

SHORT-TERM OCCUPATIONAL PROGRAMS:

ARE THERE BENEFITS, AND SHOULD WE BE FUNDING ACCESS TO THEM?



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Short-Term Occupational Programs: Are There Benefits, and Should We Be Funding Access to Them?

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Executive Summary

The Pell Grant program is a staple of the postsecondary system and has enhanced educational access for millions of Americans since its inception. The Pell Grant was designed to provide aid to low-income students and is not typically awarded to students from higher-income families. However, Pell Grants cannot be used for short-term programs that are less than 15 weeks.

There has been a growing call to expand Pell Grant eligibility to cover these shorter programs, with supporters arguing that including these programs will create an expedited pathway for career advancement, offer an affordable alternative to traditional degrees, and can help bridge the skills gap in the United States. Opponents argue that these programs are not highly valued in the marketplace, do not lead to positive workforce outcomes, and that making them eligible would lead to a proliferation of fraudulent programs that seek to exploit students and taxpayers. Both arguments make valid points. Short-term programs offer a flexible way to upskill and reskill a workforce but granting Pell eligibility to an entire postsecondary institution will not incentivize an institution to provide equitable resources to ensure the highest quality program possible for the student. That is why eligibility should be determined at the program level and only for programs meeting accountability benchmarks.

This paper found that benefits from short-term certificate attainment vary widely by occupational field. For example, we found a positive correlation between certificate attainment and workforce outcomes in mechanical repair, serving as strong evidence for the utility of expanding Pell grants to short-term programs. However, the vocational field of healthcare had lower earnings among certificate holders, which indicates that not all short-term programs should be eligible for Pell Grants. Further, we found that certificate earners in the vocational fields of education and mechanical repair had lower unemployment rates than their non-credentialed peers. Lastly, given our findings, we make recommendations for expanding Pell Grant eligibility paired with accountability benchmarks.

Introduction

For an individual, obtaining a career certificate can be a source of job security and career advancement. However, some prospective students discover that the program that leads to the credential they are looking to obtain does not qualify for federal financial aid due to the length of the program. These programs are typically less than 15 weeks long and are offered in several vocational fields. Students in this situation may have no choice but to pay out of pocket for their desired program, resulting in them either enrolling in longer, costlier Pell-eligible programs or not enrolling in postsecondary training at all.

Key Points

- Pell Grants are one of the primary methods the federal government uses to encourage postsecondary enrollment.
- However, programs lasting less than 15 weeks are not eligible for Pell Grants.
- These programs cost less than half of what a traditional associate degree costs.
- Some short-term programs provide substantial returns, though some do not.
- Pairing expanded Pell eligibility to programs less than 15 weeks with strong accountability measures would allow more people to upskill while minimizing the waste of taxpayer dollars.

These short-term programs lead to occupational certificates that allow individuals to upskill and reskill much more quickly than a two-year or four-year program, providing a potential expedited path to career advancement. Because of this advantage, there has been growing support to make federal financial aid available to students enrolled in short-term programs. However, opponents of this policy state that short-term programs are of low value and do not have a meaningful impact on the economic outcomes of program completers.

The purpose of this paper is to explore whether short-term programs should be eligible for Pell Grants, and if so, what safeguards should be used to ensure taxpayer dollars are not squandered. Specifically, this paper will discuss the history of the Pell Grant program and the current eligibility requirements. The paper also offers a quantitative analysis of the wage premiums associated with short-term certificate completion. Lastly, this paper will provide recommendations for expanding Pell Grant eligibility to short-term credentials based on the merits of each program, not the institution.

Pell Grants

History

Pell Grants were first awarded in 1973 to approximately 176,000 recipients, with an individual maximum award equal to 50% of the student's cost of attendance ([Dortch, 2021](#)). This award cap was later raised to 60% in 1985, before being ultimately removed in 1993. Since then, the program has expanded to serve more than 6.4 million students ([National Association of Student Financial Aid Administrators, 2022](#)), with a maximum award in 2022–2023 of \$6,895.

