



WORKINPROGRESS

Papers for Practitioners

DEGREES *and* SKILLS

A Framework for Academic Adaptation
to Skills-Based Hiring and Credentialization

September 2025

The **WORKINPROGRESS** series, part of nextSource's larger Thoughts for Leaders research and analysis program, addresses workforce trends affecting U.S. industries and clusters, while identifying implications for enterprise leaders, with a particular focus on talent acquisition, development, and deployment. Produced by nextSource subject matter experts, each white paper is reviewed in draft form by practitioners with relevant responsibilities.

TABLE OF CONTENTS

Executive Summary..... 3

I. CONTEXT AND THE CASE FOR CHANGE

The Future of Work and Why It Matters to Higher Education..... 4
Higher Education at a Crossroads 4
Changing Employer Demands and Learned Expectations..... 6
Defining Skills-Based Hiring: Ready Right Now 6
Skills' Essential Partner: Credentials 6
Credentials vs. Job Titles: Understanding the Landscape 6
Skills-Based Hiring: Transformative Trend or Temporary Hype? 7

II. STRATEGIC RESPONSE FRAMEWORK

Higher Ed's Strategic Imperative: Compete by Serving 8
The Starting Point: Institutional Adaptability Audit 9
Leveraging Academic Strengths to Shape a Skills-Based Future..... 11
Competing in Today's Evolving Market: Strategies for Adaptation 12
The Competition 12
Innovate and Collaborate: Keys to Resilience 13
Strategic Playbook: Embrace the Skills-Based Shift 13

III. POLICY ENVIRONMENT AND INSTITUTIONAL ROLES

Policy Shifts and Strategic Tailwinds 14
Leading Change in a Shared Governance Environment 15
Faculty's Role: Innovate, Validate, Lead 16
CFO's Imperative: Sustain, Invest, Measure 17
HR's Moment: Enable, Align, Empower 17
Chief Strategy Officer: Anticipate, Integrate, Guide 18
Enrollment Question: Can "SCND" be the New Baby Boom? 19
A Related Opportunity: The Shortening Half-life of Degrees and Skills..... 20

IV. RISKS AND SAFEGUARDS

Credential Quality: Assurance or Appearance? 21
Overemphasis Has A Consequence: Skillsboundedness 22
Achieving the Learner-Doer Ideal 23

Conclusion 24

Appendix

Tools, Events, Organizations to Follow 26
Essential Reports 27
Acknowledgements..... 29

EXECUTIVE SUMMARY

This paper places skills-based hiring and the rapid expansion of alternative credentials within the broader transformation often described as the Future of Work, a framework that highlights profound shifts in work, workforce, and workplace.

The convergence of these interdependent trends is transforming the U.S. labor market. It is also challenging higher education to evolve or risk irrelevance.

Employers are increasingly prioritizing demonstrable skills over traditional degrees, driven by technological disruption, shifting workforce demographics, and the demand for faster, more cost-effective talent pipelines. In response, a new ecosystem of credentials - certifications, digital badges, micro-credentials, and Learning and Employment Records (LERs) - has emerged as a scalable, verifiable way to signal job readiness.

Policy momentum is accelerating credential-driven hiring. The federal OBBBA's Workforce Pell endorse and support short-term, stackable credentials, while "Trump Accounts" include credentials and certifications as eligible expenditures. The Departments of Labor, Education, and Commerce's America's Talent Strategy seeks to integrate workforce and education systems, promoting shared intake, cross-sector collaboration, and rapid-cycle reskilling. The Lumina Foundation's FutureReady States initiative supports 12 states in aligning education and workforce systems to identify, improve, and scale credentials. Academic associations like UPCEA and the American Association of Collegiate Registrars and Admissions Officers are emerging as peer innovation leaders. Accreditors like the New England Commission of Higher Education and the Higher Learning Commission are adding non-degree recognitions.

This shift presents both a threat and an opportunity for higher ed. Institutions that cling to legacy models risk declining enrollment, eroding public trust, and diminished influence in shaping the future of work. Those that embrace innovation can lead a new era of workforce development, one that integrates academic rigor with practical, skills-based outcomes.

To remain relevant, colleges and universities should:

- Embed credentials into academic programs;
- Align curricula with evolving industry needs;
- Expand access for adult learners and Some College, No Degree (SCND) populations;
- Forge partnerships with employers and workforce agencies.

To continue its leadership role in our society, higher education must act decisively, not by abandoning its mission, but by adapting it. By enriching enduring academic strengths with flexible, credential-driven pathways, institutions can serve broader populations and remain central to preparing individuals for meaningful, economically viable lives. Success requires leadership alignment: Presidents and Provosts must model change, Faculty must innovate and validate, leaders in Finance, HR, Strategy, Enrollment, and Technology must align with the new imperatives. Working together, leaders can ensure their own institutions thrive. An adaptive higher education sector will maintain and strengthen its role in the nation's future.

I. CONTEXT AND THE CASE FOR CHANGE

The Future of Work: Why it Matters to Higher Education

The Future of Work, the evolving relationship between people, work, and organizations shaped by technology, demographics, economics, and culture, has become a defining context for higher education. For the sector as a whole, under evolutions underscores the importance of aligning missions with lifelong learning, reskilling, and credentialing needs. Public trust and funding increasingly hinge on whether institutions demonstrate measurable contributions to workforce agility, equity, and economic resilience.

At the institutional level, leaders face both a challenge and an opportunity. Institutions that respond effectively will benefit from the tailwind of alignment. Those that choose status quo will face an inexorable headwind. Early actors will differentiate themselves through curricula that blend transferable skills, critical thinking, adaptability, collaboration, with industry-specific expertise delivered through flexible, modular, and stackable programs. Followers will compete for a shrinking pie. Pedagogy must adapt to simulate dynamic problem-solving environments. Moreover, this vision of the Future demands deeper employer and community partnerships, positioning universities as conveners of talent ecosystems that include businesses, workforce boards, and policymakers.

The emerging future of work has direct financial and operational implications. Responsiveness to shifting labor markets is central to enrollment stability, philanthropic support, and institutional sustainability.

This importance is magnified by current forces: artificial intelligence and automation reshaping jobs once thought secure; demographic contractions requiring new approaches to adult learners; employer adoption of skills-based hiring that challenges degree-centric models; and persistent equity gaps that could widen without deliberate intervention. Equally significant are public and private policy directions—federal initiatives such as America’s Talent Strategy and reforms in the OBBBA to Pell Grants and other student finance programs, state-level workforce innovation compacts, and philanthropic efforts like Lumina Foundation’s FutureReady States. Together, these policies are actively reshaping the incentives, funding streams, and accountability metrics that govern higher education, making FOW adaptation both a strategic and operational imperative.

In short, the Future of Work is not an adjacent theme but a central framework for higher education. Institutions that embrace it will be essential guides in preparing individuals and communities for uncertain futures; those that do not risk marginalization.

Higher Education at a Crossroads

Higher education has been grappling with demographic change, financial pressures, disruptive technologies, and declining public belief in the value of degrees. The Trump Administration has significant disruption with policy pivots on an unprecedented scale, bypassing regular federal regulatory and fiscal protocols through executive action and a

legislative program of unprecedented scale. It is a moment which tempts caution yet demands action. Some of the most recent challenges will prove to be distractions; others are threats to the purpose and character of higher education. Academic leaders must analyze, strategize, and prioritize to prepare for the years ahead.

