

Transcription for

THE KEY WITH INSIDE HIGHER ED

EP. 19: GROWING INTEREST IN ALTERNATIVE CREDENTIALS

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JANE OATES

PAUL FAIN

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PAUL FAIN: Hello, welcome to the Key with IHE. I'm Paul Fain, the podcast host and a news editor at Inside Higher Ed. Consumers increasingly are interested in short-term online alternatives to the college degree and players are also getting more deeply into the alternative credential space, which is expected to grow in coming years. To get some context on the latest on this complex issue, I spoke with Paul Freedman, president of the Learning Marketplace at Guild Education, a major player in employer-connected online learning. Freedman talked about how alternative credentials are faring in this recession compared to the last one.

PAUL FREEDMAN: Everything required the bachelor's degree but that wasn't enough, you needed to then go back and get a boot camp or a master's degree. You saw a push towards increasing amount of credentials. You definitely haven't seen that, and if anything, large employers like Google and IBM and others, even the US government, they're dropping bachelor's requirements and are open to shorter term credentials that are happening in the midst of a recession.

PAUL FAIN: I also spoke with Jane Oates, president of WorkingNation, and a former official at the U.S. Department of Labor during the Obama administration. Oates described how short-term alternatives to the degree could and should work.

JANE OATES: Look, I think the thing with any kind of credential is it's got to be high quality. It's got to be industry-driven, like the Google credential, industry-driven, and it's got to be portable. It can't just be for one region or one employer.

PAUL FAIN: Thanks for listening. Let's get to the conversation.

Paul Freedman, good to see you. Thanks for chatting with me.

PAUL FREEDMAN: Great to be here.

PAUL FAIN: So you've worked on the challenges of online learning for a while from a couple of different angles, and we're in a moment right now where most of higher ed is somewhat online, and it looks like the consumer preference is shifting there, and perhaps to skills-based, short-term credentials. What are you seeing and do you think from the higher ed side there's going to be more effort to meet students with what they want there?

PAUL FREEDMAN: I think there's going to have to be. Look, you know, there's been two long-term trends and then one short-term calamity.

The two long-term trends are the demographics of higher education and students changing to being more of an adult learner population. The post-traditional student, the modern student, whatever you want to call it, is an older student more likely to be a working adult learner and more likely to need flexible learning options, distance or online education. And that's been happening for a long time and the trend continues.

The second is the trend that the primary value of the college education is career-oriented. And now, 90 percent of people name that as number one or number two reason why they're going to go to college. That's been long term and it continues.

The short-term thing is obviously the pandemic, which has forced most institutions to go online to some degree, which has increased people's experience with, and institutions' experience with online

education.

You put that all together and it means that you now have institutions that now have more experience delivering online education. You have most education consumers who've had some experience with remote or distance learning. And you have two demographic trends that suggest that things that are career-oriented and online are going to be more attractive. I think that leads you to shorter-term online programs. And I think that's been a trend for a long time. I think the pandemic will accelerate the time and space under which the transition to shorter-term focused on jobs being a primary or majority education experience as opposed to a small subset.

PAUL FAIN: So you know there was a school of thought back in the olden days of March and April, it hasn't been borne out by data points that I've seen, but that the online experience could be so negative for consumers for higher ed, for faculty members, that it might set back online education. And I don't think that's borne out. But your take on that theory at least being, having some basis in reality?

PAUL FREEDMAN: Look, there is good online education, good distance education, and there is what you do in a moment of crisis when you have to take offline classes and throw them into a Zoom room, and they are very different experiences. And I think the people who are worried about what this will do for online education were reflecting on how much a delta there is between a poor online experience and a rich, thoroughly built-out online experience. And that's real.

And a lot of students who got an experience with online education didn't get what you can get from a top institution that really focuses on quality. But they also learned stuff and they also got familiar with the idea of learning in a more flexible environment. And so, you know, I think the baseline just isn't that bad. The reality is the baseline, is some in-person classes are pretty bad too, but still people will go to college where some of your professors are great and some of your professors are poor. So I just never bought that was going to be end of the credibility of online education or everybody who ever had a single bad course or a single bad experience weren't going to go along with. And I think the data hasn't borne out.