Current Pell Grant Eligibility

Because the Pell Grant program aims to promote postsecondary access for low-income students ([U.S. Department of Education, n.d.](#)), students must demonstrate significant financial need. The current requirements students must meet to be eligible ([Dortch, 2021, pp. 2–3](#)) include the following:

- Demonstrate a substantial need for financial assistance by completing the Free Application for Federal Student Aid (FAFSA). Substantial need is based on the Expected Family Contribution (EFC), which is determined after a student completes the FAFSA.
- Have a high school diploma or its equivalent.

- Maintain satisfactory academic progress while enrolled in their program. Satisfactory academic progress means that a student is maintaining a minimum grade point average and is passing a minimum percentage of attempted credits or hours.
- Meet citizenship requirements.
- Not be in default on student loan debt.
- Not have completed the curriculum required for a bachelor's degree or higher.
- Be enrolled in a non-foreign institution.
- Not be incarcerated in a federal or state prison.
- Not be on parole following a sexual offense.
- Be accepted into an eligible program at an eligible post-secondary institution.
 - The institution
 - must be legally authorized to operate by the state they reside in ([Federal Student Aid, n.d.](#)).
 - must be accredited nationally by a recognized accrediting agency.
 - must regularly admit students with a high school diploma or its equivalent.
 - For a program to be eligible for a Pell Grant, it must have a minimum length of 15 weeks or 600 clock hours.

History of Short-Term Pell Programs

Pell Grant eligibility expansion received attention under both the Obama and Trump administrations. A pilot program that expanded Pell Grant eligibility to short-term programs was started in 2011, and the U.S. Department of Education published a study by Thomas et al. ([2020](#)) that investigated the outcomes. The study was confined to two experimental expansions: (1) to income-eligible students (students whose expected family contribution does not exceed FAFSA requirements) with a bachelor's degree looking to obtain short-term occupational training, and (2) income-eligible students without bachelor's degrees wishing to enroll in short-term vocational programs.

The first group was made up of 414 students, all with bachelor's degrees. Of the participants, 64% were female, and 93% were independent from their parents (p. 3). The average age and income of the participants were 36 and \$20,670. The key findings include (pp. 4–6):

- **Higher enrollment:** Students with a bachelor's degree were 26 percentage points (78% versus 52%) more likely to enroll in additional education if they were offered funding for the program.
- **Higher completion:** Program completion went up from 36% to 52%. Students that self-identified as dislocated workers were 46 percentage points (28% versus 5%) more likely to complete the program when they received experimental funding.
- **Better match between education and labor market needs:** Participants offered the experimental funding were 11 percentage points (40% versus 29%) more likely to seek a program considered in high demand in their state.

In the second experimental group, there were a total of 2,270 students, 64% of whom were men. This was noticeably higher than the first experimental group of post-baccalaureate students, which were 34% male. The average age of the program group was 32 and had an average gross income of \$22,451. The key findings of this experimental group were (p. 6):

- **More education:** Students who received Pell Grant funds were 14 percentage points more likely (66% versus 52%) to enroll in additional courses compared to similar non-Pell Grant students.
- **Higher completion:** Program completion increased by 9 percentage points (47% versus 38%).

Neither of these impacts varied based on gender, age, or income.

These results provide some evidence of the impact of extending Pell Grant eligibility to shorter programs. However, this most likely represents a lower bound estimate since potential participants were only notified of eligibility after they submitted the FAFSA, meaning that these students were already highly motivated to enroll in some form of postsecondary education. In the following section, we add to this literature by exploring the costs and benefits of sub-baccalaureate certificates/credentials.

Analysis of Short-Term Credentials

Data & Methodology

Our analysis relies on the data provided by the National Household Education Surveys Program's (NHES) Adult Training and Education (ATE) survey. This survey collects data from adults who are "16 to 65 who are not enrolled in high school... [and focuses] on nondegree credentials and work experience programs" ([National Household Education Surveys Program, 2016](#)). The ATE survey defines nondegree credentials as certifications and licenses and work experience programs as internships, co-ops, practicums, clerkships, externships, residencies, clinical experiences, and apprenticeships. This dataset collected information in 2016 regarding individuals' employment, education level, labor force, earnings, occupational field, and biological descriptive characteristics such as age and sex.

