



Workforce-Driven Financial Aid: Policies and Strategies

Strengthening today's workforce and preparing for the workforce needs of the coming decade are priority issues across states and nationally. Policymakers as well as business and industry leaders, families and students share a common objective: filling jobs with skilled, educated workers and developing the workforce needed for the near future.

In recent years, state and national public policy has focused more intentionally on jobs needed to grow strong economies and the kinds of education and training needed for those jobs. This emphasis has in turn prompted thoughtful design of career pathways to help students of all ages move efficiently through education and training and into the workforce. States, the federal government, and the business sector are also looking more closely at ways to provide financial support so that all individuals have greater opportunity to enter the workforce.

This policy brief summarizes current statewide strategies to support financial assistance for students in programs designed to address workforce needs, with suggestions for states evaluating, or considering creating, workforce-driven financial aid policies.

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Key Policy Questions

Policymakers, in framing the problem and working toward solutions, would do well to ask:

- *Is there a unified vision for workforce in my state?*
- *What financial aid policies does my state have to address critical workforce shortages?*
- *Has my state considered financial aid as a workforce strategy to expand access for underserved populations?*
- *How effective are these policies? Are they working as expected?*
- *What is my state's goal and plans to address current and projected workforce needs?*
- *What workforce-focused financial aid strategies does my state provide? How do they support the state's goal and plans?*
- *Which agencies, offices and education providers collaborate to develop and oversee workforce-focused financial aid strategies?*
- *Do workforce-targeted financial aid programs clearly express their expected outcomes?*
- *Does state policy require evaluation and reporting to assess program effectiveness?*
- *How will state policy use dual enrollment as a financial aid strategy to address recent federal laws concerning WIOA, Perkins V, and ESSA?*

Why Workforce-Focused Aid?

The ability to fill jobs with employees trained and educated for those positions, at least in the near term, is among the top issues for states, and there is much riding on success in matching jobs and people. At the same time, the increasing cost of going to college has fueled a national conversation about how much and what kind of postsecondary education is needed to get a good job and sustain a resilient state economy.

With growing state economies and a stronger business environment, states are struggling to close the gap between available jobs and available talent to fill those jobs. Not only do good jobs go unfilled today, workforce projections indicate that the gap between jobs and the people prepared to fill them will soon widen considerably. Some of those trends:

- The impact of automation and artificial intelligence, as reported this year in *The SREB Region's Economic Outlook*, may be 18 million or more adults in low-paying positions or out of a job and increasingly reliant on public services.
- Between 1991 and 2015 many states lost blue-collar, non-bachelor's degree jobs, the Georgetown University Center on Education and the Workforce reports. But that was offset by an increase in skilled-services jobs for workers without bachelor's degrees.
- By 2030, according to McKinsey Global Institute, 75 million to 375 million workers across the globe will need to switch occupational categories, and "all workers will need to adapt as their occupations evolve alongside increasingly capable machines."
- The National Skills Coalition notes that 53% of all jobs in today's labor market are middle skill, but only 43% of U.S. workers are trained at this level.

- In 12 career areas studied by Burning Glass, demand for workers exceeded available supply, producing a skills gap of 4.4 million openings. Categories with the largest shortages included health care, business and financial operations, office and administrative support, sales, and computers and mathematics.

Given these trends, states have been developing policies and investing in programs to attract students from all ages, educational backgrounds and income levels to close the talent gap. But policymakers are also finding that strategies must include financial support, since over half of jobs in the U.S. are held by adults who have no education beyond high school. And as SREB's *Unprepared and Unaware: Upskilling the Workforce for a Decade of uncertainty* reports, two-thirds of estimated job growth by 2026 will be in jobs for people with at least some postsecondary education.