But the reality is, the pressures that I mentioned before, the demographic pressures that push toward needing more flexible learning options, the desire for the career outcome to be shorter and faster and more present in the investment experiences, those are going to kind of push through, you know, some wrinkles around the course experience because the benefits outweigh some of the perception of worse quality or worse experience.

PAUL FAIN: One theory I just wonder what you think about here. You know, seeing the Strada data this growing, this pretty large preference for skills-based credentials, short-term credentials. You know, I'm thinking if I'm mulling whether I need for education and training, the idea of biting off a multi-year degree program when you don't know what the jobs are going to be. You know you have some skills that have value in the marketplace, some that you need, it seems you might want to make the bet on kind of a discrete skill set and one that could be stackable, versus the big enchilada. I mean, is that something that you see out there?

PAUL FREEDMAN: Yeah. At some level, it becomes a silly A-B test. If you ask somebody in a survey, would you rather spend three months getting an education to get you the same job that you can spend an average six years getting an education for, which do you prefer?-- most people are going to prefer the three months, right? And so it's not surprising that in an increasing number of surveys when asked about like if people are open to short-term certificates, that you're seeing an increase in the people who said that they would prefer that format. You know, the ultimate question is whether the outcome is going to be the same, right? And there's where, you know, the data is still unclear.

PAUL FAIN: You know, one of the questions we've talked about over the years when discussing the potential for alternative pathways, short-term credentials, work-tied credentials, was, if there's a recession, do the employers walk away from this? Do they go back to the, which they're mostly still at, the looking at degrees as a proxy, doesn't seem to be happening right now, at least in your experience from Guild. But are we there where we can say that might be wrong?

PAUL FREEDMAN: We can say that it's not happening like it happened in the last recession. We can say that clearly. What happened in the last recession is that you had great degree inflation, right? The bachelor's degree started to not be enough. Everything required a bachelor's degree, but that wasn't enough. You needed then to go back and get a boot camp or a master's degree. You saw a push towards increasing amount of credentials. You definitely haven't seen that. And if anything, large employers like Google and IBM and others, even the US government, they're dropping bachelor's requirements and are open to shorter-term credentials that are happening in the midst of a recession.

We've also seen that employer... And this is where Guild has our own proprietary data, but we've also seen that employer investment in sponsoring education hasn't decreased in this recession like it has in past recessions. In fact, we've seen the opposite. You know, some of our employers, Wal-Mart is an example, have publicly announced that they're increasing the eligibility for their debt-free educational benefit from you have to work at Wal-Mart for 90 days to the first day, which is a substantial increase in

their investment in that program, in the midst of a recession. So I think it's unclear to claim an outcome yet, but what is clear is it hasn't gone in the direction of past recessions.

PAUL FAIN: I remain relatively confident that the traditional on-campus four-year experience, four-to-six-year experience, will survive this crisis. You know, but I think when you look at the potential for these pathways, the alternative pathways, the question of tracking, right... For some, you can go get that four-year degree, the serendipity of liberal arts experience. For others, this kind of short-term, bite-size skills based credential, what's your take on that potential critique and whether or not these credentials can and should be stackable up to a degree?

PAUL FREEDMAN: You know, the cloistered four-year college experience was always designed to be a luxury good. You know, that's when it was first invented, it was a luxury good. It's sort of always been a luxury good and that's why it's so expensive. And it will be, you know, it will still be in existence. It will be as it always has been more accessible to affluent students for a variety of reasons. And the majority of people who participate in a college experience will do it differently, and they're going to start with something that gets them the job first.

Now colleges and universities have been really good at co-opting innovations in the past. The winners right now in online education kind of aren't the startup, on-starts, they're the traditional institutions that have adopted the online education model. I think the same thing will happen with sort of format certificates, which is that start universities will figure out how to do what you describe, which is create a short-term certificate as if you're onboarding to your college education, but then stack them so that four years, six years later you get something that is the same kind of robustness of a traditional college education, and you've just done it through a different pathway. And that different pathway allows for greater access, which is something we've been trying to achieve but not making much success for decades.

