

The Next Generation of the Texas Miracle



Building a Seamless Pipeline from Classroom to Career

Over the past decade, Texas has built one of the nation's most comprehensive strategies for connecting education to careers. Rather than treating K-12 schools, colleges, and workforce programs as separate systems, state leaders have aligned them around a shared mission: preparing every Texan for jobs earning a family-sustaining wage.

Texas has Redefined the Education and Workforce Pipeline

To successfully prepare its students for meaningful careers, Texas' reforms are organized around key goals across K-12, higher education, and the workforce system.

Funding Pathways to Family-Sustaining Careers		
1 Aligning K-12 funding with high expectations for career and college readiness. HB 3 (2019), HB 1525 (2021), & HB 8 (2025)	2 Modernizing higher education funding to fund outcomes, not inputs. HB 8 (2023) & SB 1786 (2025)	3 Expanding work-based learning opportunities and workforce data infrastructure to support better pathways for students. HB 3767 (2021), HB 1247 (2021) & HB 2, HB 20 & HB 120 (2025)

State Reforms Have Placed Students on an Improved Track to Good Jobs and Good Wages

Orienting public schools and community colleges around the same metrics – postsecondary success and career readiness – have led to real gains in student outcomes. Across the state, more Texas students are earning the credentials they need to succeed in the workforce. These **increases** are translating to real opportunities for Texans.

In the fourth quarter of 2023, wages for students aged 25-30 with college experience (from some college up to an advanced degree) were **7.2%** to **85.3%** higher than wages for students who only graduated with their high school diploma. The data is clear – the outcomes resulting from the state's education-to-workforce alignment **are** providing real economic value for Texans.

Texas is on the path to more students earning a family-sustaining wage

532%

Increase in the number of post-secondary credentials earned in high school since 2018.

140K

Number of Credentials of Value awarded by community colleges in 2024.

37%

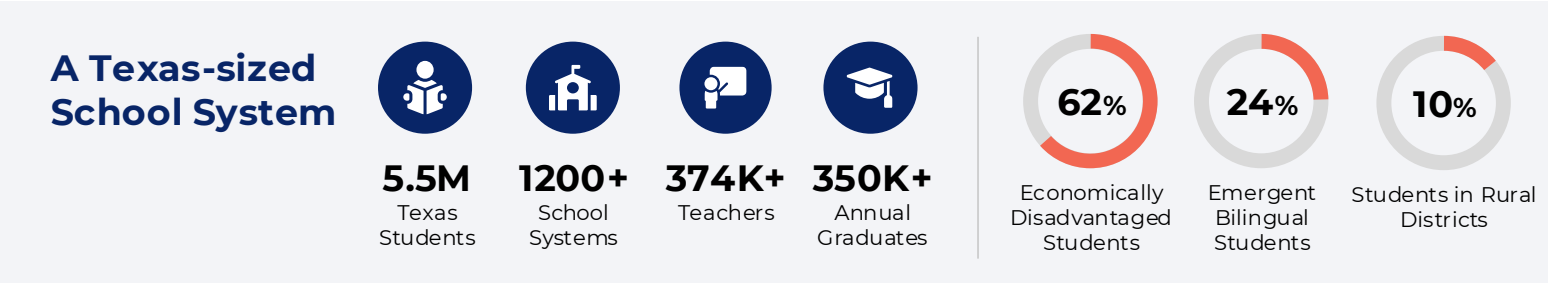
% of Credentials of Value awarded are in high demand fields.

35%

Increase in dual credit courses taken by high schoolers since 2018.

Preparing High School Students for Workforce Success

Texas is reorganizing the high school experience around delivering workforce value for students.



