

**REPORT** *Published March 25, 2026 · 14 minute read*

# **Driving without a Map: Unpacking America's Credentialing Problem**

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## Takeaways

- The credential market is vast but fragmented. Rapid growth across degrees, certificates, licenses, and badges has outpaced the systems meant to ensure clarity, quality, and coordination.
- The system breaks down in four ways: inadequate information for learners, no common language for employers, inconsistent understanding of quality, and fragmented financing.
- Workers bear the cost. Those without strong networks or employer support face higher risk, wasted time, and debt—turning what should be a pathway to mobility into an obstacle course.

America's training and credential system resembles a broken GPS. You can pick different routes, but you have no way to know which one will actually get you to where you want to go.

In the United States today, there are over 135,000 credential providers offering upwards of 1.1 million credentials.<sup>1</sup> This rapid growth reflects rising demand for specialized skills and the diverse needs of American learners. At their best, credentials align employers and workers by signaling job-ready skills and clarifying workforce expectations. But the rapid growth of credentials has outpaced the systems that are meant to explain, validate, and finance them. Employers, workers, educators, and even policymakers are struggling to know what credentials are worth it, what skills they signal, and what opportunities they create.

Navigating the credentialing landscape will only get harder—the median job tenure in the United States has fallen to just 3.9 years, meaning workers will need to earn credentials more frequently throughout their careers.<sup>2</sup> Technological change is also accelerating the speed at which workers must re-skill or up-skill. Estimates suggest that 39% of current skill sets will have changed by 2030.<sup>3</sup> If we don't tackle America's credentialing mess soon, we risk leaving millions of workers unable to adapt to a rapidly evolving economy.

Policymakers cannot reform the credentialing landscape without first understanding it. In the report below, we unpack the different types of credentials in our economy, the four key

failures in the credentialing system, and how these failures impact workers.

## The Credential Categories

Before unpacking challenges within the credential landscape, it's important to have a clear definition of *credentials*. As industries evolve and career paths become less linear, training providers have developed different types of qualifications to serve people at varying stages in their careers and lives. <sup>4</sup> In our current labor market, the term credentials may signal one thing to employers and something totally different to learners.

At a high level, postsecondary credentials fall into six broad categories. <sup>5</sup>

1. **Degrees** are multi-year credentials offered by accredited colleges and universities. They are supported by long-standing accreditation systems and remain the most widely recognized credential in the labor market, even as their role evolves. Offerings range from associate to doctorate degrees.
2. **Certificates** are shorter, occupation-focused programs offered by colleges, professional associations, and private providers. Their recognition depends heavily on industry context and employer familiarity.
3. **Microcredentials and course completions** provide specific skills or competencies typically via online platforms. While they represent the fastest-growing segment of the credential market, they are also among the least consistently defined or understood. <sup>6</sup>
4. **Occupational licenses and certifications** are credentials legally required to practice in specific fields or professions, like a Commercial Driver's License (CDL) for truck drivers. They are typically governed by state authorities. Around a quarter of jobs required a license to work, up from 5% in 1950. <sup>7</sup>
5. **Apprenticeships** combine paid, on-the-job experience with structured instruction. While they have been historically concentrated in the skilled trades, apprenticeships are increasingly being utilized in other fields such as health care and education.
6. **Digital badges** provide micro-level recognition of skills or achievements and are issued by a wide range of entities, including employers and online platforms like LinkedIn. They are the largest category of credentials.



Without shared frameworks for standards or quality recognition, the growing diversity of credentials makes the system harder to navigate for individuals and employers. There are one million digital badge offerings alone, reflecting how easy it has become for platforms and employers to issue credentials without centralized oversight. By contrast, occupational licenses and certifications are typically governed by state-run bodies that provide clearer regulatory structures.

## **Four Systemic Failures**

For a system to function well, individuals must be able to make informed choices, providers must demonstrate value, and employers must understand outcomes. Currently, the US landscape is failing on all of those in four key ways.

### **1. Navigation: The Information Gap**

For education and training to be effective, individuals must be able to make informed choices. But once individuals move outside the typical high-school-to-college pipeline, formal guidance often disappears—leaving graduates to navigate the system on their own. As a result, many workers are left to rely on online searches, AI tools, or word of mouth to receive career counseling and guidance.

Consider a single mother in Ohio who is already working full time and caring for two young children. She needs a credential to shift into a higher-paying field, but she cannot turn to her boss or company since she wants to change industries entirely. When she searches online, she encounters thousands of options—certificates, bootcamps, microcredentials, badges—but little comparable information about each program's cost, timelines, or employment outcomes. Making the wrong choice could mean significant debt and no improvement in earnings or job quality.