PAUL FAIN: You know, before I logged on to Zoom today, I was reading about the latest certificates from Google. I watched pretty closely the IT cert. It seems like a fascinating development. I finally met my first graduate of the program, who bypassed a bachelor degree requirement, which is, you know, that's the Holy Grail I think. But what do you think of the potential of something like what Google is doing to truly change the marketplace?

PAUL FREEDMAN: Yeah, I think it's really interesting and I would say that, you know, it participates in the what the company calls pastoring, Facebook, and [UNCLEAR], and arguing as well, IBM as it announced

certain programs. There's been a lot of big branded organizations have gone this direction. And I think a lot of them have seen what you described, which is that people who are graduating those programs are actually getting jobs in the industry, without having to go through the same four to six year experience of a bachelor's degree, and if that happens, it's game changing. I think what's really interesting is Google's brand, you know, Facebook's brand, [UNCLEAR] brands, Salesforce's brand, these organizations have credibility. If they're putting their name on the program, that makes it much easier for a smaller employer who can't judge between a plethora of different microcertificates and badges, whatever you have, about quality. If the Google's brand on it, that gives them credibility to hire the graduates. And I think that we're just starting to see it. If we start to see it at scale, it's going to be kind of a major instrument of change in the higher education landscape.

PAUL FAIN: Yeah, a couple of years ago that idea of this kind of range of short-term credentials that nobody really knows the quality, you don't have the third-party validation, the Tower of Babel, you know... If you've got these powerful brands that, no offense to higher ed, are now as powerful as higher ed's brands, you can say, hey, look. We buy this. You should too. That does seem like something to pay attention to.

PAUL FREEDMAN: I think that's right. Higher education institutions have had a monopoly on signal for a long time, right? The bachelor's degree was the universal container and everybody had to get it in order to be able to get a job in the knowledge economy. But it turns out higher education institutions aren't the only organizations that have brands. You know, Google has a brand. It really does. There are, you know, certain individuals who, you know, have their own brands. And if they were sponsoring an education or verifying an education, you could imagine employers taking that seriously. It is true that, as [UNCLEAR], one thing that's great about a bachelor's degree is everybody understands what it is and what it contains, and sort of has certain expectations around people who had gone through the program and what it will mean in terms of their ability to operate as an employee. When you start to go to a world of tiny certificates with all different names and different lengths, it becomes much harder to figure that out. And that's always been the challenge around providing alternatives. Brand helps, and Google putting their name on something does make a difference, because it is a source of credibility. If a small company says, hey, this person's good enough for Google to put their name on their educational program, they're good enough for me to hire.

PAUL FAIN: So not too long ago, I have a very hard time with time right now, it's a flat circle, you took your organization, Entangled Group, over to Guild Education. Guild is obviously a player in this space. Can you talk a little bit about what we should be watching with Guild? You know, what are some of the partnerships that you have in place that are successful and what's to come?

PAUL FREEDMAN: Yeah, it was either a million years or three months ago, depending on how you judge time. Guild had a really exciting progress and our excitement continues. I think one of the things that we've announced lately, which continues to lead to a very exciting development, is an expansion of our platform. You know, we were in business because we believe that education is the best pathway for economic mobility. And the way that we have been doing that historically is working with large employers, you know, Disney, Wal-Mart, Chipotle, to work with them to sponsor their educational programs for their employees, you know, pushing for debt-free education.

We've expanded that offering to work with employers as they restructure their business, and they need to have employees leave, because we think that there is an opportunity to provide education so that employees that have to leave an organization that's being restructured, find themselves in a more resilient, more economically mobile job in the future, so they're not facing a downsizing again. We're starting to work with employers to make the education benefit more prevalent in their hiring process, so people actually choose to work for employers where they know that they're going to be able to get an education as part of the benefit of working there. And so I think one of the exciting things you're going to see from Guild is an expansion of the use of our core platform to be helpful for employers through a longer lifecycle of the employee experience.

PAUL FAIN: Well, we'll be watching that for sure. And I always appreciate the time and expertise you've shared with us and the access over the years. I was just thinking Ivy Bridge goes back pretty far now.