Texas is Adopting High-Quality College and Career Measures

To prepare each Texas student for success in college or their career immediately after high school, the state has focused two of its most powerful tools in driving systemic change within school districts to achieve this goal: **the school finance system and the school accountability system.**

High Schools Receive Incentive Funding to Improve Outcomes

Through **HB 3 (2019)**, the state created the College, Career, Military readiness (CCMR) Outcomes Bonuses that reward districts financially when high school graduates met academic benchmarks and:

- Enroll in a postsecondary program;
- Complete a workforce-aligned credential; or
- Enlist in the military

Dual Credit and Career Coursework are Rapidly Increasing

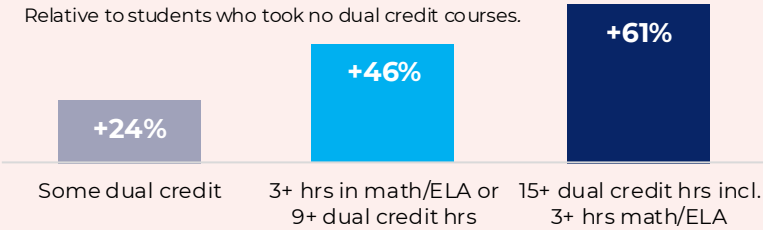
Dual credit and career and technical education (CTE) are proven to increase a students' likelihood of completing college and earning higher wages. In addition to outcomes-based bonus funding in high school, the state has invested heavily in College and Career Readiness School Models that provide students with pathways that incorporate CTE programs and dual credit courses.

Since 2015, the number of P-TECH programs, Early College High Schools, and T-STEM Academies has grown to **over 500 campuses**, while recent creation of the Rural Pathway Excellence Partnership Program has formalized **10 official partnerships** to grow high-quality dual credit and CTE access for rural Texans.

The results are paying off for students. With high-quality college and career pathways leading to significant wage premiums six years after graduation. These benefits grow as students complete pathways with multiple metrics. For example, **rural students can earn a \$17,170 wage premium by completing pathways that blend college and career-oriented courses.**

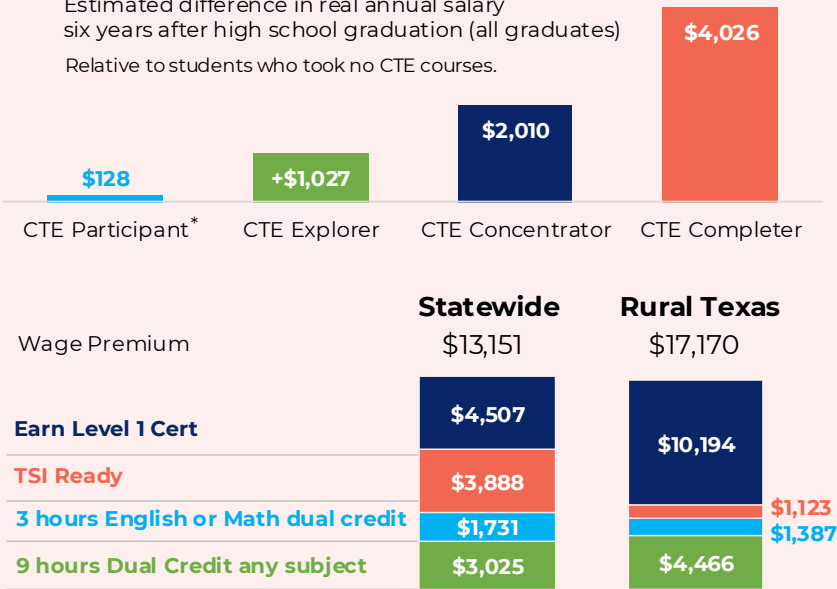
More Dual Credit Leads to More Degrees and Certificates

Increased likelihood of Degree or Certificate Completion
Relative to students who took no dual credit courses.