From this rich dataset, our query called for an analysis specific to short-term nondegree credential programs. Therefore, we excluded observations with credentials more than 12 weeks in length, leaving roughly 45,000 individuals in the filtered data from a total of approximately 48,000. While this cut-off does not align with the Pell Grant eligibility of a 15 weeks minimum, it is a subset of all programs that do not meet this eligibility.

To identify the impact of a short-term credential on wages, we chose to compare individuals with a credential to those without for each occupational field in the sample. To do this, we separated participants using the U.S. Census' industry and occupational code associated with their stated occupation. Once all participants were separated into occupational categories, we ran an interval regression analysis on each category where our dependent variable was the yearly wages earned by the participants, and our primary explanatory variable was certificate attainment. It is important to state that yearly earnings were not recorded as a continuous variable but instead were recorded into discrete salary ranges. Because salaries were recorded in categorical intervals, the salaries of the survey participants were masked (for example, for an electrician whose salary range was recorded as 7, it is impossible to know whether he was making \$60,005, \$74,300, or anything in between). To adjust the data set to fit our analysis, we added two variables that captured the salary range in units of dollars. One caveat to this model is that it assumes the salary of each participant to be the midpoint of each interval, meaning that for the previous example of the electrician making between \$60,001 to \$75,000, the model would assume a salary of \$67,500.50. The table below summarizes the additions that were made to the earnings category:

Table 1
Original Earnings Variable Crosswalk With Low and High Earnings Variables

Salary range	Original variable	Additional variable: low earnings	Additional variable: high earnings
\$0 to \$10,000	1	\$0	\$10,000
\$10,001 to \$20,000	2	\$10,001	\$20,000
\$20,001 to \$30,000	3	\$20,001	\$30,000
\$30,001 to \$40,000	4	\$30,001	\$40,000
\$40,001 to \$50,000	5	\$40,001	\$50,000
\$50,001 to \$60,000	6	\$50,001	\$60,000
\$60,001 to \$75,000	7	\$60,001	\$75,000
\$75,001 to \$150,000	8	\$75,001	\$150,000
\$150,001 or more	9	\$150,001	\$300,000

To account for differences in education levels (such as a bachelor's degree, due to availability of post-graduate certificates), unemployment, and gender, we used dichotomous variables to control for these effects. Further, because work experience factors greatly into yearly earnings, we used age as a proxy variable for lifetime work experience. Lastly, to control for the differences in part-time and full-time employment, we factored in weekly hours worked into our analysis.

Results

We performed interval regression analysis on each occupational category due to the large variation in earnings between categories. Moreover, each occupational category valued years of experience, education level, and hours worked differently. These differences had widely variant effects on an individual's earning potential. In this section, we will be demonstrating the analysis we performed on each occupational category through the example of the mechanical repair category.

Our analysis found that there was a substantial wage premium associated with earning a certificate in this field. Short-term certificate holders earned an estimated \$6,930.43 more than non-certificate holders. This relationship was statistically significant past the 10% level. Interestingly, this field also had the lowest and weakest correlation between college graduation and wage outcomes. However, it must be noted that the sample size for this subsection was relatively small at 391 observations or less than 1% of the survey sample size.

The mechanical repair sector enjoyed the strongest correlation between certificates and salary out of all the fields. The average salary of a certificate holder was \$47,7670,

with a median salary of \$45,000 and an unemployment rate of 13.6%. Non-certificate individuals meanwhile had an average salary of \$33,768, a median salary of \$25,000, and an unemployment rate of 21.0%. When adjusting for the differences in employment rates, the average and median wages of certificate holders were \$55,197 and \$50,000, while non-holders had an average of \$42,765 and median salary of \$35,000.

Regressions show correlation, not necessarily causation. It is possible that the substantial wage premium for certificate holders in the mechanical repair industry is not due to formal education such as industry specialization and market demand. But to the extent that the relationship is causal, the earnings boost would provide substantial justification for expanding Pell Grant eligibility to such programs.