While responding to the urgency of external threats, leaders must still ensure that their institutions function. The foundational elements of their institutions are still foundational. Curriculum and teaching methods, support systems for students' academic, emotional, and social needs, relationships with the local community and stakeholders, and operational efficiency cannot be neglected, but may well need to be delegated to a greater degree than in more predictable times. Effective performance will rely on more communication, with less supervision. Senior and mid-level academic and administrative leaders will need to step up to the increased responsibility.

As higher ed reacts, stakeholders and competitors aren't hitting the pause button. Market forces are inexorable. Employers, employees, students of all ages and providers of credentialed education and training experiences are also adjusting to new realities.

Large and mid-sized companies - key employers of college-educated workers - are facing major disruptions. Because of their structure and culture, they often prefer caution over bold moves. As a result, their hiring and investment strategies are changing, with the expectation of quicker returns from smaller investments.

As enterprises adapt, technology and demographics will continue to shape their workforce needs. To meet them, many employers will rely more on skills-based hiring and alternative credentials. These tools help ensure new hires are productive right away and reduce the risk of poor performance.

More companies will also turn to non-permanent, job-ready workers from specialized staffing providers. This approach lowers long-term financial commitments.

At the same time, students - both early and mid-career - see a more competitive job market. They will keep looking for education that is both relevant and affordable. Fast, low-cost programs that offer verified skills will attract these students - and appeal to nearly all employers.

Therefore, while confronting funding cuts, regulatory changes, visa restrictions, DEI rollback, legal challenges, tax-exempt status threats, Pell Grant and student loan policy pivots, academic leaders must also address competitive forces that affect one of their fundamental purposes: offering students a path to a fulfilling, productive, economically viable life.

We believe skills-based hiring, powered by new forms of credentials, is such a force - on steroids. This paper seeks to explain why and offers a strategic assessment of the opportunity it presents.

Changing Employer Demands and Learner Expectations

For generations, higher education has fostered critical thinking, promoted personal growth, and enhanced career opportunities, equipping students for a successful and fulfilling life.

Degrees, from two-year Associates to decade-long journeys to PhDs, served as valuable credentials and have been powerful predictors of workforce readiness and success, as well as serving as markers of social status. Student debt was an investment in financial security.

In 2020, LinkedIn analysts reported a sharp increase in employer interest in skills-based hiring. The trend was significantly influenced by the COVID-19 pandemic which caused widespread disruptions in the workforce, leading to record unemployment and a need for companies to adopt new hiring practices. In 2024, Indeed reported the trend was continuing.

Prior to the pandemic, another ongoing trend was already underway. Many employers, not immune to the “Not Worth It” phenomenon, were voicing skepticism surrounding the value of a college degree. When events required alternative methods to assess candidate suitability, these employers were receptive to alternative providers of credentials as well. Workers, especially those with “some college, no degree,” got the message and increasingly turned to quicker, cheaper instructional options and skills verification methods.

Defining Skills-Based Hiring: Ready Right Now

Skills-based hiring focuses on specific abilities required for a job, rather than traditional qualifications like degrees. This approach allows employers to access a broader talent pool, including those with skills gained through apprenticeships, bootcamps, online courses, or on-the-job experience. A 2021 Harvard Business Review article reported that prioritizing skills over degrees leads to both better job performance and higher employee satisfaction.

Skills’ Essential Partner: Credentials

Degrees are formal qualifications awarded after completing a course of study. Employers often require degrees for various positions, with advanced degrees needed for retention and promotion. Credentials are non-degree qualifications, such as licenses, certifications, digital badges, and micro-credentials. These provide a standardized, inexpensive way to verify skills and knowledge, offering a clear measure of a candidate's abilities. For workers, these credentials offer flexibility in pursuing diverse career paths.

Credentials vs. Job Titles: Understanding the Landscape

The U.S. Department of Labor (DOL) maintains a comprehensive database of job titles through the Occupational Information Network (O*NET) system. According to the latest data, there are approximately 923 detailed occupations listed in the Standard Occupational Classification (SOC) system. These listings cover a wide range of industries and job roles, providing detailed information on the skills, knowledge, and abilities required for each.

According to a recent report (2022) by Credential Engine, there are approximately 1,076,358 unique workers skills credentials offered in the U.S. These credentials span various categories, including degrees, certificates, licenses, badges, and apprenticeships. The most common sources of credentials are colleges and universities, industry associations, professional certification bodies, trade unions, online learning platforms, bootcamps, government agencies, non-profit organizations, and corporate training programs.

Skills-Based Hiring: Transformative Trend or Temporary Hype?

The convergence of skills-based hiring and credentialing deeply impacts employers, workers, and higher education institutions. Accelerating technology evolution, global economic competition and climate change will continuously reshape workforce skills demands. As a result, the demand for rapid, high-quality skills development and deployment seems likely to be as impactful on higher education as the post WWII GI Bill-sparked public institution growth in the 1950-1980 period or the ascendancy of women as degree earners (2000-present).

Or, it could be another Y2K bug, dot-com bubble or, for history buffs, a tulip mania.

Factors to consider:

- **Accelerating Trend.**
Skills-based hiring emphasizes practical abilities, aligning workforce needs with the realities of the modern economy. Credentials, when aligned with in-demand skills, can enhance employability and career mobility. Successful adoption of these intertwined tools requires a clear strategy, transparent information, and active change management. Employers, with urgent needs for dynamically changing skills, are drawn to the efficiency of skills-based hiring and the risk mitigation of trusted credentials. Their concerns about traditional credentials like degrees and doubts about higher ed's ability to provide workers with new, verified skills in a timely, affordable manner has created a demand for alternative credentials and processes.
- **Policy Momentum.**
Lumina's cohort of twelve FutureReady States, OBBBA's Pell Grant modifications and Trump Accounts and the complete America's Talent Strategy, signal a policy environment that supports and incentivizes credential-driven hiring. Employers who align their practices with these developments by recognizing eligible credentials, partnering with education providers, and participating in regional workforce initiatives will be better positioned to attract, retain, and develop talent in a rapidly evolving labor market. For colleges and universities, the implications are clear: the time to act is now. Institutions that align their offerings with the FutureReady, OBBBA and ATS frameworks will not only enhance their competitiveness but also fulfill their public mission by expanding access, promoting equity, and driving economic mobility. These developments should be viewed not as compliance obligations, but as strategic leverage points in the transition to a skills-based future.

- **Best Practice.**
Skills-based hiring, powered by credentials, is the latest example of employers' relentless interest in a more skilled workforce, as well as the inherent value to society of improving workers' skills, workplace adaptability, and personal economic resilience. The proliferation of professional association-produced events on the issue is testimony to its transition from niche to norm. Over the past two years, these include American Association of Colleges and Universities, American Association of Collegiate Registrars and Admissions Officers, American Institutes for Research, College and University Professional Association for Human Resources, Competency-Based Education Network, Credential Engine, EDUCAUSE, Lumina Foundation, and the National Association of Colleges and Employers.
- **Aligned with contingent workforce utilization.**
In the U.S., the use of non-permanent, "contingent" workers has grown steadily for two decades and now comprises an estimated 35-45% of the total workforce. Employers increasingly choose to fill skills gaps by leveraging on-demand, defined-term, project-based and self-employed workers through engagements that are flexible, scalable, and regulatorily compliant. Many enterprises partner with outside firms that provide cost effectiveness and risk management through specialized contingent workforce management services and technology. The risk of these forms of engagement are primarily in performance (can short term people, without deep context or culture, deliver immediately) and compliance (each form of engagement, in each jurisdiction, carries specific regulatory requirements). Contingent workforce management firms, through contractual specifications, have long provided a literal, "readiness guarantee," thus playing the de facto role of credential provider, as well as compliance risk manager. Upgrading both skills and skills assurance through a formalized credentials system enables greater enterprise utilization of contingent "right skills, right now" workers, while reducing the risk inherent in a service provider's skills assurance.

