



## UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF CAREER, TECHNICAL, AND ADULT EDUCATION

### PROGRAM MEMORANDUM 26-5

**DATE:** May 12, 2026

**TO:** State Directors of Career and Technical Education, Eligible Recipients of Perkins V Funds

**FROM:** Nick Moore /s/  
Acting Assistant Secretary for Career, Technical, and Adult Education

**SUBJECT:** Strengthening Recognized Postsecondary Credentials in Career and Technical Education

#### **Purpose**

This program memorandum provides guidance to state career and technical education (CTE) directors and eligible recipients under the Carl D. Perkins Career and Technical Education Act of 2006 (Perkins V) regarding the identification, approval, and use of recognized postsecondary credentials that demonstrate labor market value. As the number of credentials continues to expand, this memorandum outlines strategies for strengthening credential quality, transparency, and alignment with workforce needs. It also highlights opportunities for states to align credential policies across CTE and workforce system programs to ensure that education and training programs consistently lead to credentials that support employment, wage progression, and economic mobility.

#### **The Expanding Credential Landscape and the Need to Increase Attainment of Credentials of Value**

The number of credentials available in the education and workforce system has grown rapidly. Credential Engine reports that **nearly two million credentials are currently available, which includes occupational licenses, certificates, apprenticeship certificates of completion, and postsecondary degrees.**<sup>1</sup> Completion of short-term certificates (less than one year) increased by one-third between 2013 and 2023, compared with a decline of 5 percentage points in associate degrees and 8 percent growth in bachelor's degrees. As the credential marketplace grows, policymakers, educators, and employers are increasingly focused on improving **transparency, comparability, and interoperability** among credentials so that learners and workers can clearly understand the skills and competencies that credentials represent.<sup>2</sup> At the same time, labor market trends highlight the need to increase attainment of credentials that lead to economic value. By

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<sup>1</sup> Credential Engine. (2024). *Credential count*. <https://credentialengine.org/all-resources/2025-counting-credentials/>

<sup>2</sup> American Enterprise Institute. (2025).  *Holding new credentials accountable for outcomes*.

<https://www.aei.org/research-products/report/holding-new-credentials-accountable-for-outcomes-we-need-evidence-based-funding-models/>

2031, approximately 72 percent of jobs will require postsecondary education, compared with 66 percent today.<sup>3</sup> However, only 44.1 percent of the U.S. labor force currently holds a recognized postsecondary credential and earns at or above the post-high school wage threshold.<sup>4</sup> Increasing labor force participation will require expanding access to and completion of recognized postsecondary credentials that are aligned with labor market demand.

Further, increased federal and state investments in short-term credentials amidst the expanding credential landscape have created a clear need to ensure the recognized postsecondary credentials supported through Perkins V and the public workforce system under the Workforce Innovation and Opportunity Act (WIOA) align with labor market demand and provide meaningful economic value to workers.

As governments and education systems invest in credentials and workforce training, ensuring that credentials are **transparent, portable, interoperable, and valued in the labor market** will be critical to creating a modern skills infrastructure that connects education and workforce systems and enables learners to translate their learning into meaningful employment outcomes.

Recent work on digital credential systems highlights the importance of **credential transparency**, defined as the ability for credentials issued by different providers to be **shared, verified, and understood across multiple platforms and institutions**. Transparent credential systems rely on **common technical standards, open data schemas, and shared competency frameworks** that allow education providers, employers, and digital platforms to exchange credential data in a consistent format. These systems enable learners to carry verifiable records of their learning achievements across education and employment systems while allowing employers to more easily verify credentials and understand the skills they represent.