PAUL FREEDMAN: Yeah, that was a million years ago. That's not just COVID time, that's just a long time.

PAUL FAIN: Indeed. Well, I hope we can keep in touch, and thanks for talking with me.

PAUL FREEDMAN: Thanks for having me.

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PAUL FAIN: Inside Higher Ed published a special report I wrote on this topic titled "On-Ramps and Off-Ramps: Alternative Credentials and Emerging Pathways Between Education and Work." Visit insidehighered.com/specialreports to learn more about this report and to purchase it online. And now for a limited time, become a member of Inside Higher Ed and download the report for free as a special

member benefit. You can learn more about our membership program at insidehighered.com/membership.

PAUL FAIN: Jane Oates, it's good to see you.

JANE OATES: Paul, always good to see you. I wish we were in person.

PAUL FAIN: Broad topic here today, looking like increased interest among potential students and Americans more broadly in short-term upscaling, short-term online credentials. You know, we've all been talking for a long time about the potential for alternative credentials to really take off, and the question is, is that moment finally getting here?

JANE OATES: I think it is, mainly because people are so nervous about going back to a physical campus. I mean, we've already seen some of the early triers kind of fail, with students not following the rules and things not being quite the way people planned them to be. But I think it's also more than that. I think that adults for a long time haven't really felt, for a myriad of reasons, that going back to a physical campus was in the cards for them. For some of them, you know, they went once when they were 18. They weren't successful, and for some portion of them, they didn't make satisfactory academic progress and now they can't utilize Pell or the loan program in Title IV, which I think we need to address. But for others, it just wasn't for them. And they don't have the time. They have family responsibilities, they have life responsibilities, they want something that gives them what they need for right now, quickly so they can get back to work.

PAUL FAIN: Yeah, and obviously, all students right now have disrupted lives, but the students that our traditional institutions have struggled the most in serving--working adults, underserved communities like Latinos, Black students, single parents--even more struggles right now all the data shows. You know, it's just a hard time for them. So it would make sense the shorter-term programs, programs that really meet them where they are in their lives would be of more interest.

JANE OATES: Yeah, and I think that they're getting clear signals. Maybe clear is an exaggeration, but they're getting signals that employers are coming back. But even if they're bringing them back to their same job, the job has changed over the past five months. And they may not feel that they're fully equipped to take on those changes. For others, the less lucky, their job isn't there anymore and they're really looking for skills and ways to demonstrate that they have those skills with a quick and easy way.

They don't mind if it costs money. They're not all going for the free programs, but they want a leg up when employers start hiring again.

PAUL FAIN: You know, I've written a lot about Google's IT certificate, you know, a little bit about Amazon's career choice program, but I actually talked to my first graduate of both of those programs who worked at a fulfillment center in Dallas and transitioned with the Google program and help from Merit America to a new job, and actually bypassed a bachelor's degree requirement with that Google certificate, which, you know, that's not necessarily the norm right now, but I think that's the one that really should catch traditional colleges' attention if that pathway becomes viable. And when you have Google vouching for it and Amazon vouching for it, I think that makes a pretty big difference in consumers' minds. Do you agree?

JANE OATES: No, I think that too. And you mentioned another word, when you said Merit America. You know, these intermediaries who really do a great job of wrap-around services, I think the colleges really need to be careful about them, because they're giving people what they need in terms of support. And for many of the colleges, that's where they've fallen short. You know, they don't want to hear. They think it's excuses when they say my car broke down. They think it's an excuse when they say my kid got sick, or my kid's school isn't opening, or, you know, my kid has to go to school Monday, Wednesday, and Friday, so I can't go to class those days. They see those as excuses instead of as real-life challenges. And, you know, when you mentioned Merit America, they're an example of one of many programs that are really doing just a terrific job of listening to their students, their clients, and really giving them what they need--with success as the metric, completion and success, and they're measuring success as job placement. And, boy, Paul, I don't know many colleges who call job placement the metric of success.