Our judgement: Based on compelling evidence, skills-based hiring, empowered by credentials is a transformative trend, with a high probability of continued growth.

II. STRATEGIC RESPONSE FRAMEWORK

Higher Ed's Strategic Imperative: Compete by Serving

Higher education institutions have long competed in four related marketplaces: students, employers, faculty, and donors/appropriators. Skills-based hiring, powered by credentials, presents a challenge to the primacy of the degree as occupational performance predictor in all four markets. Credentialing presents a challenge to the nature of higher education itself.

Institutions that accept that they are simultaneously competing in multiple, linked markets will be able to adapt and thrive. Higher ed is well-positioned to dominate the skills/credentialing marketplaces, without sacrificing its broader mission.

However, just being willing to play doesn't guarantee success. Evolving games have new rules. Some experience in the new game may greatly outweigh deep experience in the old. Respect for tradition and legacy can anchor institutions to decaying competitive positions if not invigorated by an appetite for discovery and genuine commitment to student outcomes.

Continuing to offer less immediately relevant, more costly degrees will slowly drive enrollment downward. Perennial belt tightening will bleed away the most prominent and youngest faculty. Repackaged, relabeled curricula will underperform relative to fresh approaches from new or newly revitalized competitors. Alumni loyalty will weaken as disappointment grows, while shrinking scale reduces formulaic philanthropy and public appropriations.

The choice is stark. Institutions that ignore the opportunities embedded in the challenges will struggle and many, perhaps most, will gradually decline. Those that rediscover the energy of academic innovation and inclusion will thrive, preserving their core values while serving more people, in more effective ways.

The Starting Point: Institutional Adaptability Audit

While the choice is simple to state, implementing a decision to adapt to an environment with many uncertainties is not a light switch action. Rather, it is the beginning of an institutional journey. Strategic decisions among realistic options which affect a variety of stakeholders require gathering as much information as feasible within the available time frame. Institutions must conduct honest self-assessments to identify weaknesses such as enrollment-limiting definitions of potential students, outdated or misaligned curricula, slow adaptation to new technologies, lack of industry partnerships, rigid decision-making structures, high costs, declining trust among employers and relevance to students, demographic trends, administrative inefficiencies, and willingness to compete with alternative providers.

Each of the five Challenges and Opportunities that follow are factors to consider in an institution's adaptation readiness audit.

Challenges

1. Curriculum relevance:
 - Alignment with industry needs: Higher education institutions must continuously update their curricula to align with the rapidly changing skills demanded of workers by employers. This requires close collaboration with industry partners and frequent curriculum revisions.
 - Integration of practical skills: Incorporating practical, hands-on skills training into traditional academic programs, while welcomed by students, can be difficult, especially for institutions with a strong focus on theoretical knowledge.
2. Credential credibility:
 - Quality assurance: Ensuring the quality of new credentials, through robust assessment and validation processes, is vital to the integrity and marketplace perception of their core degrees. "Good enough" is a self-inflicted wound.

3. Resource allocation:

- Technology: Developing and maintaining systems for issuing and verifying digital credentials requires significant investment in technology and infrastructure.
- Faculty training: Faculty members need ongoing professional development to effectively teach and assess new skills and competencies.

4. Student Engagement:

- Meeting diverse needs: Meeting the diverse needs of students, including non-traditional learners and working professionals, requires flexible learning options and support services.
- Balancing theory and practice: Striking the right balance between theoretical knowledge and practical skills training can be difficult, especially in fields that traditionally emphasize academic rigor.

5. Competition from non-academic organizations:

- Alternative education providers: Non-academic organizations, such as bootcamps, online course providers, and industry associations, are increasingly offering training and credentials that compete with traditional higher education.
- Corporate training programs: In-house training programs and credentials can ensure their employees have the skills needed for their roles. This can reduce the reliance on traditional degrees and certificates, although it may be less attractive to employees who prefer more portable skills verification.

Opportunities

1. Future-ready, resilient culture.

- Stay relevant and competitive: Adopting a future focus ensures universities meet evolving industry needs and prepare students for emerging careers.
- Attract forward-thinking individuals: Draws students and faculty who are innovative and adaptable.
- Enhance traditional strengths: Integrating modern challenges and technologies into the curriculum can enhance critical thinking and personal growth.
- Apply critical thinking to real-world problems: Encourages students to use critical thinking skills in practical, contemporary contexts.
- Foster personal growth: Exposure to diverse perspectives and innovative ideas promotes personal development.

2. Enhanced student employability:

- Career-ready graduates: By aligning programs with industry needs and incorporating skills-based training, institutions can produce graduates who are more employable and better prepared for the workforce.
- Lifelong learning: Offering micro-credentials and other flexible learning options can support lifelong learning and help individuals continuously update their skills while generating important new revenue for the institution.

3. Stronger industry partnerships:
 - Collaborative programs: Partnering with employers to develop industry-relevant programs enhances the relevance and appeal of academic offerings.
 - Internships and apprenticeships: Expanding opportunities for work-based learning experiences, such as internships and apprenticeships, can provide students with valuable hands-on experience.
4. Innovation in credentialing:
 - Digital credentials: Embracing digital forms, such as blockchain-based certificates, can enhance the security and portability of academic credentials.
 - Stackable credentials: These allows students to earn smaller, incremental credentials that can build towards a full degree, providing flexibility, encouraging continuous learning, and enabling increased earnings.
 - Embedded credentials: Coursework toward traditional degrees can be analyzed for “credential value” that counts toward specific credentials awarded by the school or respected third parties.
5. Increased access and inclusivity:
 - Flexible learning formats: Offering online and blended learning options can make education more accessible to a wider range of learners, including working adults and those in remote locations.
 - Recognition of prior learning: Implementing robust Prior Learning Assessment (PLA) processes can recognize and credit students for skills and knowledge gained outside traditional academic settings.

Leveraging Academic Strengths to Shape a Skills-Based Future

The World Economic Forum's 2024 "Future of Jobs Report" asserts the increasing importance of skills like critical thinking, creativity, and complex problem-solving, emphasizing the need for hiring practices that prioritize these abilities.

The WEF's priorities, of course, are precisely the strengths of quality, traditional higher education. Yet, skills-based, credential-empowered hiring continues to grow.

The rise of skills-based hiring and the proliferation of non-academic credentials are a commentary on a widespread perception (or experience!) of the lack of immediate utility of traditional degrees in workplaces where urgency drives action. Faster hiring, better functional fit, and earlier productivity *do* matter.

Once employed, while experience tends to enhance performance, technical skills rapidly become obsolete, requiring worker retraining or the more expensive path of replacement. The original skills credential provider is the most likely provider of the reskill/upskill experience. In this perspective, credential holders are the installed base whose tuition investment is more subscription than purchase. Employers, beneficiaries of “skills fit” employees, are more likely to fully or partially subsidize costs. (Think benefits plans providing gym memberships to promote physical fitness.)

Higher education has the opportunity to meet employers' needs by meeting the needs of individuals, simultaneously equipping them with deployable skills (credentials), enduring skills (e.g., critical thinking), and an appetite for career long learning (skills fitness) as a comprehensive degree is earned. The Future of Work – and the sustainability of higher education's preeminent place in the employment opportunity marketplace - requires all three.

Competing in Today's Evolving Market: Strategies for Adaptation

The trend towards skills-based hiring and credentialing is reshaping the employment landscape by emphasizing specific competencies over traditional qualifications like degrees. This has created a competitive marketplace where educational institutions, training providers, online platforms offering asynchronous access to instructional materials, employers and others strive to offer the most relevant skills instruction and establish recognized credentials.