Policies and Strategies to Address High-Demand Workforce Needs

State workforce and educational attainment goals have played a large part in shaping legislation since the 2008 recession, and policymakers and educators have intensified efforts to better align jobs and education. Most governors across the nation have elevated workforce development issues in their state-of-the-state addresses. Workforce and economic development have been on higher education's top ten list of policy issues for several years. As a result, states have been very active in developing legislation directed at workforce issues generally. The number of bills filed related to postsecondary education and workforce illustrates this increased concern from 166 bills in 2018 to nearly 250 by July of the 2019 legislative session. In 2019, 42 bills were enacted and two vetoed.

These bills covered a wide range of issues, and their numbers alone reveal the high level of interest shared by policymakers, families and the business sector in improving the education-workforce relationship. Frequent topics include apprenticeships, collaboration across agencies, data collection and the use of information, career pathways, studies of workforce training needs, evaluation and reporting on workforce programs, identification of high-demand jobs, scholarships and other financial aid, promoting innovation and entrepreneurialism, and micro-credentials.

Three reauthorized federal programs support the attempt to collaborate in addressing a critical shortage in career fields. The linkages across the Workforce Innovation and Opportunity Act, Perkins V, and Every Student Succeeds Act provide opportunities and resources to strengthen connections among K-12, postsecondary, and workforce agencies with regular collaboration and planning. ESSA aims to prepare high school graduates for postsecondary education and careers, Perkins V focuses on preparing youth and adults for postsecondary education and careers, and WIOA emphasizes workforce training aligned with secondary and postsecondary education. Many examples of joint planning are emerging as states redesign and integrate their education and workforce agendas.

State Strategies to Address High-Demand Workforce Needs

In collaboration with business and education leaders, policymakers and state agency staff are looking at multiple strategies to close the talent gap. Many efforts involve providing students or postsecondary institutions with financial support that addresses state economic development goals by dramatically increasing the pool of skilled, educated workers. Common approaches are job- or workforce-targeted financial aid programs, free community college tuition, internships, apprenticeships, accelerated coursework such as dual and concurrent enrollment, and joint high school and postsecondary programs that result in a diploma plus an associate degree or a certificate. Statewide financial aid programs and other selected strategies help by reducing the cost of tuition and expenses for students and families.

State financial aid programs. States have turned to job-targeted or workforce-focused financial aid programs for fields of study aligned with high-demand jobs, especially those requiring less than a baccalaureate degree. Statewide workforce-focused financial aid programs are not new, but the career areas and the level of education and training needed for the targeted jobs have changed over the past several years. For decades, dating back to the post-World War II era, states have provided financial incentives to encourage students to enter professional fields — usually at the postbaccalaureate level — in medicine and education to help the nation rebuild a cadre of teachers, doctors, nurses, researchers, technicians, and other personnel. Loan forgiveness programs, interstate exchange programs, and targeted grants and scholarships have been significant strategies to help individuals from all economic, academic, and cultural backgrounds pursue careers in professional fields.

Policymakers are now looking at aid leading to less-than-baccalaureate credentials. Recent legislation includes several bills that were both workforce and postsecondary related. In the 2019 legislative session, according to the Education Commission of the States, financial incentives accounted for nearly half of the bills and appeared in 18 states. In this group, some states modified existing language to clarify details, especially what “high demand” programs were; others created new financial aid programs to encourage students to pursue a credential for jobs identified as priority areas in the state. For example:

In the 2019 legislative session, financial incentives were the focus of nearly half of the bills that were both workforce and postsecondary related.

- **Kentucky** established the Work Ready Kentucky Scholarship Program to ensure that Kentuckians who have not earned a postsecondary degree have affordable access to an industry-recognized certificate, diploma or associate of applied science degree.
- **Minnesota** legislation amends the state’s Workforce Development Scholarship Program to add a provision for adults returning from the workforce and interested in high-demand occupations. The state also created the Minnesota Reconnect Program for adult learners with at least 15 credits in a certificate or degree program. Postsecondary institutions may apply for grants to support student advising and improve student services.
- **North Dakota** created a Skilled Workforce Student grant program to attract and retain individuals for professional or technical skills in high demand.
- **Utah** created a scholarship for students to enroll in high-demand CTE programs that prepare students to work in a job with high employer demand in the state.
- **West Virginia** established the West Virginia Invests grant program for students pursuing a certificate or associate degree in a field identified as an area of need by the department of commerce.
- **Wyoming** provided grants for community college students to pursue an approved credential program aligned with the Wyoming Works initiative to develop technical skills that are most in demand in the college’s service area.