Credential transparency also supports **stackable and portable learning pathways**, allowing learners to combine micro-credentials, certificates, and degrees from multiple providers into a coherent record of skills and competencies while making it easier for these qualifications to be accepted across employers, educational institutions, and geographies. Through emerging technologies such as **verifiable digital credentials, decentralized identifiers, and data verification methods**, individuals can maintain portable digital records of their achievements that can be verified without relying on a single centralized institution. These capabilities support lifelong learning by enabling credentials earned in education, training programs, and the workplace to function as part of a broader skills ecosystem.<sup>5</sup>

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<sup>3</sup> Georgetown University McCourt School of Public Policy Center on Education and the Workforce. (2024). *After Everything: Projections of Jobs, Education, and Training Requirements Through 2031*. <https://cew.georgetown.edu/cew-reports/projections2031>

<sup>4</sup> Lumina Foundation. (n.d.). *Credential of Value*. <https://strongernation.luminafoundation.org/credentials-of-value>

<sup>5</sup>Digital Credentials Consortium. (2023) *The essential guide to credential interoperability*. <https://digitalcredentials.mit.edu/docs/The%20Essential%20Guide%20to%20Credential%20Interoperability%20.pdf>

Analysis conducted by Burning Glass examined 23,444 credentials from 2,056 providers and found that only approximately one-third meet a minimum threshold for at least one of three key labor market metrics<sup>6</sup>:

- Will the credential increase the earner’s wages?
- Will the credential facilitate a career switch they have been considering?
- Will the credential help them advance in their current field?

At the same time, analysis from HCM Strategists indicates that 59 state initiatives across 28 states invested approximately \$3.81 billion in short-term credential programs.<sup>7</sup> The variations in labor market outcomes coupled with increasing federal and state investments in short-term credential programs, including federal funding available through Perkins V, WIOA, and the recently authorized Workforce Pell Grants, underscore the need for state-level policies and systems that strengthen credential quality, improve transparency, and ensure alignment with labor market demand so that increased short-term and non-degree credential attainment translates into improved economic outcomes.

### **Recognized Postsecondary Credentials under Perkins V, WIOA, and Workforce Pell**

As the preceding section makes clear, not all credentials deliver equal value in the labor market and increasing attainment alone is not sufficient to meet workforce and economic goals. This is why the accountability systems under both WIOA and Perkins V place a strong emphasis on the attainment of recognized postsecondary credentials as a core measure of program success, and why the Workforce Pell provisions similarly require that eligible short-term programs lead to a recognized postsecondary credential aligned with in-demand industries and strong employment outcomes. By embedding credential attainment into performance accountability systems and federal student aid eligibility, these policies signal that what matters is not just whether participants earn a credential, but whether they earn one that is widely recognized, aligned with industry needs, and connected to high-quality employment and career advancement opportunities.

The provisions below demonstrate how Perkins V, WIOA, and Workforce Pell align in defining and measuring recognized postsecondary credential attainment:

- WIOA §3(52) defines “recognized postsecondary credential” as a credential consisting of an industry-recognized certificate or certification, a certificate of completion of an apprenticeship, a license recognized by the state involved or federal government, or an associate or baccalaureate degree. Perkins V §3(43) refers to the definition in WIOA demonstrating alignment between the two laws.
- The Workforce Pell provisions (Working Families Tax Cuts Act) require that eligible short-term programs lead to a recognized postsecondary credential, aligning program eligibility for federal student aid with the definition of recognized credentials under WIOA.
- Perkins V §113 requires state and local CTE performance accountability systems to measure at least one indicator of CTE program quality at the secondary level, which may include the percentage of CTE concentrators graduating from high school having attained a recognized postsecondary credential. At the

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<sup>6</sup> Burning Glass Institute. (2022). *The emerging degree reset: How nondegree credentials are reshaping opportunity*. <https://www.burningglassinstitute.org/research/the-emerging-degree-reset>

<sup>7</sup> Murphy, Sarah M. 2023. “A Typology and Policy Landscape Analysis of State Investments in Short-Term Credential Pathways.” HCM Strategists. Retrieved from: <https://www.luminafoundation.org/resource/a-typology-and-policy-landscape-analysis-of-state-investments-in-short-term-credential-pathways/>

postsecondary level, states and locals are required to measure the percentage of CTE concentrators who receive a recognized postsecondary credential during participation in or within one year of program completion.

