Financial Services Pathway

Leveraging Partnerships & Prior Learning to Build a Stackable Credential in Metro Denver

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CASE STUDY

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This case study is a part of a series that examines the business models behind new 'recognition of non-institutional learning' initiatives. These initiatives are designed to validate learning that occurs in non-college settings, and these studies illustrate the potential return on investment and sustainability of these initiatives.

Mi Casa Resource Center (MCRC), the Community College of Aurora (CCA), and the Metropolitan State University of Denver (MSU Denver) partnered in 2019 to build a stackable credential that strengthens participants' education and career opportunities in the metro Denver financial services industry. They built a Financial Services Pathway that incorporates workforce training opportunities, prior learning assessment (PLA) options, and certificate and degree credentials in banking-related fields at local two-year and four-year colleges.

Motivation and Objective

The Financial Services Pathway was created in response to talent development needs within the banking industry around metro Denver. Initially, MCRC launched a banking industry training program in 2010 to offer its clients customized job training, while also providing a pipeline of new workers equipped with entry-level skills to local banks and credit unions.

After an industry sector partnership meeting revealed mutual interest in creating a banking credential, a partnership between MCRC and CCA was incubated in 2017. CCA recognized an opportunity to build upon MCRC's existing job training, which was already aligned to national banking standards. MCRC also learned that many of its training participants reached a career ceiling after about three years of work because of the banking industry's career advancement educational requirements.

Coincidently, MSU Denver also began developing a B.S. in banking degree after a local industry association revealed a shortage of well-qualified job candidates in various banking fields. MSU Denver joined the MCRC/CCA collaborative in 2019 after MCRC asked MSU Denver to accept CCA's banking certificate credits; the degree program launched that fall.

Recognition of Non-institutional Learning (RNL)

Initiative Partners

Mi Casa Resource Center is a non-profit community-based organization that has provided opportunity pathways for economically disadvantaged families in metro Denver for over 40 years. They served more than 2,000 families in 2019, including about 100 in their financial services training program.

The **Community College of Aurora** is a Hispanic-serving institution that enrolls about 8,000 students at its campuses in Aurora and Denver, Colorado.

The **Metropolitan State University of Denver** is a comprehensive baccalaureate and master's degree granting institution serving about 20,000 students, many of whom are first-generation students, students of color, or low-income.

Solution

The partnership between MCRC, CCA, and MSU Denver reflects an industry-aligned approach to develop a regional talent pipeline. The partnership values the unique offerings of community-based organizations and traditional education providers—strengthening institutional connections among them, so students can more easily move across them to pursue various credentials.

This approach also takes advantage of the banking industry's multiple roles—that of a standard-bearer for talent development requirements, a consumer of local education and training, and a provider of potential students interested in banking programs.

The partnership's Financial Services Pathway provides multiple entry and exit points to credential learning, including: 1) job training from MCRC, which includes a national sales and customer service certification; 2) two CCA certificates in banking essentials and banking supervision fundamentals; 3) a B.S. in banking at MSU Denver, and 4) assessments administered by CCA and MSU Denver that provide an opportunity for students to translate their banking-related job training and experience into college credit.

The creation of a stackable financial services credential began with CCA's development of two new banking certificates. CCA first mapped MCRC's job training curriculum to its existing courses and determined that up to nine prior learning credits could be earned. Additional courses for the certificate programs were developed by CCA faculty or external consultants.

An instructional course designer from the banking industry was then retained to map out the required state banking competencies and create four PLA exams, answer keys, and study guides that align with the competencies. Portions of MCRC's five-week financial services training program also were redesigned to align with the state standards.

As mentioned, MSU Denver created its B.S. in banking before joining the partnership and is in the process of developing its own prior learning assessments (exams, portfolios, and interviews) that will award up to 18 college credits by the end of 2021.

MSU Denver and CCA are both transitioning their respective degree and certificate courses to online and/or hybrid formats to attract additional students to the pathway. MSU Denver is also planning to develop 42 credits of online courses.

The partnership between MCRC, CCA, and MSU Denver provides multiple options for students to earn and use credit hours. MCRC clients can elect to take the CCA assessment at the end of their job training; however, the exams are accessible to anyone. MCRC also provides scholarships to cover the PLA fees for its clients, as a way of reducing barriers to college.

Students can apply their nine credits from CCA to the banking essentials certificate and/or transfer the credits directly to MSU Denver's B.S. in banking degree. When applied to the certificate at CCA, the PLA credits satisfy more than half of the 16 credits required. MSU Denver's PLA credits will be transferable to CCA. CCA has articulation agreements in place with both MCRC and MSU Denver to ensure credits transfer across the pathway.

Implementation

The Financial Services Pathway launched in fall 2019, even though it still plans to further enhance its offerings. The partnership anticipates about 125 students will enroll with PLA credits during the first three years of operation. In the first year (2019-20), 16 training participants took one or more CCA PLA exam(s) and three enrolled in the certificate portion of the banking pathway.