PAUL FAIN: And the student, the adult learner I spoke with about her pathway to this new job cited exactly what you said, that the student support, you know, the group meetings, the things that Merit American provided, the soft skills, frankly, as being as important as anything as giving her confidence to do a job search and believe in her abilities. And, you know, I do wonder in this era where everybody's some version of online if colleges are going to find ways to work more with intermediaries themselves. You know, there are some cost issues I think in providing student services, but the need is there, and I think most colleges acknowledge they need to do more with helping online students, correct?

JANE OATES: Oh, I think that's right. And, you know, there are some great examples around the country. I think that Goodwill has partnered with a lot of community colleges around the country, and they've actually, you know, provided some of the support services. Although, as we know, they're partnering with Google right now with digital literacy. And they work to get... And it's no different than what we

see in K-12. In grades K-12, they're working with Boys and Girls Clubs, they're working with JAG, they're working with Citizen Schools. It's not an add-on. It's something that integrated into the school. And if more community colleges, quite frankly, and a lot of our four years, could do that with an intermediary, they wouldn't have to do more. They'd be able to do better what they're already doing now and let somebody else worry about the other stuff.

PAUL FAIN: And one of the questions about the viability of short-term online credentials really taking off to me was, sure, Google has a scale, a brand, we don't need to describe powerful it is, but, you know, for a small employer or a program that is alternative that isn't a big name, a big brand is still your local, regional, public, small, private, very powerful... HR, you know all this, tends to look at those markers and those signals. Do you see that changing in anyway amid this incredible disruption?

JANE OATES: So, look. I think that thing with any kind of credential is it's got to be high quality. It's got to be industry driven, like the Google credential, industry-driven, and it's got to be portable. It can't just be for one region or one employer. So if a credential has those three components, I think it has real merit. Now, if I were running the community college world, I would encourage community colleges where they see these high quality credentials, I'm not talking about diluting quality at all, but where do these see those quality credentials, gosh, I'd be going and getting them credited, and saying, you know, you've got this Google credential, come on in. You have four credits toward your associate degree. And if they did that, that would make them really stackable.

Because you know, Paul, we have no idea what's going to happen in January. We don't know what employers are going to signal when they really start to get up and humming. I don't mean to predict that that's not going to be January, or it's going to be as soon as January, but whenever it happens, and they start signaling, we're going to learn a lot more. And quite frankly, community colleges can't be very agile in this atmosphere. Their enrollment is down and they're tuition dependent, and funding is down in almost every state. So not the two ingredients you need to be innovative. So now is the time for them to really think about, how can we attract more people in the coming months, recognizing those short-term things they did without us? But we want you, you know, and we're going to make it so easy for you to come here to come back, whether it's temporary, whether it's part-time, whether it's full-time, whether it's online with the community college, which is rare, but whether it's online with the community college or in person, we're going to make it so easy, you did not waste the last couple of months. We're going to give you credit for what you did.

PAUL FAIN: Yeah, that raises the other really important point of, you know, portable and stackable. And one of the reasons I wanted to speak with you, there's this new Ad Council campaign at the White

House has been working on with support from big employers and higher ed associations as well, but going beyond the degree, looking beyond the four-year degree, do you worry, if we don't have those points of entry to a degree, particularly admitted the disruption has been so much worse for Black and Latino families, that you might end up with the kind of tracking system of, you know, you can go to a four-year degree if you're wealthy and white, or much more likely to be able to, and then the other option would be short-term online credentials, that could spark a backlash that could halt progress here?

JANE OATES: Absolutely. It's one of the things that I really worry about when we talk about credentials instead of a two- or four-year degree, instead of in addition to, because many people will say, college for my kid, and online credentials for those people. And for those people, too often it's been underrepresented groups. In the beginning it was women, and in more recent times, it definitely is people of color. And we need to make sure that if we're saying we're going to respect short-term credentials, high-quality, industry-driven, portable short-term credentials. If we're going to respect them, then everybody's got to do it. And I think you're seeing, and we'll see data in the months to come, but I'm seeing a lot of, you know, in quotes "well educated" people going online taking some of these short-term credentials to add a tool to their tool box. A two-year and four-year degree has always meant more money over the lifetime earnings of people, and better opportunities in times when the recessions came or, you know, there were downturns in the economy.