As in any market, each type of competitor has advantages and disadvantages, while each individual competitor has unique strengths and weaknesses.

Higher education degrees, from Associates to PhD, are not intrinsically better or more desirable in this new competitive skills credentialing space. Public and private philanthropic policies are increasingly recognizing and reinforcing this perspective.

Higher education institutions can dominate this emerging market by segmenting demand and offering differentiated learning programs that award meaningful credentials. They can win by leveraging their strengths: established reputations, comprehensive curricula, experienced faculty, research capabilities, and strong alumni networks.

However, they cannot win by simply joining the fray.

Traditional competitive strengths only play well in traditional markets. New markets attract new players and require new differentiation. Competitors in the credentials market are defined by the perceived benefits they deliver to students, not by how their faculty achieved their professional status, how the institution fared in peer accreditation or media rankings.

The Competition

Learning and credentialing entities in the skills-based hiring market include bootcamps, online learning platforms, professional certification bodies, corporate training programs, industry associations, gig economy platforms, apprenticeship programs, non-profit organizations, and private training providers. Collectively, they constitute a diverse and fast-growing ecosystem that is redefining how individuals acquire and demonstrate workforce-ready skills. Their offerings span an extraordinary breadth of subject matter and instructional methodologies, range from days-long bootcamps to multi-year apprenticeships, and deploy pricing and financing models that challenge the tuition-driven economics of traditional higher education. As a result, they are not simply alternative providers of credentials, but active competitors reshaping the rules of the talent marketplace itself.

Innovate and Collaborate: Keys to Resilience

Higher education leaders need to understand the emerging market, determine the relevance of individual and employer interests, and develop adaptive strategies appropriate to their institutions' values, mission, and capabilities.

Innovation may involve redefining the prospective student pool, modernizing curricula, offering flexible instructional models, strengthening industry partnerships, improving administrative efficiency, ensuring affordability, building trust and transparency, and supporting student well-being. Competitiveness can be further enhanced through collaborations that transform competitors into colleagues—such as bootcamp alliances, online platform integration, Continuing Education Unit (CEU) agreements with professional associations, and community college partnerships. Institutions may also pursue joint credential development with industry consortia, articulation agreements that embed micro-credentials into degree pathways, co-branded certification programs with employers, digital credential interoperability partnerships with technology providers, and cross-sector workforce development compacts with economic development organizations.

Strategic Playbook: Embrace the Skills-Based Shift

Embracing shared objectives, engaging outside perspectives, and applying best practices from colleagues, collaborators and competitors offer a strategic path for higher education institutions to address competition from workforce development agencies, non-academic trainers, and in-house corporate training programs. By integrating elements of these competitors' strengths into their own offerings, higher education institutions can enhance their relevance and appeal to both students and employers.

The following fourteen options are grouped into four strategic themes that reflect the most effective best practices in responding to the evolving talent marketplace.

1. Build Stronger Industry and Workforce Partnerships

Why: Collaboration with employers and workforce agencies ensures that academic offerings remain aligned with real-world needs and enhances student employability.

- **Joint Programs:** Partner with workforce development agencies and non-academic trainers to co-deliver programs that blend academic rigor with practical skills.
- **Corporate Alliances:** Co-develop training programs and co-branded credentials with individual employers to ensure alignment with industry standards
- **Employer Engagement:** Host roundtables, develop advisory boards, and offer employer-sponsored internships and apprenticeships.
- **Regional Collaboration:** Join or form consortia to develop standardized micro-credentials that address regional workforce needs.

2. Modernize Curriculum and Credentialing Models

Why: Embedding credentials into academic programs and offering flexible, modular learning options can attract new learners and improve outcomes.

- **Modular Courses and Micro-Credentials:** Offer stackable credentials that build toward degrees and allow learners to gain skills incrementally.
- **Digital and Blockchain Credentials:** Adopt secure, portable credentialing technologies to enhance recognition and trust.
- **Industry-Recognized Certifications:** Integrate certifications valued by employers into academic programs.
- **Embedded Credentials:** Award micro-credentials within existing coursework to increase the value of each course and improve re-enrollment.

3. Expand Access and Personalize Learning Pathways

Why: Meeting the needs of adult learners, working professionals, and non-traditional students is essential for enrollment growth and equity.

- **Online and Blended Learning:** Flexible delivery formats reach broader audiences.
- **Credit for Work Experience:** Implement robust Prior Learning Assessment (PLA) systems to recognize non-traditional learning.
- **Competency-Based Education:** Allow students to progress based on demonstrated mastery rather than seat time.

4. Leverage Networks and Institutional Strengths

Why: Institutions can amplify their impact by engaging alumni, faculty, and employers in student success and program development.

- **Guest Lecturers and Adjunct Faculty:** Bring in industry professionals to bridge the gap between theory and practice.
- **Advisory Boards:** Employer insights guide curriculum development, ensure relevance.
- **Alumni Networks:** Connect students with mentors and job opportunities through engaged alumni communities.

III. POLICY ENVIRONMENT AND INSTITUTIONAL ROLES

Policy Shifts and Strategic Tailwinds

These initiatives are not isolated; they form the policy backbone of the national Future of Work agenda, embedding credentialing into workforce systems.

Three recent developments, the launch of the Lumina Foundation’s philanthropic FutureReady States initiative, the federal passage of the One Big Beautiful Bill Act (OBBBA), and the joint workforce development policy, “America’s Talent Strategy,” adopted by the U.S. Departments of Labor, Education and Commerce, have created powerful policy tailwinds for higher education institutions seeking to adapt to the skills-based hiring landscape.

- **Lumina FutureReady States:** FutureReady positions twelve states as leaders of a national movement to expand access to nondegree credentials. The program’s emphasis on short-term, stackable, and workforce-aligned credentials aligns directly with the strategic imperatives outlined in this paper. The states are Alabama, Colorado, Connecticut, Illinois, Louisiana, Michigan, Mississippi, New Jersey, North Carolina,

Tennessee, Texas, and Virginia. States will work with five intermediary organizations, including the Business-Higher Education Forum, The Century Foundation, Education Strategy Group, Jobs for the Future and National Skills Coalition.

- OBBBA: The legislation’s expansion of Pell Grant eligibility to include short-term credential programs introduces a new funding stream that can support enrollment growth and program innovation. While traditional Pell Grants remain capped at approximately \$7,400, the new Workforce Pell Grants are calibrated to the duration and intensity of short-term programs, making them ideal for modular, skills-based offerings. This change lowers financial barriers for students and incentivizes institutions to develop programs that are both affordable and employment focused.

The bill also creates “Trump Accounts,” tax-deferred savings accounts similar to IRAs for children born 2025–2028, seeded with a \$1,000 federal contribution at birth. They support college attendance *and* short-term credentials, certifications, and licenses tied to in-demand jobs. Eligible programs must meet employer standards, offer transferable credits, and be approved by state governors. These accounts are to help young adults pursue career-focused education without needing a four-year degree.

- America’s Talent Strategy: Building the Workforce for the Golden Age: The joint policy from the U.S. Departments of Labor, Education and Commerce aims to align workforce systems with evolving industry demands. The strategy focuses on industry-led program design, streamlined integration, and enhanced adaptability to technological shifts, especially AI. It promotes results-driven funding, employer engagement, and AI literacy, with an emphasis on measurable outcomes such as job placement and wage growth. For higher education, ATS shifts focus from degrees to one that prioritizes labor market responsiveness, credential portability, and employer collaboration. Institutions will be expected to adapt curricula and delivery models to meet the speed and specificity demanded by both the federal government and regional economies.