While most states use a single program for workforce-driven financial aid, a few have multiple programs, with differences in eligibility requirements and credential type. Iowa, for example, offers three programs. One requires that the program of study or academic major lead to a credential aligned with a high-demand job designated by the workforce development board or community college. A second program requires that eligible students earn at least half of the credits necessary for a bachelor’s degree in an eligible program of study or academic major leading to a designated high-demand job in the prescribed grant time frame. A third program makes awards only to students pursuing a technical or career option program in an industry identified by a community college as having a shortage of skilled workers.

New programs added considerably to the number of existing programs that provide financial assistance to students if they study in a career field determined by the state or a local area to lead to a high-demand job in the state. A recent survey by the Education Commission of the States found 24 states with “programs that appeared in state statute and used explicit language that signaled an intent to support workforce development in high-demand fields via postsecondary credential attainment.” In the SREB region, statewide workforce-driven financial aid programs are found in Arkansas, Georgia, Kentucky, Maryland, North Carolina, Virginia and West Virginia.

In the SREB region, Arkansas, Georgia, Kentucky, Maryland, North Carolina, Virginia and West Virginia have statewide workforce-driven financial aid programs.

Workforce-focused financial aid programs show many similarities as well as important differences across states. Some examples:

- Specified job areas are basic components of workforce-driven financial aid programs, with healthcare and information technology frequently listed. Some states — such as Arkansas, Kentucky, Maryland North Carolina — identify just a handful of job areas, while Georgia, Louisiana and Virginia have more extensive lists of eligible job categories.
- Policymakers often outline a process and designate a specific state agency to identify high-demand areas for statewide financial aid programs. In most states, the decision on targeted jobs is made collaboratively by multiple state agencies, usually including the department of education, higher education agency, and workforce development and financial aid offices. In a few states, the decision is left to the local postsecondary institution. In Maryland, the Higher Education Commission working with an Advisory Council on Workforce Shortage is responsible for identifying and designating eligible workforce shortage fields for the Workforce Shortage Student Assistance Grant program.
- Award amounts and covered expenses vary across programs. Arkansas’s Workforce Challenge Scholarship offers the lesser of \$800 or the cost of tuition, fees, textbooks, course materials and equipment. Georgia’s HOPE Career Grant awards a flat rate based on hours of enrollment; an award currently covers 100% of tuition. Maryland’s Workforce Development Sequence Scholarship has a maximum award of \$2,000 annually to pay for tuition, mandatory fees, and associated costs of attendance to the extent these expenses have not been met through another grant or scholarship by the state or an employer.
- Accountability is often included in enabling legislation. Virginia legislation for the New Economy Workforce Credential Grant requires a report with aggregated data by eligible institution on non-credit workforce credentials offered; enrollments and completions in these programs; attainment of credentials after completing the training programs by credential name and relevant industry sector; and the average cost per noncredit workforce credential attained, by credential name and relevant industry sector. Maryland code calls for a financial report for receipts and expenditures.

Dual Enrollment. While workforce-driven financial aid programs are relatively new in many states, dual or concurrent enrollment is a very common strategy to encourage students to pursue specific career areas and receive financial assistance. All states offer dual or concurrent enrollment for general education courses and often invest considerable state resources to help students and institutions offset costs. In the reauthorization of the Elementary and Secondary Education Act, the federal government also encouraged states and school districts to use dual enrollment strategies to increase students’ educational success.