- WIOA §116 requires states and local workforce accountability systems to report the percentage of participants in education or training programs who attain a recognized postsecondary credential (or qualifying secondary diploma) during participation or within one year of exit.
- The Workforce Pell provisions require that programs demonstrate minimum levels of completion, job placement, and earnings outcomes, reinforcing that attainment of a recognized postsecondary credential must be associated with successful labor market outcomes in order to maintain eligibility for Pell Grant funding.
- Perkins V §135 requires local recipients to describe how CTE programs will improve students' academic and technical skills, align with in-demand industry sectors or occupations, and support attainment of recognized postsecondary credentials.

States are encouraged to coordinate through WIOA Combined State Plans that include Perkins V to jointly define and maintain lists of recognized postsecondary credentials accepted for accountability under both programs. Maintaining a common list of recognized postsecondary credentials may also help facilitate implementation of Workforce Pell Grants.

### **Determining the Labor Market Value of Non-Degree Credentials**

To ensure that non-degree credentials deliver meaningful economic value and align with workforce needs, states should establish clear quality criteria for assessing their labor market relevance and determining whether the attainment of a credential should be supported and promoted across education and workforce systems. These criteria should reflect both employer demand and the extent to which credentials support individuals' entry, advancement, and mobility within career pathways. In doing so, states can promote greater transparency, consistency, and quality across credential offerings while strengthening alignment between education and workforce systems.

Many states have established methodologies to identify and assess credentials of value and develop publicly available credential lists, with the purposes of these lists ranging from purely informational to serving as the gateway to credential usage in particular programs and credential eligibility for financial incentives.<sup>8</sup> State and local workforce boards often play a critical role in state credential review and approval processes. However, there are opportunities for more transparency in credential review processes and methodologies, greater alignment of credential lists across education and workforce systems, and stronger policy mechanisms to ensure students and workers, as well as taxpayer funding, are directed to the programs and pathways that result in the attainment of credentials of value.

As states prepare to implement the newly authorized Workforce Pell Grants and develop policies and processes to determine whether a program meets the required criteria for Workforce Pell eligibility, including several criteria that pertain to the recognized postsecondary credential a program leads to, states should use this opportunity to review, enhance, and unify state criteria and methodologies for determining credentials of value and align program and credential eligibility policies accordingly.

Recommended credential quality criteria include:

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<sup>8</sup> Advance CTE (2025), *The state of career and technical education: Credentials of value* [https://careertech.org/wp-content/uploads/2025/09/StateofCTE\\_Credentials\\_2025\\_FullReport.pdf](https://careertech.org/wp-content/uploads/2025/09/StateofCTE_Credentials_2025_FullReport.pdf)