Benefits & Costs of Short-Term Credentials

Benefits

A credential can have two beneficial impacts for recipients in the labor market—reduced unemployment and higher wages. But not all credentials deliver these labor market returns. As our analysis suggests, when taking into account hours worked, age, university completion, and gender, wage premiums for attaining a short-term certificate vary widely depending on the occupational field. **Table 3** displays our findings by occupational field. The fields of construction, mechanical repair, and manufacturing had positive correlations with certificate attainment and yearly earnings, though only the result for mechanical repair was statistically significant. While the fields of public service, healthcare, education, transportation, and cosmetology all had negative associations with short-term credential attainment and salaries, though only healthcare was statistically significant.

Table 2
Results From the Mechanical Repair Vocational Category

Variables	Difference in earnings for certificate holders	P-value	Confidence interval
Holds a certificate	6,930.43*	0.062	(-355.82, 14,216.68)
Hours worked	898.70	0.000	(707.63, 1,089.77)
College graduate	9,065.49	0.105	(-1,889.48, 20,020.45)
Male	7,160.15	0.002	(2,725.12, 11,595.18)
Age2	-11.47	0.047	(-22.82, -0.14)
Age	1,389.01	0.007	(377.72, 2,400.31)

Note. In this table, an asterisk indicates the degree of statistical significance of the variable. Where one asterisk indicates a p-value less than 0.10, two asterisks indicate a p-value less than .05, and three asterisks indicate a p-value less than .01.

Table 3
Short-Term Certificate Benefits by Occupational Field

Occupational field	Difference in earnings for certificate holders	Confidence interval	Median salary	Wage premium
Construction	2,498.57	(-1,173.27, 6,170.41)	\$35,000	7.14%
Cosmetology	-1,190.82	(-6,030.79, 3,649.16)	\$15,000	-7.93%
Education	-2,125.56	(-4,664.14, 413.02)	\$35,000	-6.07%
Healthcare	-4,178.07***	(-6,293.82, -2,062.31)	\$35,000	-11.94%
Manufacturing	1,419.41	(-1,744.74, 4,583.57)	\$55,000	2.58%
Mechanical repair	6,930.43*	(-355.82, 14,216.68)	\$35,000	19.80%
Public service	-991.67	(-4,044.68, 2,061.32)	\$45,000	-2.20%
Transportation	-1,973.89	(-5,376.87, 1,429.09)	\$45,000	-4.38%

Note. In this table, an asterisk indicates the degree of statistical significance of the variable. Where one asterisk indicates a p-value less than 0.10, two asterisks indicate a p-value less than .05, and three asterisks indicate a p-value less than .01.

These findings are partially corroborated by the work of Baum et al. (2021) and Kim and Tamborini (2019) who found that the aggregate associated wage premiums of sub-baccalaureate certificates were 10.1% and 10.3%, respectively, and varied widely depending on the occupational field. Further, Baum et al. (2021) found that mechanical repair and technical training had the largest wage premiums of any occupational fields, which aligns with our findings that construction, mechanical repair, and manufacturing all had strong positive correlations with earnings. The second economic benefit conferred to credential completers is increased job security, as estimated by unemployment rates.

The National Center for Education Statistics has published information on unemployment rates for working-age individuals (aged 25–64), separated by educational attainment. The center found that individuals with some college education, including postsecondary certificates, enjoyed a lower unemployment rate of 9.1% versus 14.1% for individuals with no postsecondary education (National Center for Educational Statistics, 2016). When performing our

own analysis on the Adult Training and Education Survey (ATES), we found that unemployment rates were higher for certificate holders in 6 out of the 8 occupational fields. Note that this does not necessarily mean that certificates increase unemployment. For example, if individuals struggling in the labor market disproportionately seek out certificates to improve their odds, we would expect to find a positive correlation between unemployment and certificate holders.