With the increased interest in addressing employment shortages, however, states are expanding dual enrollment policy for career and technical education, or CTE, to promote postsecondary-level courses leading to critical shortage career fields. According to a 50-state comparison compiled by the Education Commission of the States, all but three states across the nation have a common statewide dual enrollment policy with a CTE component (or state policies governing more than one type of dual enrollment program), or their dual enrollment policies are left to the discretion of local districts and postsecondary institutions or systems.

A few bills from the 2019 legislative sessions addressed dual enrollment for CTE courses. Florida's House Bill 7071 modified existing law related to workforce to establish a new high school Career and Technical Education Graduation pathway that leads to industry certifications. New language adds several requirements, including one that agreements between career centers and school districts identify courses and programs available through career dual enrollment.

Joint programs such as Early College, P-TECH, and Advanced Careers that lead to a high school diploma and a postsecondary credential use dual and concurrent enrollment to provide financial support for students. These programs give high school students a chance to earn an associate or less-than-bachelor's degree alongside a high school diploma. Because students earn college credit yet do not incur all tuition and related costs for postsecondary courses, these programs offer an affordable alternative while preparing them to enter the job market quickly. Three joint program models have gained traction across the nation:

- **Early College.** In 2002, the Bill & Melinda Gates Foundation launched the Early College High School Initiative. School districts in several states have established early colleges with dual or concurrent enrollment choices in collaboration with community colleges and four-year institutions, and the *Elementary and Secondary Education Act* encourages schools to make greater use of this strategy. Originally designed to increase opportunities for underserved high school students to earn an associate degree or credits toward a bachelor's degree during high school, these programs often help states meet workforce needs. As defined by the U.S. Department of Education in ESSA, early college high school means “a partnership between at least one local educational agency and at least one institution of higher education that allows participants to simultaneously complete requirements toward earning a regular high school diploma and earn not less than 12 credits that are transferable to the institutions of higher education in the partnership as part of an organized course of study toward a postsecondary degree or credential at no cost to the participant or participant's family.”
- **P-TECH (Pathways in Technology Early College High School).** P-TECH is a model created by IBM for early college high schools, based on a partnership with at least one school district, community college and employer to address skills gaps and strengthen regional economies by aligning education to labor market needs. Starting in ninth grade, students earn a high school diploma, an industry-recognized associate degree and relevant work experience. In New York, the P-TECH model “focuses on science, technology, engineering or math where there is a strong demand for workers of every level of experience.”

- **Advanced Career.** SREB’s Advanced Career programs offer real-world learning to meet workforce demand in high-tech STEM fields and prepare students for further study. All AC courses are taught in the context of a college-ready academic core. The last two courses in each pathway can be offered for dual credit in partnership with a two- or four-year postsecondary institution. Students can also earn high-demand industry certifications that help them secure employment after high school. West Virginia’s Senate Bill 1 (2019) also authorizes new Advanced Career programs and pathways that lead, at little or no cost to the student, to an advanced certification or associate degree that satisfies a workforce need.

Essential Elements of State Policy for Workforce-Focused Financial Aid

The rapidly evolving job market has created a critical shortage of skilled and educated workers in many fields, leaving essential jobs unfilled while millions of adults are not qualified for available jobs. To meet this challenge, states are expanding or creating financial aid incentives to help students and adults transition into available jobs. For states with financial support programs designed to address workforce needs, SREB recommendations for state policy include:

- Communicating clear expectations on what a workforce-driven financial aid program should accomplish and the expected outcomes.
- Stipulating evaluation and reporting requirements to assess program effectiveness.
- Calling for regular collaboration and clear communication across postsecondary and secondary education agencies and workforce agencies to ensure that appropriate and timely information reaches adults and high school students.
- Providing guidance on how existing and potential data systems should be used to collect and report information on workforce needs and the utilization of financial aid for workforce-targeted aid programs.

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