

The Federal Government Could Do More to Help Finance Short-Term Occupational Preparation

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March 2021

The coronavirus pandemic has intensified a long-standing need for increased access to high-quality short-term training programs that lead to secure, well-paid employment. Our research indicates that the current distinction between programs that are long enough to qualify for federal financial aid and those that are not is arbitrary. Broadening access to Pell grants, along with more effective accountability for all these programs, could strengthen workforce development.

Qualifying for Federal Student Aid

Only programs of at least 600 hours over 15 weeks qualify for the federal Pell grants designed to help low-income students pay for college. Students in some shorter programs qualify for federal student loans, even though they are not eligible for grants.

Advocates for increased workforce preparation propose making Pell grants more widely available for short-term programs. But some observers express concern about program quality, the returns on short-term training, and putting too many demands on limited Pell funds.

The Role of Short-Term Certificates

- A certificate is the highest level of education for about 10 percent of American adults. A majority of these certificates are from for-profit institutions, are not for credit, and require less than a year of study. Women, Black adults, and adults ages 45 and older are somewhat more likely than others to hold certificates.
- Nearly two-thirds of certificate programs require less than a full year of study, and nearly half require less than 480 hours.
- Completion rates in certificate programs range from 50 to 60 percent, considerably higher than in associate degree programs, increasing the relative value of enrolling in certificate programs.

The Labor Market Value of Short-Term Certificates

- According to our analysis, adults with certificates taking less than about half a year earn 7 percent more than high school graduates, and adults with longer-term certificates earn about 10 percent more than high school graduates. Certificates have even higher value for those with GEDs rather than high school diplomas. But the significant differences between short-term

certificates and long-term certificates appear to be limited to noncredit programs, which would not be covered by the Pell expansion considered here.

- The clearest differences in labor market value are higher returns for men than for women, lower returns for certificates from for-profit institutions than for those from community colleges, and relatively high returns for technical fields, but there is little if any return on certificates in such fields as cosmetology, culinary services, and liberal arts. (Some of these certificates are currently Pell eligible, while others are below the threshold.)
- Adults with jobs related to their certificate fields earn significantly more than those who have not found related employment.

Policy Implications

Some programs widely considered “short term” because they take less than a year to complete already qualify for Pell grants. Some programs not currently eligible pay off well, while some that are now eligible have limited labor market value.

Because available evidence around labor market outcomes does not support the current threshold of 600 hours for Pell eligibility, there is a strong case for extending Pell grant eligibility to students in short-term, for-credit certificate programs that require at least 150 hours.

Opening the door to funding a wider range of short-term programs does risk funding more programs that do not significantly improve students’ prospects for stable and remunerative careers, in addition to programs of value. Effective quality control is already critical and will become even more critical.

Policymakers could also consider increasing direct funding to community colleges to provide high-quality occupational training, even in noncredit programs, as well as providing alternative funding streams for students outside of Title IV.

Regardless of whether Congress expands Pell eligibility, more effective regulation and accountability requirements for occupational preparation programs eligible for federal student aid are critical for protecting students and taxpayer investments. The large variation in certificate values across fields, as well as the lower labor market payoff and higher debt and loan default levels among those who attended for-profit institutions, also creates a strong argument for providing more career guidance and information, both before and after students enroll.

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Acknowledgments

This essay was supported by Arnold Ventures. We are grateful to them and to all our funders, who make it possible for Urban to advance its mission.

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