- *Labor market demand*: the credential aligns to the hiring requirements of employers in high-skill, high-wage, or in-demand occupations identified by the state. This can be assessed through review of real time labor market information (such as employers listing the credential as preferred or required in job postings for the occupation), state licensure requirements, alignment between the expected competencies signaled by attainment of the credential and the competencies needed in the occupation, and direct input from employers within the industry.
- *Industry-recognition*: the credential is developed, accredited, or recognized by a statewide or nationally recognized industry body or organization representing a sizeable portion of the industry sector, or endorsed by employers, industry associations, or sector partnerships in the relevant occupation or field. This can be assessed by consulting with industry and sector partnerships to understand evolving credentialing expectations.
- *Portability*: the credential is recognized and accepted as verifying the qualifications of an individual in other settings such as across employers, educational institutions, and geographies and is not limited to a single employer or region. This can be assessed through the review of real-time labor market information and processes to receive industry and employer validation across geographies. Further, portable credentials should be trackable through systems of record using structured, open, interoperable, and machine-readable data formats.
- *Stackability*: the credential is part of a sequence of credentials that can be stacked toward higher-level credentials, postsecondary certificates, degrees, or a Registered Apprenticeship certificate of completion that build an individual's qualifications and lead to career advancement. This can be assessed through documented connections to additional credentials, such as along a career pathway, as well as data showing whether students who earn the recognized postsecondary credential have gone on to obtain additional credentials. When reviewing a recognized postsecondary credential, states should have processes to identify and account for credentials that prepare individuals for occupations for which it is the only recognized postsecondary credential, in which case the criteria of stackability may not be applicable.
- *Labor market outcomes*: attainment of the credential leads to positive employment outcomes, including job placement, wage gains, or career advancement. This can be assessed by measuring the pre-credential and post-credential earnings of individuals that receive the credential to assess for wage increases as a result of credential attainment or determining if credential attainment is associated with a measurable wage premium above a high school diploma. Further, states may consider mechanisms to determine if the rate at which attainment of a credential leads to job placement within the occupation(s) for which the credential prepares individuals for.
- *Accessibility and cost-reasonableness*: the cost and necessary time to complete any required education, training, or certification preparation, as well as the cost of the examination to earn the credential, is reasonable relative to the expected wage gains and career outcomes for recipients of the credential.

States have made significant progress in establishing systems to identify, approve, and promote recognized postsecondary credentials, though practices vary widely in rigor, frequency, and use of outcomes data. A recent national analysis shows that 44 states maintain public lists of credentials and 34 operate formal approval processes, with employer recommendations serving as the most common method for validating

credential value. Many states also incorporate educator input, occupational demand data, and wage information into their review processes. However, while 27 states report periodically revalidating credentials, only a subset incorporate wage outcomes, and 13 states have not removed any credentials in the past five years thus highlighting challenges in keeping lists current and aligned with labor market needs. Although most states collect credential data from multiple sources, only a small number have access to linked outcome data such as employment and wage records, limiting their ability to assess value.<sup>9</sup>

Credential lists also play a growing role in accountability and funding decisions. Over half of states include credential attainment in state or federal accountability systems, including under the Every Student Succeeds Act and Perkins V, and many provide funding to support credential attainment, including covering certification exam costs and educator training. These uses increase the importance of maintaining accurate, high-quality credential lists that reflect current workforce demands.

To support continuous alignment with labor market needs, states are encouraged to update their lists of recognized postsecondary credentials on a regular basis, at least every two years, and ideally in coordination with the Comprehensive Local Needs Assessment (CLNA) required under Perkins V and the four- and two-year WIOA state plan development and modification processes. Aligning updates with the CLNA cycle ensures that credential information informs local program planning and resource allocation decisions. States may disseminate updated lists through public websites, administrative guidance, or stakeholder engagement processes. For example, Tennessee operates an annual credential submission and review process that engages educators, employers, and state agencies in evaluating new credentials and categorizing them into tiered levels of recognition. This type of structured, recurring review process provides a model for ensuring that credential lists remain current, transparent, and responsive to evolving industry needs.

### **State Credential Governance and Talent Marketplaces: Alabama as a Model**

States employ a variety of governance structures to assess credential quality and alignment with labor market demand; regardless of the approach, these efforts should be ongoing rather than one-time reviews and should incorporate meaningful employer engagement and validation to ensure credentials remain relevant and valued in the labor market. One such approach is Alabama’s Committee on Credentialing and Career Pathways (ACCCP), supported by 16 Technical Advisory Committees representing industry sector partnerships focused on regional workforce needs. Codified into state law, the ACCCP develops and maintains regional and statewide lists of in-demand occupations, occupational competency models, and dynamic career pathways that reflect evolving labor market conditions.