The partnership is intended to strengthen the student pipeline across entities, but each partner is responsible for the success of its own program. Eventually, MCRC expects 20 to 30 of its approximately 100 adult job training graduates will enroll in the Pathway each year. Another recruitment pool includes high school students, with about 40 students participating in MCRC's high school training program expected to matriculate at CCA.

> The partnership values the unique offerings of community-based organizations and traditional education providers.

This project was supported by Lumina Foundation.

MSU Denver anticipates that students utilizing PLA credit to enroll in their degree pathway will be current banking employees. The program projects that within three years 10 to 15 new students could enroll annually.

Recruiting other prospective CCA and MSU Denver students has been challenging, although college enrollments nationwide have been disrupted by the COVID-19 pandemic. MCRC has added a project manager to nurture the partnership, as well as two new staff positions to support the student recruitment and enrollment process, and curriculum alignment.

One position will assist students navigating the pathway opportunities, including incumbent workers. The second position will work to align the curriculum of the pathway to the trainings that occur at financial institutions, in order to create a work-based learning opportunity where incumbents can earn work experience and academic credit.

The PLA exams at CCA and MSU Denver provide an opportunity to reduce students' time to degree and educational costs, when compared to those of traditional courses. But at both colleges students must pay the standard PLA exam fee, which are intended to cover administrative costs, and are non-refundable if students fail the exam(s). Since PLA fees are set by the institutions, there is little flexibility on pricing, or the ability to adjust the fees to reflect actual costs.

The 2019-20 exam fee at CCA was $45 per credit hour, or $405 to sit for all four exams. MSU Denver charged $122 per course. Currently, MCRC's grant-funded scholarships fully cover the exam costs for adults completing its financial services training program.

Since PLA exam fees are not Pell Grant-eligible, other students would have to pay out-of-pocket or determine if their employer's tuition assistance program would pay this cost. Credits earned at either CCA or MSU Denver can be transferred between institutions without an additional fee.

The banking programs at CCA and MSU Denver retain the exam fee revenue to pay for exam grading. Program staff at CCA and MSU Denver grade their own assessments, using rubrics created alongside the exams and study guides. CCA's exams are currently completed and graded using pen and paper, which could be a barrier to scaling, although it is considering moving the process online.

MSU Denver expects to administer some PLA exams online, but others will utilize traditional portfolio and interview formats. So far, participating institutions have raised few concerns about the ongoing maintenance of exams, with revisions only expected every few years when courses are updated and/or when state standards change.

Business Model

The Financial Services Pathway's business model is impacted by activities at each of the partner sites. Although the initiative is already operational, additional development costs are anticipated as the pathway continues building out over several years. The Pathway initially launched at a cost of about $400,000 over two years but is expected to grow to a total financial investment of about $1.3m over four years. Additionally, the Pathway will incur ongoing costs to maintain.

Start-up costs for the collaborative include project management, as well as the faculty time and banking industry consultants needed to create the degree pathways and certificate courses. CCA and MSU Denver incurred costs for the development of PLA exams and ancillary materials, including faculty stipends totaling about $500 per exam credit. These initial pre-enrollment costs totaled about $100,000.

Once the pathway launched, new operating costs accompanied continued investment in start-up activities planned to continue for two-and-a-half more years. There are continuing faculty costs to develop new PLA exams and transition courses to online formats so additional course sections can be offered. Associated technology investments are also needed to deliver those courses.

At MCRC, newly hired staff will manage the project and direct student recruitment efforts. The PLA exam scholarships they award to adult job training graduates also could total $3,000 annually (currently grant funded, which is unsustainable as a long-term solution). During the first three years of additional development and operation, annual costs are expected to average $390,000. Most of the spending represents compensation costs (75%), as well as stipends (5%) and operating expenses (20%).

Ongoing costs after the pathway development is complete are expected to average about $280,000 annually. The institutions' recurring costs include: staff positions dedicated to student recruitment and enrollment coaching at the colleges; technology licenses; stipends or staff time to grade exams, which depend on the number of students registering for exams; and possible future exam revisions.[1]

Development of the Financial Services Pathway was largely funded through private grants and/or the partner institutions. At CCA, initial development of certificate programs and PLA exams was funded through a federal Perkins Grant. The development of MSU Denver's new PLA exams are supported through a foundation grant to operationalize the Pathway.

MSU Denver had already created the B.S. in banking courses, but they are pursuing additional public and private grant funding to transition the courses to an online format. The administrative staff costs at CCA and MSU Denver are primarily funded by grants and partially by the institutions. CCA also retains any unspent exam fees to support other program costs or expansions.

The new MCRC positions created to scale and support the Pathway will be sustained in different ways. Its industry liaison position may be funded by industry partners or the colleges, while the college navigator position will be supported by the colleges. The MCRC project manager role will phase out once pathway is fully operationalized.