CTE Engagement and Annual Earnings Increases

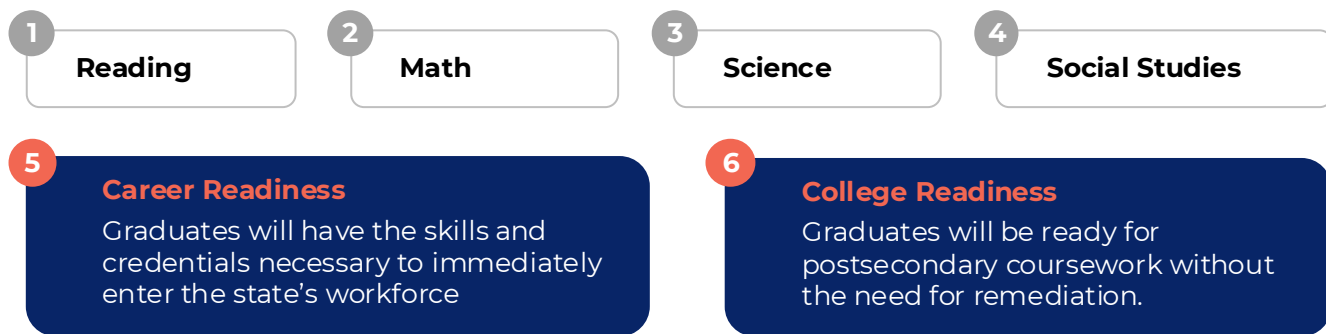
Estimated difference in real annual salary six years after high school graduation (all graduates)
Relative to students who took no CTE courses.



**Definitions of 'participant,' 'explorer,' 'concentrator,' and 'completer' are based on the [Texas Student Data System CTE Indicator Auto-Coder](#).*

Texas' Public Education Goals Are Now Aligned to Workforce Readiness

In 2025, the Texas Legislature spent time reorienting public education, from early childhood through high school, toward a common goal of producing graduates with the knowledge, skills and experience to step into high-wage, high-demand careers. Key to this was modernizing the goals of public education **to include, for the first time, true college and career readiness.**

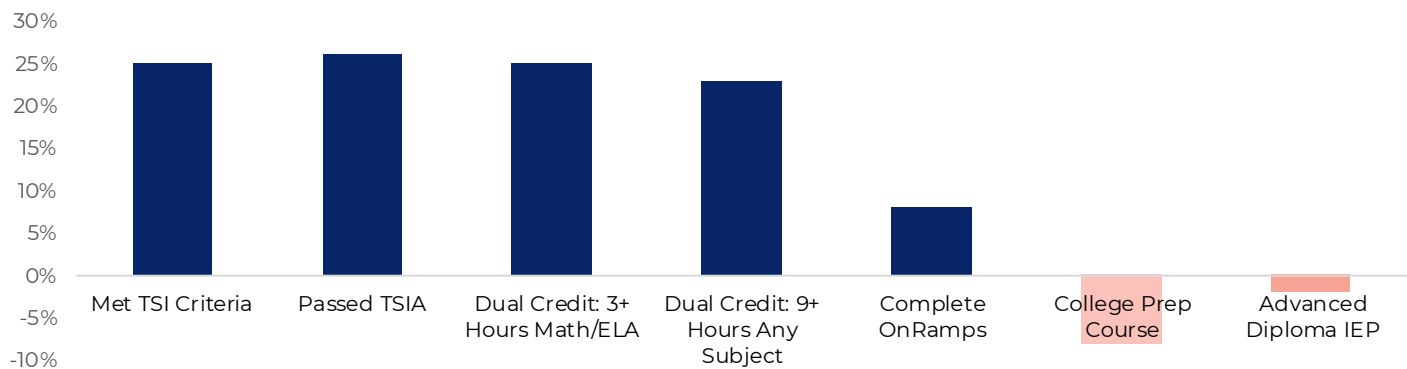


Texas Is Improving Its Accountability System to Reward Higher Value Career and College Pathways

Texas puts weight behind college, career, and military readiness (CCMR). CCMR accounts for roughly 40% of a high school campus's A–F rating, making it one of the most powerful levers in the accountability system.

But not all CCMR outcomes deliver the same value. When comparing students who meet a CCMR indicator against those who do not meet any, some students are more or less likely to earn a postsecondary credential depending on which indicator they complete.

Degree Completion Likelihood By CCMR Indicator



It is clear that the system must prioritize pathways that lead to strong postsecondary outcomes over those that do not.

HB 8 (2025) reforms the CCMR accountability system around these outcomes: the legislation charges TEA to **weight CCMR metrics according to their postsecondary success**, assigning higher point values to metrics that have been shown to provide a high return-on-investment. This change takes effect for the 2027-28 school year and stands to prompt school leaders to ensure high-quality pathways for every child.