The information that does exist on these credentials is fragmented and inconsistent. Community colleges report completion rates. Workforce programs track employment outcomes at the six-month mark. Industry certifications highlight exam pass rates, while online providers emphasize enrollment numbers and learner satisfaction. Each metric paints part of a picture, but none illustrates whether a credential provides clear economic value. A program may publicly broadcast they have a 90% completion rate, but only 40% of their graduates end up employed in the field. Another credential may have lower completion rates but deliver immediate wage gains for those who finish. In the absence of standardized, comparable information, individuals struggle to make informed decisions.

### **2. Translation: The Language Barrier**

Schools, training providers, employers, policymakers, and workers often operate with different views on what credentials signal—creating a language barrier that weakens their impact on the labor market.

For example, a hiring manager at a small business may be reviewing two applicants for a data analytics role. Both hold a data analytics certificate, one from a community college and one from a Fortune 100 company. The certificates are offered through the same online platform but involve very different curricula and requirements. The manager has no standardized framework to compare the competencies each credential represents or determine which one better aligns with the role’s requirements. Without a common language to compare these certificates, the hiring manager may forego considering them altogether when making her decision.

This translation failure has measurable consequences, especially for entry-level workers. Faced with an overwhelming array of unfamiliar credentials and no common language to interpret them, many employers default to what they know. This helps explain why efforts to remove degree requirements have produced uneven results. A 2024 study by Harvard Business School and the Burning Glass Institute found that 45% of companies that eliminated degree requirements from job postings saw little change in actual hiring behavior. Since they didn’t know how to evaluate alternative credentials, hiring managers continued to favor candidates with traditional degrees even after changes in formal policies.<sup>8</sup>

We see this trend for workers even before they enter the job market. Training providers or educational institutions often won’t recognize progress towards a credential earned elsewhere. Despite more than one-third of college students transferring institutions at least once, an estimated 43% of credits fail to transfer. This forces learners to retake courses, slowing their progress and increasing cost burdens. For working adults who are balancing jobs and family responsibilities, this “mobility tax” can be the difference between completing a program or dropping out.<sup>9</sup>

### **3. Validation: Who Says It’s Any Good?**

The breadth of the credential landscape makes a single, universal quality assurance system impractical to achieve. But better coordination across existing systems could help learners, employers, and policymakers understand which credentials deliver real value and how they do so.

While degree programs are governed by a formal accreditation system, non-degree credentials receive validation in a much more patchwork way. Validation for non-degree credentials may come from stamps of industry recognition, workforce approval lists,

employer endorsement, or have no external validation at all. Each of these mechanisms operate independently and apply different definitions of what makes a credential “high-quality.” For example:

- **State Eligible Training Provider Lists (ETPLs)** under the Workforce Innovation and Opportunity Act (WIOA) prioritize short-term employment and earnings outcomes. But research finds when programs focus on short-term metrics it may come at the expense of ensuring positive long-term results. <sup>10</sup>
- **Pell Grant eligibility** focuses on accreditation status, program length, and academic structure. Recently, the One Big Beautiful Bill Act expanded Pell Grant eligibility to include short-term programs that are at least eight weeks in length. The Department of Labor is in the process of shaping regulations around eligibility for these short-term programs. <sup>11</sup>
- **The Department of Veterans Affairs** maintains its own approved list, with criteria centered on consumer protections and alignment with high-demand occupations.

Because these systems don’t communicate with one another, operate on different timelines, and don’t share common data standards, learners are left to decode which validation matters for their specific circumstances. To make things worse, data on these programs often exists in different places—like state-level workforce data or private provider platforms—that don’t talk to one other.

Consider a mid-career worker who recently became unemployed and is considering a coding bootcamp to get back on her feet. She finds one program that is approved by her state workforce agency and boasts strong wage outcomes, but the program is ineligible for federal Pell Grants. At the same time, a nearby community college certificate qualifies for Pell grants but lacks clear employment outcomes. As a result, she doesn’t know which option will provide the best return on her investment.

## 4. Financing: The Implementation Gap

Financial support for credentials is also fragmented. While degrees and credit-bearing programs at accredited institutions are often supported by federal financial aid, most non-degree credentials are paid for out of pocket. <sup>12</sup> And this can often look like taking on credit card debt—where interest rates hover around triple that of student loans. <sup>13</sup> For workers who need to retrain quickly—often while balancing work, family, and financial obligations—this creates a significant barrier. Even when shorter-term credentials may provide more value than longer pathways in certain situations, short-term programs are frequently the least supported by public funding. <sup>14</sup> Although the implementation of Workplace Pell will

open up more federal dollars to short-term programs, it is essential that these dollars be targeted toward credential opportunities that deliver high-quality outcomes.<sup>15</sup>

For example, take a displaced manufacturing worker in Pennsylvania who needs to reenter the labor market quickly and is surveying her options. She could find a shorter-term program listed in her state's ETPL that may be eligible for a partial subsidy from the state. A short-term credential could offer the fastest path for her back to work, but many of these shorter programs are ineligible for Pell Grants due to program length and institutional requirements. Alternatively, if she is a veteran, she could have access to funding support from the VA, but they maintain their own approved list that has different eligibility criteria for funding programs.