Generating ROI for the Initiative

The return on investment[2] for Financial Services Pathway is generated by student enrollment and exam fees. **For the initiative partnership overall, sufficiently scaling enrollment to cover program start-up and ongoing costs is key to producing a positive financial benefit.** Since recruitment efforts for the initiative are focused on students that would not have otherwise enrolled, colleges will recognize a revenue boost for any new student that enrolls in the Pathway.[3]

Awarding of PLA credits also may encourage student retention, further boosting course taking and revenues. PLA exam fees generate revenue for the program as well, including revenue from prospective students who ultimately decide not to enroll.

At current initiative costs, estimates suggest the Pathway would need to enroll about 35 students at both colleges each year to generate a positive ROI within five years. However, it takes fewer students enrolling at MSU Denver than at CCA to generate a positive financial return, owing to a combination of higher PLA fees, tuition prices, and credit hours needed to earn a B.S. degree. Estimates suggest it would require about 40 students enrolling at MSU Denver each year to achieve the same positive financial return (in five years) as enrolling more than 220 students in the CCA certificate program sequence each year.

In the launch year, PLA fees are expected to contribute one-third of the gross revenues generated by the Pathway, but they decline in importance as enrollment levels rise. In subsequent years, the majority of gross revenues are expected to come from students enrolling in the pathway, taking college courses, and persisting through the certificate or degree program.

The Financial Services Pathway is expected to financially benefit students by potentially reducing their educational costs and improving their education and employment opportunities. But the student savings from the program—and the forgone tuition and fees they represent—are not necessarily a sunk cost for the colleges.

1 The instructional delivery costs associated with new student enrollment at CCA and MSU Denver and MCRC's training are not included as direct costs to stand up the Financial Services Pathway. However, both the program costs and these instructional delivery costs are deducted from gross revenues and captured in the net revenue generated by the initiative.

2 The return on investment includes the gross revenue from enrollment- and retention-related tuition and fees, less direct initiative expenses and additional instructional costs associated with enrollment and retention.

3 As a grant-funded community-based organization, MCRC measures its ROI in student outcomes, such as successful transitions to employment and the financial services pathway.

Even in the first year of operation, the revenue the colleges derived from student course taking is estimated to exceed the 'value' of the PLA credits awarded (net of PLA fees paid). While this comparison does not take into account the substantial cost to create and operate the program, this narrow comparison shows that the revenue generated by the Pathway is expected to offset the revenue 'loss' colleges often associate with PLA credits.

Key Takeaways

1) Scaling enrollment is key to maximizing ROI in programs with ongoing costs.

Recognition of non-institutional learning (RNL) initiatives with annual development or operational costs will need to prioritize recruitment to ensure financial sustainability. Clear strategies around student communication and recruitment are essential to boost awareness and enrollment. With a multi-partner stackable credential, students are entering and exiting the pipeline at many points throughout the process. So, clarifying expectations around recruitment efforts and enrollment targets for each partner will strengthen the sustainability of the program across the pathway.

Alternately, programs can maximize ROI sooner by exploring way to reduce costs. However, programs for adult learners may require that colleges invest in multiple course modalities, including online and hybrid, to improve student recruitment and enrollment within this population.

2) PLA fees provide an income stream, but individual student assessments will continue to produce variable ongoing costs.

The PLA fees charged by the program provide a sustainable source of tangible funding for ongoing operations, even as they become a smaller share of the total ROI over time when the tuition revenues from course taking grow. The programs retain any PLA fees after exam grading expenses which supports other ongoing costs or program re-investment. But RNL models that assess individual students will continue to incur variable costs each year related to the academic and administrative efforts necessary to evaluate each exam.

Since exam fees are determined at the institution-level, efficiency improvements that reduce grading expenses could net additional revenue for other program activities. Institutions may also find rapid scaling difficult without automated grading options—particularly for high-activity, introductory-level exams.

3) Assessment fees may have unintended consequences for student participation and affordability.

Earning prior learning credits at a reduced price—compared to traditional courses—improves affordability for students who successfully pass the exams and enroll in a certificate or degree program. But they can also present a barrier to participation and even reduce affordability when: 1) students paying the non-refundable exam fee fail the exam and are not awarded credit; 2) students pass the exam but do not enroll in a certificate or degree program; or 3) students would otherwise use Pell Grants to pay for traditional courses, but cannot use those funds to pay for PLA exam fees.

4) The stackable credential partnership model is replicable in other industries and organizations.

The stackable credential model could be replicated by other partnerships, or adopted by other industries or occupations. Another Colorado organization, the Bell Policy Center, is considering a similar model for early childhood education. Replicating the model in a program area with established certificates and degrees would eliminate the need to create those pathways. But many other key areas of the partnership would still need to be developed, including mapping competencies, creating exams and articulation agreements, and recruitment strategies for students and industry, as well as securing grant and institutional funding to support these efforts.

A stackable credential that recognizes and validates prior learning allows students to improve their employment and educational opportunities. But recouping investments in these programs and ensuring they are financially viable depends on enrolling many adult workers who otherwise may not pursue higher education.

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