The Bottom Line

Targeted K-12 investments are building a stronger starting point for Texas students. More students are graduating with the skills, knowledge, and credentials needed for both college and careers. **But readiness at graduation is only valuable if students can access and complete postsecondary credentials aligned with labor market needs.** The next section details how Texas has transformed community college funding from an enrollment-based model to an outcomes-based framework that rewards completion, transfer success, and workforce outcomes.

Refocusing Higher Education on Student Outcomes and Success

Texas's landmark shift in community college finance toward rewarding student progress, completion, and workforce value.



Texas is Leading the Nation in Higher Education Funding Reform

Texas made history in 2023 by transforming how community colleges are funded. For decades, state funding for community colleges was dependent largely on enrollment, a model that prioritized headcount over student progress.

In 2023, **HB 8**, radically changed community college funding to focus almost exclusively on outcomes in three areas: dual credit completion, Credential of Value completion, and transfer to a four-year university.

This model rewards colleges for helping students reach milestones that lead to real opportunity and family-sustaining wages. It also includes additional weighted funding for students who are academically disadvantaged, economically disadvantaged, or adult learners, providing stronger incentives for institutions serving these populations. Together, these changes represent a significant shift in state investment, ensuring taxpayer dollars support pathways that deliver meaningful value for both students and the Texas economy.

1. Transfer. This rewards successful enrollment of a community college student in a four-year university for the first time.

2. Dual Credit. This rewards high school students who complete at least 15 hours of dual credit. The hours must be a coherent sequence, meaning they must align with either an academic program leading to a degree or a workforce program leading to a credential. **HB 8 (2023)** also created the Financial Aid for Swift Transfer (FAST) program, which covers the cost of dual credit courses for students from low-income families.

3. Credentials of Value. Rewards completion of credentials that provide workforce value. Credentials of Value range from traditional college degrees to skills-intensive (and often shorter-term) certificates, certifications, or licenses. But, no matter the credential type, they must have proven workforce value. To earn that designation, a program must show that graduates, within a set timeframe, are earning enough to cover the cost of the credential and meet Texas's Self-Sufficiency Wage standard.

What are Credentials of Value?



Where are they offered?

-  High schools (through programs like dual credit or early college high schools)
-  Community Colleges

A commitment to continuous improvement

In 2025, the Legislature strengthened the definitions of Credentials of Value by:

- Shortening the time students have to earn back their investment to qualify as a Credential of Value.
- Increasing the wage thresholds needed to earn a COV designation.
- Creating flexibility in fields with critical care shortages.
- Creating a plan to improve the state's approach to short-term credential designations.

UP NEXT: Enhancing Short-Term Credential Definitions

Recognizing data gaps, the Legislature gave the Texas Higher Education Coordinating Board (THECB) until August 2027 to build a stronger COV framework for short-term credentials. The Texas Association of Community Colleges established the Short-Term Credentials Task Force to inform that process, working to align stakeholders on definitions, address data gaps, and ensure the framework supports credentials that produce real returns for Texas learners and employers. The goal: a transparent, consistent ROI framework that tells students, employers, and policymakers which short-term credentials hold real workforce value.

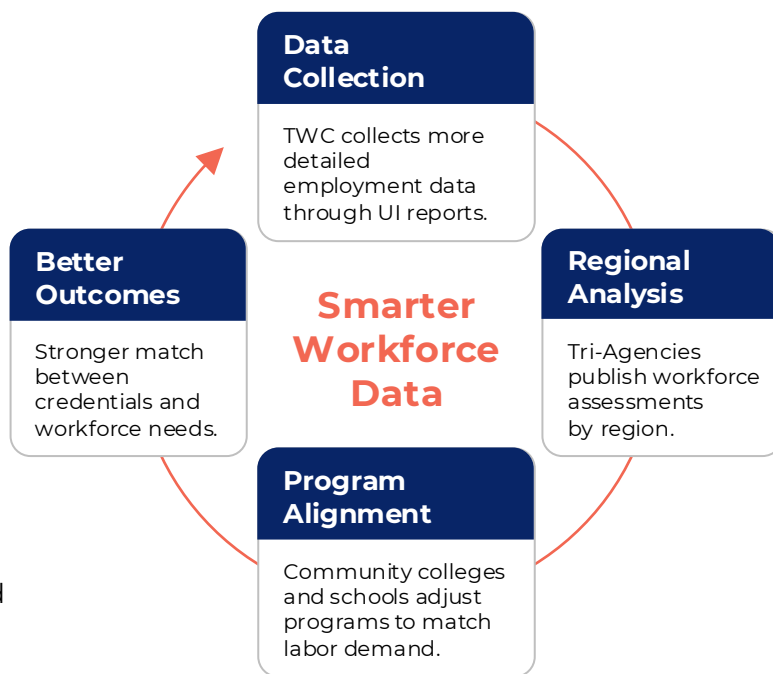
Texas is Improving its Data Systems to Help Find What Works