While the national trend does indicate that postsecondary education positively influences employment rates, we find that, in this survey, individuals with postsecondary certificates were more likely to be unemployed. One possible explanation for this discrepancy could be the large number of unemployed individuals who responded to the survey. Overall, nearly 24% of survey respondents were unemployed. This was well above the national unemployment rate of 4.7% in 2016 (when the survey was conducted; Bureau of Labor Statistics, 2017). This inflated unemployment rate within the survey group may indicate a selection bias within the participant group.

Table 4*Difference in Unemployment Rates Between Certificate Holders and Non-Holders by Vocational Category*

Occupational field	Certificate holders' unemployment rates	Non-holders' unemployment rates
Construction	21.0%	18.6%
Cosmetology	21.9%	18.0%
Education	17.6%	17.8%
Healthcare	22.5%	17.76%
Manufacturing	21.0%	20.6%
Mechanical repair	13.6%	21.0%
Public service	24.0%	21.9%
Transportation	27.4%	23.1%
Aggregate	23.9%	23.3%

Table 5*Associate Degree Benefits by Occupational Field*

Occupational field	Difference in earnings for associate degrees	Confidence interval	Median salary	Wage premium
Construction	\$947.72	(-\$3,579.44, \$5,474.88)	\$25,000	3.79%
Cosmetology	\$1,539.22	(-\$3,700.10, \$6,778.54)	\$15,000	10.26%
Education	-\$10,448.47***	(-\$12,504.84, -\$8,392.10)	\$15,000	-69.66%
Healthcare	-\$2,377.23*	(-\$41,822.66, -\$571.81)	\$15,000	-15.85%
Manufacturing	\$2,419.43	(-\$5,516.92, \$678.07)	\$15,000	16.13%
Mechanical repair	-\$1,534.21	(-\$6,577.778, \$3,509.35)	\$25,000	-6.14%
Public service	-\$7,021.30***	(-\$10,139.60, -\$3,903.00)	\$35,000	-20.06%
Transportation	\$2,802.39	(-\$10,672.72, 6,672.50)	\$45,000	6.23%

Note. In this table, an asterisk indicates the degree of statistical significance of the variable. Where one asterisk indicates a p-value less than 0.10, two asterisks indicate a p-value less than .05, and three asterisks indicate a p-value less than .01.

Bachelor's and Associate Degree Comparison

Because workforce development programs often draw comparison to bachelor's and associate degree programs, we examined the wage benefits of these credentials within these vocational fields. When performing an interval analysis on our dataset for associate degree attainment, we found comparable results to that of short-term programs. **Table 5** displays the results of our analysis. In the vocational fields of construction, education, manufacturing, mechanical repair, and public service, short-term programs had higher wage outcomes for the survey group, though none of these were statistically significant. Particularly in the fields of public service and education, short-term programs performed significantly better than associate degrees.

While the economic outcomes were similar between short-term programs and associate degrees, this was not

the case for bachelor's degrees. **Table 6** shows the results of our analysis. A four-year degree performed substantially better than short-term credentials. In fact, the relationship between wage and vocational fields of bachelor's degrees was larger and statistically more significant than the relationship between wages and short-term credentials.

With the exception of cosmetology and mechanical repair, the correlation between a four-year degree and its corresponding change in wage was statistically significant. Moreover, a bachelor's degree had a positive correlation between credential attainment and earnings in every occupational field, save for education and mechanical repair.

Costs

When weighing the options of whether to enroll in a post-secondary program, one should consider the cost of the

Table 6
Associate Degree Benefits by Occupational Field

Occupational field	Difference in earnings for bachelor's degrees	Confidence interval	Median salary	Wage premium
Construction	\$11,751.24***	(\$7,596.31, \$15,906.17)	\$35,000	33.57%
Cosmetology	\$313.67	(-\$7125.46, \$7,752.80)	\$15,000	2.09%
Education	-\$3,981.26***	(-\$5,252.13, -\$2,710.38)	\$15,000	-26.54%
Healthcare	\$3501.82***	(\$1,785.72, \$5,217.91)	\$25,000	14.01%
Manufacturing	\$20,861.69***	(\$18,117.84, 23,605.54)	\$15,000	139.08%
Mechanical repair	-\$1,011.29	(-\$8,610.32, \$6,587.75)	\$25,000	-4.05%
Public service	\$5,211.49***	(\$2,846.39, \$7,576.58)	\$35,000	14.89%
Transportation	\$16,420.84***	(\$12,608.07, \$20,233.61)	\$45,000	33.57%