These policy shifts reinforce the strategic framework advanced in this paper. They validate, empower, and provide resources for embedded credentials, modular learning pathways, and robust employer partnerships. They also underscore the importance of data transparency and outcome tracking, as institutions will be required to demonstrate the value of their programs in terms of employment and earnings outcomes.

Leading Change in a Shared Governance Environment

The President and Provost play crucial roles in modeling the behaviors and attitudes necessary for successful adaptation. This includes demonstrating openness to collaboration within a shared governance culture, building consensus among diverse stakeholders, and fostering an environment of mutual respect and trust. The process begins by assuring that the leadership team functions as a team, not an informational forum for fiefdom chieftains.

Academic, financial, human resources, technology, communications, compliance, student affairs, diversity, enrollment management, research, and advancement/development leaders

need to share their knowledge and judgment in addressing their institution's future. The President and Provost must lead by example, showing a willingness to engage with the team and, as the process goes forward, with faculty, staff, students, and external partners to co-create solutions that address the challenges and opportunities and manage the risks presented by skills-based hiring and credentialing.

Faculty's Role: Innovate, Validate, Lead

Faculty members play a crucial role in the institution's response to the challenges and opportunities presented by skills-based hiring and credentialing. Their expertise, commitment, and active participation are essential to preserving academic integrity and a student-centric culture, while ensuring the credibility and effectiveness of change.

- **Validation of adaptive change:** Faculty's supportive participation will validate the processes of adaptive change within the institution. This involves collaboratively designing and assessing new teaching methods, curriculum updates, and credentialing practices to ensure they meet evolving needs of students and employers.
- **Curriculum development:** Faculty must contribute to the development and continuous updating of curricula that align with industry needs. This involves integrating practical skills training and relevant credentials into academic programs, ensuring that students are equipped with both theoretical knowledge and practical abilities.
- **Verification of credentials:** Faculty are responsible for verifying the quality and rigor of new credentials. This includes developing robust assessment methods, maintaining high academic standards, and ensuring that credentials accurately reflect the skills and knowledge required by employers.
- **Collaboration with industry:** Engaging with industry partners is vital for understanding current and future skills demands. Faculty should actively participate in advisory boards, industry collaborations, and partnerships to ensure that academic programs remain relevant and responsive to market needs.
- **Professional development:** Faculty must stay current with industry trends and advancements in their fields. Continuous professional development, including attending workshops, conferences, and training sessions, is essential for maintaining the relevance and quality of instruction.
- **Mentorship and guidance:** Faculty should provide mentorship and guidance to students, helping them navigate their educational and career paths. This includes advising on credentialing opportunities, career planning, and the development of essential skills.
- **Research and innovation:** Faculty should engage in research that explores new methods of skills assessment, credentialing, and the impact of these practices on student outcomes and employability. Innovation in teaching and learning practices is crucial for adapting to the evolving educational landscape.

CFO's Imperative: Sustain, Invest, Measure

Chief Financial Officers stand at the intersection of mission and margin during this era of rapid change. Skills-based hiring and credential-driven education models do not only reshape academic delivery, they also transform the economics of higher education. CFOs must ensure institutional viability by balancing near-term pressures with long-term strategic investments.

- **Financial Modeling:** Short-term, stackable programs carry lower unit costs and reach new markets such as adult learners. CFOs must diversify revenue through tuition, employer support, and public funding, testing scenarios with flexible models.
- **Capital and Technology:** Credentialing requires recurring investments in platforms, verification systems, and analytics. Multi-year budgets must prioritize these essentials while enforcing financial discipline.
- **Risk and Compliance:** CFOs safeguard eligibility for Pell, Trump Accounts, and ATS-aligned programs. Effective risk management spans academic design, enrollment, and credential validation.
- **Cost and Workforce Alignment:** Declining enrollment and new demands call for resource alignment with HR and academics, covering pay, benefits, and contingent labor, while sustaining mission-driven culture.
- **Return on Education:** CFOs must move beyond traditional ROI to track outcomes like wage gains, employability, and partnership value, reinforcing institutional credibility.
- **C-Suite Partnership:** As strategic partners, not just stewards, CFOs ensure financial realities shape innovation, helping institutions remain solvent, competitive, and mission-aligned.

HR's Moment: Enable, Align, Empower.

The Human Resource leader plays a pivotal role in supporting the entire academic and administrative enterprise as it evolves to respond to mission challenges and opportunities. Skills-based hiring, powered by credentials, may ultimately require a rebalancing of the institution's workforce in quite fundamental ways. Redeployment, retraining and recruitment choices must be made as an enrollment cliff looms and abrupt federal policy changes affect research funding, student loans and grants, faculty and student visas, admissions practices, employee diversity and inclusion programs, curricula and more. Belts will be tightened. Stress can cause a breakdown in affiliation to the whole, as defensive unit loyalty rises.

In any complex environment, anticipation drives readiness. Simultaneous challenges, especially within a shared governance setting, demand a "Swiss Army knife" approach of issue recognition and analysis, project management discipline, strong communications skills, empathy for comfort zone disruption, collaborative solutions to resistance to change, commitment to transparency and receptivity to good ideas from any source. The HR team is the most likely institutional home for all these skills and values. The HR leader, therefore, is a natural facilitating partner within the President's leadership team. On many campuses, this individual may not receive an invitation to fill the role. Stepping up may well be required.

Chief Strategy Officer: Anticipate, Integrate, Guide

In a period of cascading disruption, universities require a senior leader dedicated not only to responding to today's pressures but also to orchestrating tomorrow's opportunities. The Chief Strategy Officer (CSO) function, still relatively new in higher education, can provide precisely that role.

The CSO acts as the institution's "strategic integrator." This role coordinates across academic, financial, HR, enrollment, technology, and advancement domains to ensure that short-term adaptations and long-term positioning are mutually reinforcing. Core responsibilities typically include:

- **Strategic Foresight:** Identifying demographic, technological, policy, and market shifts that will alter the institution's operating environment, with particular focus on the Future of Work.
- **Institutional Alignment:** Ensuring that degrees, credentials, research initiatives, and workforce partnerships are aligned with employer needs, policy frameworks (e.g., OBBBA, America's Talent Strategy, FutureReady States), and the institution's mission.
- **Portfolio Orchestration:** Managing trade-offs between legacy programs and new ventures, balancing risk and reward, and sequencing innovation to sustain financial and reputational capital.
- **Change Navigation:** Partnering with the President and Provost to design processes that move shared governance from deliberation to decision, and decision to implementation, without sacrificing inclusion or transparency.

The case for a CSO is especially compelling in 2025. Higher education faces:

- **Rapid Policy Shifts:** Federal and state programs are redefining what counts as fundable education. Institutions that align swiftly will secure advantage.
- **New Competitors:** Bootcamps, online providers, and employer-run academies are not adjuncts but direct challengers. A CSO can coordinate competitive intelligence and guide differentiated positioning.
- **Enrollment Cliff & SCND Market:** Expanding adult learner pipelines requires institution-wide adaptation. The CSO ensures that enrollment strategies, credential design, and faculty innovation are synchronized.
- **Technology Acceleration:** AI, digital credentialing, and new platforms create both efficiencies and existential threats. Without integrated strategy, investments risk duplication or obsolescence.

Unlike the CFO (guardian of margin) or CHRO (custodian of culture), the CSO's accountability is explicitly to the future trajectory of the institution. By scanning the horizon, organizing responses across silos, and keeping the mission tethered to long-term relevance, the CSO helps higher education leaders turn disruption into durable advantage. For boards, presidents, and provosts navigating the Future of Work era, the CSO is no luxury. It is the architect of institutional adaptability, the role that makes it possible for all others to succeed.