The criteria approved by the ACCCP are applied by the Alabama Committee on Credential Quality and Transparency, also established through state law, to evaluate credentials listed in the Alabama Credential Registry against ten non-degree credential quality and transparency criteria. Because manual review of hundreds or thousands of credentials is not always feasible, Alabama is leveraging the Alabama Credential Registry and insights from the Talent Triad talent marketplace to strengthen credential evaluation and alignment with workforce needs. Alabama’s approach highlights the importance of integrating governance, employer validation, and data infrastructure to create a sustainable system for evaluating credential quality and ensuring alignment with workforce needs.

Industry partnerships, aligned with the modernized National Career Clusters Framework, further support

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<sup>9</sup> Advance CTE. (2025). The state of career and technical education: Credentials of value. [https://careertech.org/wp-content/uploads/2025/09/StateofCTE\\_Credentials\\_2025\\_FullReport.pdf](https://careertech.org/wp-content/uploads/2025/09/StateofCTE_Credentials_2025_FullReport.pdf)

Alabama’s approach by informing the development of Industry Qualifications Frameworks that define the competencies required for specific occupations. Advances in artificial intelligence (AI) are accelerating the development of interoperable talent marketplaces that translate learning achievements into standardized competency statements. These competencies can be captured in Learning and Employment Records (LERs), enabling individuals to connect their skills directly to employer-defined job requirements. In this framework, credentials function as bundles of competencies that signal verified capabilities in the labor market, improving transparency and comparability across education and workforce systems.

Several states are advancing this model through the development of digital talent marketplaces and credential infrastructure. Alabama’s Talent Triad, launched in 2023, integrates credential data with labor market insights to support real-time alignment. Other examples include Arkansas LAUNCH, a skills-based employment platform, and Indiana’s Achievement Wallet, which enables individuals to maintain LERs that translate academic and training experiences into competency-based profiles. These emerging systems demonstrate how advances in AI and data interoperability can help bridge the supply and demand sides of the labor market.

States seeking to build or strengthen similar systems can leverage national initiatives such as the [Connecting Talent to Opportunity \(CTO\) Challenge](#), which provides a framework and technical assistance to advance credential transparency, interoperability, and alignment with workforce needs.

### **Artificial Intelligence (AI) Certifications in CTE**

The rapid integration of AI across industries is reshaping workforce demands and increasing the importance of AI-related skills across career pathways. In response, OCTAE and the Department of Labor’s (DOL’s) Employment and Training Administration encourage state CTE directors and local Perkins recipients to take a comprehensive approach to incorporating AI certifications into CTE programs. This includes integrating AI-related credentials that are shown to be valuable across multiple program areas such as information technology, business, health sciences, manufacturing, and agriculture and establishing foundational AI literacy within programs of study at both the secondary and postsecondary levels.

States and local recipients are also encouraged to incorporate AI credential attainment into existing accountability systems by leveraging the recognized postsecondary credential attainment indicators under Perkins V. In doing so, states can better track progress and ensure that AI credentials contribute to measurable outcomes aligned with labor market needs. As with all recognized postsecondary credentials, strong partnerships with employers are essential to validate that AI certifications reflect current hiring and advancement requirements, ensuring that credentials remain relevant and valuable in a rapidly evolving economy.

Finally, expanding AI credential attainment should be accompanied by a focus on broad access and participation. States and local programs should ensure that all students, including those in rural and high-poverty communities, have meaningful opportunities to engage in AI learning and relevant credentials that are shown to have labor market value. These efforts align with broader federal initiatives led by the White House and resources available through [AI.gov](#), as well as [DOL’s AI Literacy Framework](#), which aim to strengthen national AI capacity, support responsible adoption, and prepare a skilled workforce for the future of work.

States are encouraged to take action to strengthen the quality, transparency, and alignment of recognized postsecondary credentials. By adopting clear criteria for credential value, updating credential lists regularly,

aligning policies across Perkins V, WIOA, and Workforce Pell, and investing in interoperable data systems and talent marketplaces, states can ensure that credentials lead to measurable labor market outcomes. Doing so will maximize the impact of federal and state investments and expand access to career pathways that support employment, wage progression, and long-term career success.