Note. In this table, an asterisk indicates the degree of statistical significance of the variable. Where one asterisk indicates a p-value less than 0.10, two asterisks indicate a p-value less than .05, and three asterisks indicate a p-value less than .01.

program, both in time and money. Estimating the financial cost associated with credential enrollment is not a transparent process. Many institutions do not directly display the average cost of their programs on their official websites. This makes forecasting the price of programming difficult. However, the work of Ahlman and Gonzalez (2019) attempted to estimate the cost and program length of short-term programs across three states but were only able to obtain results for Missouri. They found that Missouri programs cost an average of \$3,000 for tuition, fees, books, and supplies. This cost did vary depending on the type of institution and program field. For-profit colleges had the lowest average program cost at \$2,550, while non-profits' offerings were around \$5,020. While the investment in a short-term credential is significant, it is dwarfed compared to the cost of a traditional diploma-granting program. The average cost of tuition in 2019 at a four-year public institution was \$9,349, while the average cost at a two-year institution was \$3,377 (National Center for Education Statistics, n.d.). These costs only represent the price of tuition and fees; it does not factor in the cost of course-specific software, textbooks, laptop, and other supplies.

Another factor to consider is the investment of time required to complete the program. As mentioned, short-term credentials typically require less than 15 weeks of instruction to complete, while the formal length of an associate degree is two years and four years for a bachelor's degree. Further, this represents the estimated time of completion for a full-time student. Those students enrolling part-time may see their program length double. When contextualized with the commitments required by traditional degree programs, it is easy to see why short-term

certificates can be an attractive investment for working adults. For example, consider the field of mechanical repair. In that field, a student could pay \$37,396 and spend four years in school to earn a bachelor's degree, which has no statistically significant correlation with their earnings. In contrast, a short-term certificate program would only cost \$3,000 and take 15 weeks, while being correlated with an increase in earnings of \$6,930 per year.

Recommendation: Constructing a Short-Term Pell Grant Program With Accountability

There is nothing special about 15 weeks that makes it a good or bad cut-off for Pell Grant eligibility. Many students would benefit from using Pell Grants to enroll in these short-term programs, but some short-term programs are not worth the investment. That is why eligibility should be granted to particular programs within a postsecondary institution, not the institution as a whole (as is the current standard). This prevents tax dollars from being wasted on programs that offer little benefit to course completers. We recommend that Pell Grant eligibility be extended to programs shorter than 15 weeks, but that tough accountability mechanisms be included to protect students and taxpayers. We intend this expansion to be expenditure neutral by offsetting the costs of new short-term program with the removal of low performing two and four-year programs.

In particular, short-term programs should only be eligible for Pell Grant funding if:

1. There is a substantial wage premium from the credential. We recommend a wage premium threshold of 10%

The solution is to expand eligibility to short-term programs but to pair the expansion with tough accountability measures that will ensure that taxpayer funding cannot be used for programs that have little labor market value.

to become Pell eligible. As the research of Baum et al. (2021) and Kim and Tamborini (2019) suggest, the average wage premium on a postsecondary certificate over a high school diploma is between 10.1% and 10.3%. When disaggregated by vocational field, wage premiums varied widely from a high of 19.80% in mechanical repair to a low of -11.94% for healthcare. Therefore, using a 10% premium as a benchmark for short-term programs would incentivize providers to deliver a high-quality product and would weed out programs that have very little value in the labor market. Note that it is the specific program's wage premium, not the average for their vocational field, that should determine eligibility. Analyses, including this one, have grouped individuals by field, but that is because existing data do not include program-level data to allow a finer analysis. In other words, there may be mechanical repair programs that do not meet the benchmark, even though on average mechanical repair programs do meet the threshold.