Enrollment Question: Can “SCND” be the New Baby Boom?

The VP of Enrollment at a university facing both the "enrollment cliff" and new credentialing competitors may want to aggressively pursue "Some College, No Degree" (SCND) adult learners as a key enrollment strategy. Here's why:

- Addresses a significant market: SCND individuals represent a substantial and underserved population with a strong desire for higher education. These 38.3 million adults (2024 data) often possess valuable life and work experience, bringing a unique perspective to the classroom.
- Fills enrollment gaps: This demographic can help offset declining enrollment from younger students, ensuring the long-term financial stability of the institution. Each individual institution's share of the estimated 500,000 annual 2041 shortfall in the traditional enrollment age cohort need not only be filled by 18-year-olds.
- Meets workforce needs: Many SCND individuals are seeking to upskill or reskill to meet the evolving demands of the job market. Aligning academic programs with regional workforce needs can attract these learners and benefit the local economy.
- Builds a diverse student body: Enrolling SCND students contributes to a more diverse and enriching learning environment, fostering valuable peer-to-peer experiences.

The elevation of SCND individuals to true mission priority requires a “whole institution” assessment and strategy development process that demonstrates the validity of the “learn more, earn more” premise of returning to school. It will include consideration of:

- Program development:
 - Flexible learning options: Offer flexible learning formats, such as evening classes, weekend courses, and online programs, to accommodate the schedules of working adults.
 - Accelerated degree programs: Develop accelerated degree programs that allow students to earn their degrees more quickly.
 - Prior learning assessment: Implement robust prior learning assessment (PLA) programs to recognize and award credit for prior learning and work experience.
 - Stackable and embedded credentials: Stand-alone micro-credentials in high-demand fields are "on-ramps" for SCND individuals. Embedded credentials (awarded along with credits from individual courses and course sequences) enable increased earnings and job mobility during the completion journey.
 - Stackable path to degree: Design degree programs incorporating completed micro-credentials that are seamlessly integrated and applied towards degree requirements.
- Support services and financial aid
 - Robust student support services: Comprehensive support, such as academic advising, career counseling, and financial assistance, tailored to adult learners.

- Competitive tuition models: Offer competitive tuition rates and flexible payment options to make higher education more affordable for adult learners.
- Alternative financing mechanisms:
 - Income Share Agreements (ISAs): Education funding repaid with a percentage of income for a predetermined period after graduation.
 - Deferred Tuition Plans: Students pay tuition costs after graduation, often based on their income level, reducing the immediate financial burden.
- Marketing and outreach:
 - Targeted marketing campaigns: Develop targeted marketing campaigns to reach SCND individuals through online platforms, community partnerships, and employer outreach.
 - Leverage alumni networks: Engage alumni to identify and connect with potential adult learners within their professional networks.

Is an SCND-focus feasible?

While institutions like Western Governors University and Southern New Hampshire University have gained national prominence for serving adult learners and the “Some College, No Degree” (SCND) population, smaller institutions are also succeeding in intensely competitive environments. For example, Charter Oak State College, Connecticut’s public online college, has built a distinctive niche by focusing on career-focused degree and certificate programs tailored for adults. Its extensive credit transfer policies allow SCND students to apply previously earned coursework, workplace training, military service, and professional certifications toward degree completion, reducing both cost and time to graduation. By maintaining a tuition model that has increased only once in the past seven years, Charter Oak has created a strong value proposition for working adults who are cost-conscious but motivated by career advancement. The results are notable: enrollment has grown by 16%, 17%, and 24% over the past three academic years (2023–24, 2024–25, 2025–26). This trajectory demonstrates that institutions of varying scale can capture SCND learners by offering flexible formats, affordable pricing, and pathways that recognize and build on prior learning, an approach that may serve as a blueprint for colleges and universities facing enrollment cliffs and increased competition from non-traditional providers.

A Related Opportunity: The Shortening Half-life of Degrees and Skills

Rapid technological change - especially AI - combined with shifting labor market demands accelerates every worker’s obsolescence, eroding the durability and relevance of degrees and skills. For mid-career workers, degrees with decaying value create a *double squeeze*: too much investment to discard, yet not enough current value to sustain. The solution lies in stackable credentials, employer-supported learning, and extending degree half-lives with durable skills (adaptability, problem-solving, digital fluency). Like the first gen student and the SCND learner, workers in the double squeeze need tailored academic advising, career counseling, and financial assistance. Institutions providing these career resilience services will meet a large, sustained demand as the scope and pace of change continue to accelerate.

IV. RISKS AND SAFEGUARDS

Credential Quality: Assurance or Appearance?

Credentialing culture is improvisational and inconsistent. Credentials are currently developed and awarded in a Wild West culture of urgency, innovation, and inconsistent oversight, leading to wide variances in quality.

Academic leaders accustomed to the rigor of peer accreditation are often dismissive of certifications that can feel more like on-line ministerial ordination for a destination wedding than a reliable verification of earned skills and knowledge.

Credible credentials (“Cred Cred”) are the goal of a new “skills assurance movement” supporting skills-based hiring. Six leaders in the field are:

- **Credential Engine:** This organization focuses on improving transparency in the credentialing marketplace. They gather data, conduct research, and provide a platform for comparing credentials, including portable, individual Learning and Employment Records. Their goal is to help workers, employers, and educators make informed decisions about credential value and relevance. <https://www.credentialengine.org>
- **American Association of Collegiate Registrars and Admissions Officers:** AACRAO plays a significant role in the development and implementation of Learning and Employment Records (LERs) through its LER Accelerator initiative. Launched with support from Walmart in 2024, the initiative seeks to boost adoption of LERs in postsecondary education by addressing implementation delays, raising awareness, and fostering collaboration. The LER Accelerator involves a coalition of national organizations representing key campus stakeholders including EDUCAUSE, AAC&U, NACE, AIR, and C-BEN. <https://www.aacrao.org/>
- **UPCEA, The Online and Professional Education Association:** UPCEA’s Council for Credential Innovation (CCI) unites leaders from higher education, industry, and nonprofits to advance alternative credentials. CCI develops shared standards through research, terminology alignment, and landscape analysis. Its *Hallmarks of Excellence in Credential Innovation* offer guidance for designing and validating certificates, badges, and micro-credentials. By emphasizing quality verification and interoperability, CCI seeks to build trust in credentials by ensuring they are portable, transparent, and meaningful to learners, employers, and policymakers. <https://upcea.edu/council-for-credential-innovation/>
- **Lumina Foundation:** Lumina seeks to identify and advance opportunities for learning beyond high school available to all. They conduct research on credentials effectiveness and advocate for policies that support credential transparency and quality. Their work, such as the FutureReady States initiative, aims to ensure that credentials are meaningful and valuable in the labor market. <https://www.luminafoundation.org>

- Workcred: An affiliate of the American National Standards Institute (ANSI), Workcred works to improve the credentialing system. They conduct research on credential quality, promote best practices, and collaborate with stakeholders to ensure that credentials are aligned with industry needs and standards. <https://www.workcred.org>
- U.S. Chamber of Commerce Foundation: The T3 Innovation Network is a public-private collective action initiative led by the U.S.C.C. Foundation. Launched in 2018, its mission is to modernize the data and technology that power the talent marketplace through data interoperability, learning and employment records (LERs), skills as currency, and worker empowerment. <https://www.uschamberfoundation.org>

Traditional accreditation entities, recognizing both threat and opportunity, are also entering the field with recognition systems for noncredit and alternative credential providers. These initiatives aim to ensure quality, protect students, and strengthen workforce and higher education pipelines. They are also indicative of adaptation to labor market and workforce development trends that are being accelerated by the OBBBA and America’s Talent Strategy.

