

HB 8 Outcomes-Based Funding and The Texas Healthcare Workforce

KEY TAKEAWAYS

- 1 Texas **community colleges** are central to meeting the state's healthcare workforce needs — particularly in high-demand fields like nursing and allied health.
- 2 HB 8's outcomes-based funding model is **already producing results**: health professions credentials grew 18.3% in two years, after nearly a decade of stagnation.
- 3 **Sustained, predictable funding** is necessary to keep institutions investing in the high-demand healthcare programs Texas needs.

BACKGROUND

Texas faces significant healthcare workforce shortages, particularly in nursing and allied health, and community colleges are uniquely positioned to train the workers the state needs. In 2023, **House Bill 8 (88-R)** transitioned 95% of community college funding to an outcomes-based model, tying state dollars to student outcomes such as credentials of value aligned with high-demand fields.

By rewarding the credentials that move students into real jobs, HB 8 created a strong incentive for institutions to expand programs connected to workforce demand. The early results are encouraging. Health professions credentials had remained largely stagnant for nearly a decade before HB 8 — then grew **18.3% in just two years**, reaching a record 20,424 in 2025.

WHY IT MATTERS

As community colleges improve their performance and expand high-demand healthcare programs, the Legislature must keep funding aligned with that growth so the incentive structure remains effective. Because healthcare needs vary across the state — some regions face severe nursing shortages, others struggle most with behavioral or allied health — Texas 2036 also supports using **regional workforce data** to inform funding decisions, so institutions expand the programs their local communities need most.

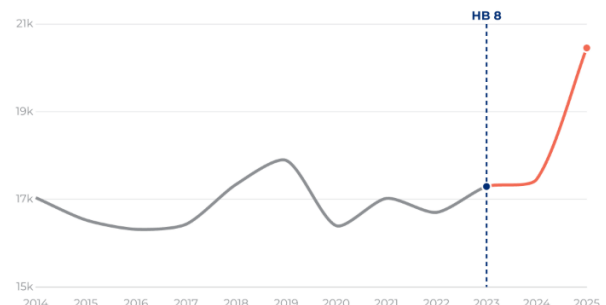
PUBLIC POLICY IMPACT

Texas's community colleges are integral to addressing the state's healthcare workforce shortage. By tying funding to credentials of value, HB 8 has already begun producing measurable gains. **Continued investment** will help colleges expand healthcare workforce capacity through faculty, equipment, clinical placements, and provider partnerships.

+18.3%

Growth in **health professions credentials** in the two years after HB 8 — following nearly a decade of stagnation.

Health professions credentials awarded by Texas community colleges



Source: Texas Higher Education Coordinating Board — credentials in health professions & related programs (CIP 51), statewide community colleges, 2014–2025.

20,424

RECORD CREDENTIALS AWARDED IN 2025

95%

OF CC FUNDING NOW TIED TO OUTCOMES UNDER HB 8