ANALYSIS MEMO / EMBARGOED UNTIL AUGUST 1, 2023

Introduction

Against a backdrop of rising college costs and economic volatility in the wake of the pandemic, policymakers and consumers alike are paying increased attention to the value of postsecondary education and training. A growing body of research seeks to clarify the return-on-investment of education programs, in order to equip prospective students with a better understanding of what they can expect in exchange for the time and money they spend learning new skills.

At the same time, the past decade has seen the continued emergence of innovative models to provide students with a combination of employer-demanded skills and training, industry-valued credentials, and individual- and cohort-based supports, in a substantially shorter time frame than credential programs offered at traditional colleges and universities. An important question about these models is whether they generate meaningful and lasting improvements in labor market outcomes for participants, both to inform public and private investment in these programs and to support potential students to make informed choices about whether they select these programs.

In 2021, one such provider, Merit America, engaged Professors Ben Castleman and Kelli Bird and the Nudge4 Solutions Lab at the University of Virginia in a multi-year evaluation partnership to investigate the impact of Merit America programs on participants' employment and earnings. In the first stage of analysis, Drs. Castleman and Bird leveraged a combination of administrative, survey, and Merit staff-collected data on participants pre- and post-program wages to generate initial evidence on Merit participants' wage changes over time.

In 2023, Drs. Castleman and Bird updated the initial analysis, using a larger sample (3,024 immersion completers, as compared to 1,013 immersion completers in the initial analysis). This updated wage gain analysis provides further promising indication of Merit America's potential impact on learner outcomes.

Subsequent stages of the evaluation partnership will use quasi-experimental and experimental methods to more rigorously identify the causal impact of Merit America programs on participants' labor market outcomes.

Project Scope

Merit America served 3,872 learners from October 2018 - December 2022. 80% (3,086) of those learners completed the Merit America program. These learners were the focus of the current analysis. Merit America provided individual, anonymized data for 3,024 completers, with complete pre- and post-program wage data available for 60% of all completers, 69% of completers at least 3 months since program completion and 82% of completers at least one year since program completion. Table 1 provides the share of learners with wage data, based on the time since learners' program completion.

Table 1

Number of learners and % with pre- and post-wage data by time horizon

Table 1: Number of learners with Wage Gain data by time horizon			
Time since completion	Total Count of Learners	Count of Learners with Data	% of Learners with Data
Currently in the job success phase or later	3024	1821	60%
In cohorts that have competed the job success phase or later	2311	1450	63%
3+ months post the job success phase	1406	965	69%
6+ months post the job success phase	1109	778	70%
9+ months post the job success phase	687	515	75%
12+ months post the job success phase	528	432	82%
18+ months post the job success phase	365	305	84%
24+ months post the job success phase	202	182	90%
27+ months post the job success phase	119	108	91%

Methodology

For pre-program wage data, Merit America collected and reported participants' wages over the 12 months prior to starting the program, using a combination of participant self-reported wages and a role-by-role re-creation of their work history over the prior 12 months ("Trailing 12 month wage"). Drs. Castleman and Bird used the Trailing 12 Month Wage as the source of pre-program wages for 95% of learners; for 5% of learners that measure was unavailable and the UVA team relied instead on a participant self-reported pre-program wage at the time of program start.

For post-program wage data, Merit America provided paystubs and offer letters for the majority of its graduates with post-wage data, as well as self-reported data from post-program surveys and learner <> coach meetings. Drs. Castleman and Bird privileged the highest post-program wage data if multiple data points were available.

For learners across nine time horizons, the UVA team calculated the mean pre-program wages, post-program wages and wage gains, for both all completers and for the subset of completers experiencing a positive wage gain.

Wage Changes over Time

Table 2 below shows the results for all completers by time horizon; Table 3 below shows the results for all completers experiencing a positive wage gain by time horizon, as well as the share that experienced a positive wage gain.

Table 2

Completers mean pre-program wages, post-program wages, and wage gains

Table 2: Completers mean pre-program wages, post-program wages, and wage gains			
Time since completion	**Mean pre-program wages**	**Mean post-program wages**	**Mean Wage Gain**
Currently in the job success phase or later	$26,892	$47,016	$20,124
In cohorts that have competed the job success phase or later	$26,305	$47,681	$21,377
3+ months post the job success phase	$25,827	$50,009	$24,182
6+ months post the job success phase	$26,019	$50,598	$24,579
9+ months post the job success phase	$26,529	$53,910	$27,381
12+ months post the job success phase	$26,920	$56,062	$29,142
18+ months post the job success phase	$26,536	$58,832	$32,297
24+ months post the job success phase	$26,596	$62,107	$35,511
27+ months post the job success phase	$24,071	$63,501	$39,430

Table 3

Share of completers with positive wage gains and their mean pre-program wages, post-program wages, and wage gains

Table 3: Completers mean pre-program wages, post-program wages, and wage gains among learners with >0 wage gain				
Time since completion	% of learners with Positive Wage Gain	Mean pre-program wages, among learners with Positive wage gain	Mean post-program wages, among learners with Positive wage gain	Mean wage gain, among learners with Positive wage gain
Currently in the job success phase or later	86%	$23,799	$49,157	$25,358
In cohorts that have competed the job success phase or later	87%	$23,421	$49,745	$26,324
3+ months post the job success phase	88%	$23,347	$52,200	$28,852
6+ months post the job success phase	88%	$23,614	$52,895	$29,281
9+ months post the job success phase	89%	$24,148	$56,301	$32,152
12+ months post the job success phase	90%	$24,900	$58,334	$33,434
18+ months post the job success phase	91%	$24,842	$60,926	$36,084
24+ months post the job success phase	92%	$25,252	$64,370	$39,118
27+ months post the job success phase	97%	$23,528	$64,527	$40,999

Conclusion

The findings of this updated analysis are a promising indication that accelerated learning models like Merit America may drive meaningful wage gains for participants. In the coming months, Drs. Castleman and Bird will continue working with Merit America to track longer-term wage gains, using increasingly comprehensive administrative data sources and experimental methods, with the joint goal of setting a new standard for rigorous evaluation in the workforce development space.

Appendix: Additional Contextual Notes

+ Merit America's program includes a 90 day Job Success phase (inclusive of additional coaching and career services) immediately following the completion of the Immersion Phase / technical learning. While the time horizons reference this Job Success phase, all learners who completed the Immersion Phase were included in this analysis, regardless of whether they participated in the Job Success phase.

+ Merit America uses a calculated trailing 12 month wage for learners' pre-program wage data, as opposed to learners' wages at the start of Merit America. Their goal in doing so is to provide a more robust pre-program wage comparison, as participant wages at the exact start of the Merit America program may reflect a life change - e.g., recent unemployment or wage loss - contributing to participation in Merit America.