2. Completion and job placement rates are satisfactory: Using data from the Beginning Postsecondary Students Longitudinal Study, Baum et al. (2021) found that the total completion rate among certificate earners was 57%. This was strikingly higher than the completion rate for associate degrees (39%) and just shy of the completion rate for bachelor's degrees (64%; [National Center for Education Statistics, 2022](#)). Further, in the proposed Responsible Education Assistance through Loan (REAL) Reforms Act, a minimum satisfactory completion and job placement rate of 70% for programs at or over 15 weeks was proposed for workforce programs to qualify for Pell Grant eligibility ([U.S. Committee on Education and Labor, 2022](#)). We agree with this standard and recommend setting an equivalent 70% job placement and completion rate for programs under 15 weeks.

3. Vocational certificate offerings align with regional labor demands. Workforce demands vary greatly by region. It is, therefore, of no surprise that workforce development programs are most successful for individuals when occupational education is tied to local demand ([Baum & Clayton, 2013](#)). Therefore, we recommend that to obtain Pell Grant eligibility, short-term workforce programs must be tied to in-demand regional sectors and occupations.
4. Eligibility is determined at the program level and not for the institution as a whole. Because institutions can have comparative advantage in one program or field of study and lack advantages in others, it is important that *programs* within institutions be scrutinized, as opposed to an *entire college* or university. This would entail each Pell eligible program being examined by the U.S. Department of Education for its student outcomes and graded prior to Pell Grant re-authorization. Only those programs with a wage premium of over 10% one year after graduation, job placement rates over 70% one year after graduation, and a satisfactory debt as a percentage of earnings as identified by Gillen (2022). Under the proposed accountability framework recommended herein, an institution may have a cosmetology or health science program pass scrutiny but fail to pass its engineering or law programs.

Conclusion

In this paper, we investigated whether Pell Grant eligibility should be expanded to cover short-term occupational and academic certificates. To do this, we examined the cost and benefits associated with short-term certificate attainment. Further, we examined the history of the Pell Grant and the eligibility requirements, as they currently stand, and provided an analysis of the pecuniary and employment benefits associated with short-term certificates in various occupational fields. Lastly, we provided recommendations on how to modify existing eligibility requirements to include short-term programs, while increasing program quality by funding only those programs with strong economic outcomes for program completers.

For many occupations, obtaining some form of postsecondary education is necessary to be competitive in the labor market. For many low-income students, the Pell Grant is the dominant source of funding for their education. However, these same Pell-eligible students often find themselves without educational access to short-term programs. This restriction has likely contributed to the middle-skills gap and, as

a result, there has been growing support for expanding Pell eligibility to very short-term programs (typically less than 15 weeks). While opponents of this policy maintain that short-term credentials hold little workforce value, our analysis finds this statement to be misleading. Wage premiums for short-term credentials vary widely depending on the vocational area and program quality. For example, for the occupational field of mechanical repair there was a strong link between yearly earnings and certificate completion, while for the field of healthcare there was a negative correlation with yearly earnings.

The different labor market returns of credentials in different fields indicate that a one-size-fits-all policy would be inappropriate. Extending Pell Grant eligibility to all short-term programs would open the federal funding spigots to many programs with low or even negative labor market value

while continuing to forbid eligibility for any short-term program restricts access to programs with high value. The solution is to expand eligibility to short-term programs but to pair the expansion with tough accountability measures that will ensure that taxpayer funding cannot be used for programs that have little labor market value.

Federal policy should recognize that high-value postsecondary education can be delivered in less than 15 weeks. Policy should not restrict access to a program merely because it is not long enough. Rather than using program length as a measure of value, we should exploit labor market data to identify which programs are valuable, and policy should assist in granting equitable access to those programs. Our future prosperity depends on giving students access to educational opportunities regardless of program length. ★

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Jorge holds a Master of Public Administration from the Bush School of Government at Texas A&M University and a Bachelor of Science in Mathematics from the University of Texas at San Antonio. In his free time, he enjoys reading, meeting new people, and exploring new places with his wife and two dogs.

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