- New England Commission of Higher Education (NECHE): NECHE developed a micro credential quality framework after a two-year pilot funded by Lumina Foundation. Its new recognition system will endorse noncredit providers, both colleges and external organizations. NECHE aims to start with 30 applicants, emphasizing agility, workforce alignment, and strong student outcomes as quality benchmarks.
- Higher Learning Commission (HLC): The HLC, supported by Lumina and the ECMC Foundation, is launching an endorsement process for micro credential providers outside higher education. Building on years of research and its Credential Lab initiative, HLC tested its model with four providers in 2023. The new system emphasizes credibility, sustainability, and partnerships with higher ed institutions.

Overemphasis has A Consequence: Skillsboundedness

Skillsboundedness is a term we’ve developed to describe a condition in which organizations, including colleges and universities, become overly constrained by narrowly defined, job-specific skills. It occurs when hiring and training, whether for students entering the labor market or for the institution’s own employees, focus so heavily on immediate competencies that they neglect the broader capabilities of critical thinking, problem-solving, adaptability, and continuous learning. Ultimately, hyper-specialization produces uselessness, as demands change but workers cannot. In a university context, this can lead to academic programs and staff development initiatives that look efficient in the short term but leave the institution increasingly fragile as technology, demographics, regulatory requirements, and employer expectations change.

Skillsboundedness typically emerges through a cycle of pressures and incentives. Employers, seeking to fill urgent gaps, emphasize job-ready skills and micro-credentials. Higher education providers, responding to this demand, may design narrowly tailored programs that

decouple occupational preparation from the deeper formation associated with general education. Students themselves, driven by cost and time pressures, often seek the fastest pathway into employment, accumulating discrete credentials while forgoing integrative experiences that build resilience and intellectual agility. Within institutions, similar dynamics appear when staff training or workforce planning narrows to technical proficiency at the expense of leadership development, collaboration, and adaptability. Over time, both graduates and institutional employees risk becoming “bounded” by skills that no longer translate, limiting mobility, innovation, and the university’s own ability to adapt.

Achieving the Learner-Doer Ideal

The historic mission of higher education has been to produce well-rounded, resilient, adaptable learner-doers. This mission remains the systemic hedge against skillsboundedness. Yet, universities themselves operate in a competitive environment where enrollment pressures, employer expectations, and policy directives can incentivize skills-only approaches. The arc of a pure skills strategy demonstrates why balance is essential for both students and institutions.

In the short term, a skills-only emphasis yields faster hiring for graduates, stronger job-fit, and immediate returns for employers. Institutions that prioritize micro-credentials may also see enrollment boosts, particularly from adult learners and SCND populations. But, as the World Economic Forum cautions in its Future of Jobs Report 2023, the half-life of many technical skills is now less than five years — making resilience and adaptability indispensable. Graduates trained too narrowly experience limited early career role transferability and slower reskilling. Institutions may find their own staff unable to adjust to new technologies or compliance requirements. Over the long term, universities that neglect breadth and agility risk brittleness—faculty and staff pipelines become harder to reskill, wage growth stagnates, and organizational innovation slows.

To counter these risks, a higher education institution seeking to enhance the projected economic value of its education must embrace both skills building and skillsboundedness-avoidance principles in both curriculum and internal workforce design. Degree programs should embed breadth inside depth, ensuring that every occupational micro-credential is paired with outcomes in critical thinking, communication, and teamwork, the very capabilities universities excel at fostering. Programs should assess learning agility, not just mastery of specific skills, through reflective exercises and cross-disciplinary applications. Micro-credentials should be credit-bearing units that ladder into degrees, keeping the degree as the resilience engine while still providing “ready right now” employability. For their own employees, institutions must likewise ensure professional development pathways emphasize adaptability and leadership, not only compliance or technical training.

Transparency and accountability are also critical. By publishing outcomes in Learning & Employment Records, universities help employers recognize both immediate skills and long-term capabilities. At the same time, policy initiatives such as OBBBA, America’s Talent

Strategy, and Lumina’s FutureReady States program can be leveraged as external guardrails, ensuring that rapid program development does not sacrifice institutional mission.

As in every other area of an organization’s operation, governance and metrics matter. Avoiding skillsboundedness requires strong governance at the institutional level. Shared-governance compacts should codify general education outcomes within every credential pathway, while also holding leaders accountable for developing resilient faculty and staff. Blending the findings of respected data and analysis sources on job-readiness (e.g., IPEDS, NCES, World Economic Forum, Georgetown’s Center on Education and the Workforce, and the AAC&U), success should be measured across three tiers: job-readiness outcomes for graduates (time-to-placement, ramp-up speed); adaptability measures for both students and staff (role changes without pay loss, reskilling time); and core capabilities like critical thinking, quantitative reasoning, and ethical judgment. From a financial perspective, an institution’s analytical models should account for the differences between replacing and reskilling both graduates in the labor market and staff within the institution. Quantifying these factors over a three-to-five-year horizon demonstrates the long-term economic value of resisting skillsboundedness, not just for employers and individuals, but for universities themselves.

Conclusion: Done Right, A Generational Opportunity

Skills-based hiring, powered by credentials, is not just a market trend. It is a core component of the Future of Work. Responding to this transformation can be a central higher education strategy for thriving in this evolving future, ensuring adaptability, resilience, and mission fulfillment.

The learning and employment landscape is changing profoundly. Institutions can better prepare graduates for the workforce - and life - by broadening their focus to include developing and delivering high-quality, industry-aligned programs that cultivate in-demand skills both within and as extensions of core curricula. Embracing flexible learning models, such as embedded micro-credentials and curating online courses offered by other institutions within pre-arranged articulation agreements, will assist completion and, often, create earning opportunities for students pursuing traditional degrees.

The pace of change is accelerating. Technologies such as AI and machine learning, robotics, computer vision, IoT, and soon, quantum computing are transforming work and the workplace. While skills in demand will evolve, the benefits of hiring people with the right skills and the need for skills verification will persist. Skills-based hiring, powered by credentialing, therefore, is a trend with plenty of room for growth. Embracing the trend will be well worth the investment. Ignoring or underestimating the trend will limit the institution’s value to students, with significant impacts on reputation and revenue.

Of course, accepting the case for change is vital, but it is not change itself. The demand facing higher education today is not to offer affordable “ed-lite” microwaved credentials as a marketing counterstroke to new competitors. Rather, it is how best to respond to the

challenges presented by profound, cascading disruptions, of which skills-based hiring, powered by credentialing, is but one. Here, as elsewhere, the task is clear: preserve the essential values of the academic mission while adapting its practices to meet the needs of a changing world.

In this paper, we have sought to define the challenge and offer a path forward. Reading this paper and discussing its relevance with colleagues is an excellent way to begin the adaptation journey. However, a strong beginning is not measured by a single act, but by steady steps in the right direction, where vision, investment, and mission all align. As Peter Drucker observed, *“The best way to predict the future is to create it.”* For higher education leaders, the responsibility is clear: to seize this generational opportunity, preserve core values, and guide institutions toward relevance, resilience, and growth. It is time to honor our institutions’ legacies by securing their future. It is time to act.

At WORKINPROGRESS, we will watch and report on higher education’s values-driven, adaptive journey with great interest.