PAUL FAIN: You know, I know you've done some work with the US Chamber on how to finance credentials. Can you talk a little bit about that work and how it relates to this topic?

JANE OATES: Well, it's been really exciting for WorkingNation to partner with both the Chamber and the Federal Reserve Bank of Atlanta. And the project is called talent finance, because when you talk to real people, they say, I'd love to go back to school. I just can't afford it. And earlier I mentioned, you know, satisfactory academic progress knocking a lot of people out of a lifetime of Title IV. But this is different, right? This is... These are sometimes programs that Title IV won't cover. If someone's listening, what does this finance project look like? It looks like business-driven alternatives to the good stuff that already exists. We're not saying don't use Pell Grants. Absolutely use Pell Grants. Don't take out Stafford loans. Absolutely, the federal loan program could be the best option for you.

But it really is seeking to educate people on [UNCLEAR] approaches like income-share agreements, like social impact bonds, like career impact bonds, because that could be the best way for you. So in other words, with a career impact bond, you know, you go right now, there's a big pilot with general assembly, and you get a decent job once you finish. You don't pay anything for that. The bond pays it and then you

pay back to the bond.

And other places around the country, San Diego's doing a great one with a recurring pot of money. So as you pay back, there's more money for the next person to take advantage of this opportunity, to learn for free and then pay back once you have a job.

That idea interests different people. And it's not about talking them out of going to college at 18 and getting a four-year degree in four years. Absolutely, if that's what your preference is, do it. But if you're 40 and not sure what you're going to do, these ISAs or impact bonds could really matter for you. And we're hoping, there's a lot of great employers involved in this partnership. Many of the same ones as you mentioned that were in the government initiative, the administration initiative, Wal-Mart's a player in this. I mean, these employers are doing really interesting things now. And they're big employers that have lots of resources. How do we make this scalable now, so that small employers can take advantage of some of the same strategies?

PAUL FAIN: I like to tell listeners when I'm talking to folks, because things are changing so fast these days, so it's August 24th and there's a convention going on. The Democrats had theirs last week, the Republicans right now. If the Democrats do resume power at the White House and maybe even in Congress, do you see big changes perhaps in the way that the federal government might incentivize short-term programs, whether it's through short-term Pell or something else?

JANE OATES: First of all, I think that Dr. Biden has always been such an advocate of community colleges and I can't imagine that community colleges won't play a big part in whatever the whole idea is if there's a Biden administration [UNCLEAR] plan. But people forget that Biden was in the Senate, I hate to admit I'm old enough to have worked in the Senate when he was in the Senate. But, you know, he was a big proponent of more options. In anything that he did, he was very involved, he wasn't on committee, but very involved when we did the first WIA in 1998, and he was really interested in having people get access, and **then** how do we make sure they finish.

Even in 1998 he was talking that game, so I really, you know, not to put one more thing in, but I expect great things. I think he'll really attract talented people to his administration, particularly in education, who have a lot of experience. But I think people will be surprised. I think he'll really be interested in attracting innovative thinkers. You know, he won't want to do anything to stand in the way of the current system, the traditional measures growing and flourishing, but I really think he and his administration will be very open, mainly because the need is so great.

You know, when you talk about 2009--I was at the Department of Labor--there were a handful of industries impacted. You know, I mean it was horrible, but today every single industry has been impacted. There's not an industry that looks that same as it did last February. So we're going to need big, bold thinking, in addition to giving lots and care and attention to the traditional pathways.

PAUL FAIN: Well, Jane, you mentioned your Labor Department background, always appreciate the way that you can look at the way employers and higher ed is working together or not working together. And definitely appreciate your perspective on these interesting times. So thanks for doing this.

JANE OATES: Oh, Paul, thank you very much. It was great.

[MUSIC]

PAUL FAIN: That's it for this episode. Thanks for listening. I'll be back next week. I'm be speaking with Deborah Santiago from Excellency in Education about some data her organization recently put out on how Latinos are faring in higher education and how the industry can better serve them. I hope you'll join us.