In theory, states and providers should be able to tie together funding from Workforce Innovation and Opportunity Act programs, Pell Grants, employer tuition assistance, veterans' benefits, and other sources to help individuals pay for programs.<sup>16</sup> But in reality, navigating these differing requirements is administratively cumbersome for both providers and learners. As a result, combining these funding streams remains the exception rather than the norm.

Additionally, employer-provided education benefits may help some workers bridge these gaps, but access varies widely by firm size, industry, and job role. Workers at large employers may receive generous tuition assistance or access to clear career pathways, while workers at small firms or in lower-wage roles often receive little or no support. Even when benefits are available, they may be limited to credentials related to an employee's current job or contingent on continued employment, all constraints on workers that can discourage career mobility.

Altogether, these issues create a financing system that favors longer, slower, and more traditional training pathways over faster, more targeted ones. Public dollars tend to follow institutional categories rather than learner needs, pushing workers toward programs that fit funding rules rather than labor-market realities. At a moment when rapid reskilling is increasingly essential, the misalignment between financing and need slows transitions, raises risk, and widens gaps in access to opportunity.

## **The Effect on US Workers**

A fragmented credentialing system does not affect all Americans equally. For some, it may pose an inconvenience—a few extra minutes to figure out if a program is eligible for their company's tuition program. But for others, it can mean the difference between being stuck in a dead-end job and being on a path to economic mobility.

Workers with strong professional networks, prior degrees, or employer-sponsored education benefits are often insulated from the worst effects of fragmentation. They can rely on informal guidance to identify which credentials matter, ask colleagues for advice, or absorb the cost of a credential that fails to deliver. Large employers may also provide tuition assistance, internal career pathways, or human resources support to help these workers navigate choices. These workers are provided the tools and means to navigate the system's complexity.

For millions of other Americans, fragmentation functions as an invisible tax—measured in wasted time, lost wages, or burdensome debt. For **working learners** who are balancing jobs and family obligations, any time spent in a program that doesn't lead to strong economic outcomes could mean unemployment or past-due bills. Given that many of these learners don't have access to resources or materials to inform these decisions, the margin for error is extremely high.

**Displaced workers**—who may have lost their jobs due to changing industry needs—require credentials that deliver quick, meaningful returns. They don't have a lot of time to be out of the job market and without a paycheck. Yet they often encounter a credentialing system that makes it hard to see where there are short-term credentials offering high-value outcomes.

Meanwhile, **immigrant workers** encounter additional barriers to navigating the credentialing system when prior learning or foreign credentials are poorly understood or undervalued. And **workers in rural areas** are more likely to need reskilling or credentialing as regional economies shift, but they typically have fewer local workforce providers.

## Looking Ahead

In an economy defined by an increasing number of job transitions and rapidly evolving technologies, the need for high-value credentials will only continue to grow. Now more than ever, workers need to show they have the skills that employers require. Credentials provide the key to ensuring workers thrive amid these changes by helping them know where they can find strong return on investment. But a fragmented system undermines this potential by turning what should be a ladder of opportunity into a thorny obstacle course.

These negative impacts extend beyond individual learners or workers. Employers need to understand which credentials provide value so they can upskill workers and hire effectively. States and localities rely on talent pipelines that keep up with changing labor market needs to remain competitive.

However, this fragmentation is not inevitable or insurmountable. It is the result of policy choices, market dynamics, and insufficient focus on durable outcomes and coordination across systems that evolved independently to serve different goals. Understanding these system failures helps us to see where solutions are most valuable. And progress is already happening, demonstrating a shared understanding that we need to ensure the credentialing landscape is responsive to how Americans actually learn and work. States are experimenting with credential registries to improve transparency and stronger performance management, while industries are working together to develop communal frameworks that clearly define skill needs. Federal policymakers are reconsidering long-standing rules around financial aid eligibility and quality assurance, especially when it comes to shorter-term credentials.

The question is no longer whether credentials will play a central role in our economy—they already do. The question is whether we will build the infrastructure to make them transparent, comparable, and aligned with real labor-market value.

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## ENDNOTES



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- 16.** *A note about the Pell Grant and Short-term Credentials:* The largest source of public funding for education and training, the Pell Grant provides voucher funds to individuals with low incomes enrolled in eligible programs. Those programs must be offered at an accredited college or university and meet additional requirements. Until recently, programs had to be at least 16 weeks (or the equivalent in hours) in length to be eligible, leaving many shorter-term credentials out. Congress recently reduced this requirement for certain programs meeting employment criteria, which may increase access. Implementation of this change will begin in the summer of 2026.