APPENDIX

Tools, Events, Organizations to Follow

National Association of Workforce Boards (NAWB) <https://www.nawb.org>

- The State of Skills-First & LER Adoption: This 2024 event focused on the impact of skills-based hiring on workforce development communities. Speakers from various organizations offered strategies for adopting Learning and Employment Records.
- LER Design Lab: Roadmap: Held on August 3, 2023, this webinar delved into the implementation of skills-based hiring and the adoption of LERs to support job seekers.

UPCEA, The Online and Professional Education Association

- Council for Credential Innovation (CCI). Peer body for senior leaders of alternative certification programs and non-degree credential strategy at the unit or campus level.
- Annual Conference: Convergence: Credential Innovation in Higher Education, co-presented with American Association of Collegiate Registrars and Admissions Officers
- Hallmarks of Excellence in Credential Innovation, an inspirational and practical guide to credentials as core to higher education's mission.
<https://upcea.edu/credentialhallmarks/>
- [Credential Maturity Index](#): A tool to examine an organization's utilization of eight best practices, or "hallmarks," with regard to credential innovation.

National Governors Association (NGA) <https://www.nga.org>

- Skills-Based Hiring in the Public Sector: This initiative, launched in February 2024, brought together states to discuss best practices, challenges, and successes in implementing skills-based hiring in the public sector.
- Governors Leading Skills-Based Hiring: This event, held in June 2023, highlighted efforts by various governors to implement skills-based hiring practices in their states.

Society for Human Resource Management (SHRM) <https://www.shrm.org>

- Talent Conference & Expo: Held in March, 2025. This conference focused on integrating skills development into talent management strategies, including the use of AI in HR.
- SHRM Annual Conference: This event, held annually, covers a wide range of HR topics, including skills-based hiring and talent acquisition.

National Skills Coalition (NSC) <https://www.nationalskillscoalition.org>

- Skills Summit: This annual event brings together advocates from various sectors to discuss policy and implementation of skills-based hiring practices.
- Skills in the States Forum: This forum provides a platform for state-level discussions on skills-based hiring and workforce development.

American Society for Training and Development (ASTD) <https://www.td.org>

- ASTD International Conference & EXPO: Annually, this is the world's largest talent conference, with sessions on skills-based hiring and workforce development.
- ASTD Government Workforce: This event, scheduled for September 11, 2025, focuses on human capital and talent development best practices in government agencies.

Association for Talent Development (ATD) <https://www.td.org/>

- ATD Core4: Scheduled for September 29-October 1, 2025, this event focuses on designing impactful learning solutions and includes sessions on skills-based hiring.
- ATD OrgDev: Held on October 20-22, 2025, this conference covers topics related to organizational development, including skills-based hiring.

National Association of Colleges and Employers (NACE) <https://www.naceweb.org>

- NACE Conference & Expo: Scheduled for June 9-11, 2025, in Philadelphia, PA, this event addresses key challenges and innovations in career services and early talent recruiting, including skills-based hiring.
- Competency Symposium: Focuses on competency and skills-based and hiring.

National Association of State Workforce Agencies (NASWA) <https://www.naswa.org>

- Learning Paths and Courses: NASWA provides courses and certifications on workforce development, including skills-based hiring, through online and in-person programs.

Essential Reports

World Economic Forum (2023). Future of Jobs Report 2023.

Identifies critical thinking, problem-solving, resilience, and adaptability as the most in-demand skills over the next five years, underscoring the risks of narrow, job-specific specialization. <https://www.weforum.org/reports/future-of-jobs-report-2023>

Georgetown University Center on Education and the Workforce (2020). The Future of Work and Workers.

Documents how overemphasis on technical credentials without broader learning leaves workers vulnerable to automation, industry shifts, and diminished wage mobility. <https://cew.georgetown.edu/cew-reports/the-future-of-work-and-workers>

OECD (2019). OECD Skills Outlook 2019: Thriving in a Digital World.

Analyzes how education systems that prioritize transferable skills and lifelong learning adapt better to technological change, compared to those emphasizing narrow, job-specific training. <https://www.oecd.org/skills/oecd-skills-outlook-2019-9789264771654-en.htm>

National Academies of Sciences, Engineering, and Medicine (2017). The Integration of Humanities and Arts with Sciences, Engineering, and Medicine in Higher Education.

Argues that breadth and integrative learning, hallmarks of higher education, are essential to preparing adaptable graduates and avoiding over-specialization. <https://nap.nationalacademies.org/catalog/24988>

Burning Glass Institute & Strada Education Foundation (2022). The Human Power of Human Skills.

Uses labor-market analytics to show how narrowly skills-trained workers face reduced upward mobility, while those with communication, problem-solving, and adaptability enjoy greater resilience and wage growth. <https://www.burningglassinstitute.org/reports/the-human-power-of-human-skills>

Boston Consulting Group & Lightcast. (2023). Competence over credentials: Skills-based hiring. BCG. <https://www.bcg.com/publications/2023/rise-of-skills-based-hiring>

LinkedIn Economic Graph Research Institute. (2025). *Skills-based hiring: Increasing access to opportunity (Skills-based hiring 2025 report)*. LinkedIn.
<https://economicgraph.linkedin.com/content/dam/me/economicgraph/en-us/PDF/skills-based-hiring-march-2025.pdf>

UPCEA Council for Credential Innovation. (2020) *Hallmarks of Excellence in Credential Innovation*. <https://upcea.edu/credentialhallmarks/>

Lumina Foundation. (2025). *Micro-credentials impact report 2025*. Lumina Foundation.
<https://www.luminafoundation.org/wp-content/uploads/2025/05/Micro-Credentials-Impact-Report-25.pdf>

U.S. Chamber of Commerce Foundation. (2023). *Skills-based hiring and advancement*. U.S. Chamber of Commerce Foundation.
<https://www.uschamberfoundation.org/solutions/workforce-development-and-training/skills-based-hiring-and-advancement>

ACKNOWLEDGEMENTS

The **WORKINPROGRESS** series addresses workforce trends affecting U.S. industries and clusters, while identifying implications for enterprise leaders, with a particular focus on talent acquisition, development, and deployment. Produced by nextSource subject matter experts, each white paper is reviewed in draft form by a group of practitioners with relevant responsibilities in the selected industry.

It is our honor to thank our Readers for their time and insights: Eric Canny, PhD, Assistant Teaching Professor, Rossiter School of Education, University of California; Paul Fama, Vice President, Human Resources, Fairfield University; Amy Feest, EdD, Senior Director, Office of Workforce and Lifelong Learning (OWLL), Southern Connecticut State University; Ed Klonoski, President, Charter Oak State College (CT); Kristin McJunkins, Director, Advanced Degree Applications & STEM Career Advising, Office of Career Strategy, Yale University (CT); Michael Nogelo, President/CEO, Eastern Connecticut Workforce Investment Board; Robert Schneiders, Vice President, Strategic Initiatives and Chief of Staff to the President, Fairfield University; Tarek Sobh, PhD, President, Lawrence Technological University (MI); and Kelli-Marie Vallieres, PhD, Chief Workforce Officer, Connecticut Office of Workforce Strategy.

One very important reminder: The viewpoints expressed here are solely those of nextSource team members and any errors are strictly our responsibility.

COMMENTS WELCOME

Your thoughts can enrich the value of this white paper for others. Please let us hear from you.

Chris Bruhl
Chief Strategist
nextSource Inc.
CBruhl@nextSource.com



Founded in 1998, nextSource is a privately held woman-owned business enterprise headquartered in New York City, with a strong national footprint of clients in higher education, healthcare, financial services, and information technology. We develop strategic insights, shape, and deliver solutions to achieve cost savings and productivity gains, risk mitigation,

compliance assurance, and access to the very best people in our nation's steadily evolving talent pool.