment outcomes associated with credentials, giving policymakers a clearer picture of the value of credentials in the state labor market.





## Creating Economic Prosperity

Credential systems are inherently complex. They intersect education and workforce agencies and business and industry. The rapid development of the credential marketplace over the past 10 years has outpaced state agencies' abilities to discern and prioritize credentials of value. As the labor market is expected to continue to shift with the influx of artificial intelligence and automation, it is crucial that states take steps to assess, promote and evaluate credentials to ensure that all students are prepared to meet evolving workforce demands.

States also have an opportunity with the onset of Workforce Pell to adequately prepare workers for in-demand occupations in their state. Education stakeholders from government, educational institutions and business and industry will need to collaborate to build the infrastructure for success. A healthy credential system aligned with the labor market validates skills earned in quality career pathways and provides students with employment opportunities that bring individual and community economic prosperity.

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May 2026



The Southern Regional Education Board works with states to improve education at every level, from early childhood through doctoral education and the workforce. An interstate compact and a nonprofit, nonpartisan organization based in Atlanta, SREB was created in 1948 by Southern governors and legislatures to advance education and improve the social and economic life of the region. SREB states are Alabama, Arkansas, Delaware, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia and West Virginia.