Strong outcomes-based funding model depends on clear, reliable data for each region of the state. To ensure that credentials lead to meaningful workforce opportunity across all 254 counties, Texas is continuing to invest in the education and workforce data systems needed to evaluate program performance and measure long-term results. **Leaders continue to build on the outcomes-based framework established by HB 8 (2023)** by strengthening the state's ability to connect postsecondary credentials to employment outcomes, regional workforce needs, and economic mobility. These refinements help ensure state funding supports programs that reflect real employer demand and produce earnings that enable Texas families to thrive.

Over the next several years, the Texas Workforce Commission (TWC) will work to expand data collection in unemployment wage records. With this information, Texas will be able to:

- Identify which programs lead to real opportunity across the state;
- Adjust Credential of Value offerings to meet regional labor-market needs; and
- Ensure workforce and higher education funding supports pathways that help Texans thrive.

Together, **HB 8 (2023)** and **SB 1786 (2025)** represent a coordinated strategy to reward student success, strengthen program quality, and build a workforce system that delivers results for Texas families and employers.



UP NEXT: 4-year Outcomes & Regionalized Wage Levels

Moving 4 Year Universities to an Outcomes-Based Model

Over the past several years, Texas has built one of the nation's strongest outcomes-based funding models for community colleges. The next frontier is exploring how similar strategies could strengthen four-year institutions, improve transfer and completion outcomes, and ensure higher education investments deliver meaningful workforce returns for Texans.

Creating Region-Specific Credentials of Value

The current COV formula sets the self-sufficient wage threshold at \$30,000 annually. But this figure is calculated as an unweighted median across all 254 counties, giving the same weight to a rural county of 500 people as to Houston. The result: a threshold that falls below the local self-sufficiency standard for 89% of Texans.

The Bottom Line

Together, these reforms position Texas as a national leader in linking higher education funding to student success and workforce opportunity. By paying for completion rather than enrollment—and by defining value rigorously—Texas ensures taxpayer dollars support pathways that truly pay off. But credentials alone aren't enough. Students also need direct connections to employers and hands-on experience. That's where our workforce efforts come in.

Connecting Learning to Work Across Texas

Texas is building clearer pathways from education to employment by using shared data and stronger coordination across state agencies. Together, these efforts are helping ensure that what students learn in school connects directly to the skills and careers Texas needs.

Texas has



14.3M

Nonfarm
Workers



28

Local Workforce
Boards



\$5.0B

Federal Workforce
Funding (FY26-FY27)



4.5M

Served in Workforce
Programs Annually

Texas is Increasing Alignment Between K-12, Higher Education, and Workforce

Texas is taking major steps to ensure that education leads to opportunity. Through expanded work-based learning, stronger workforce data, and closer coordination across agencies, the state is building clearer, more connected pathways from K-12 through college and into the workforce.

In 2021, Texas formalized this work through **HB 3767 (2021)**, which established the Tri-Agency initiative in statute. The law requires the Texas Education Agency, Higher Education Coordinating Board, and Texas Workforce Commission to set shared goals for postsecondary readiness, credential attainment, and workforce outcomes, creating a consistent statewide framework for strengthening education-to-employment pathways.

Texas Education Agency (TEA)

Texas Workforce Commission (TWC)

Texas Higher Education Coordinating
Board (THECB)



Relevant, timely, & actionable data
and insights to align education and
workforce systems with the jobs of
the future

Funding and Policy Changes Support Increased Career-Connected Learning

Experiences like apprenticeships and internships allow students to earn while they learn, build career-ready skills, and gain early exposure to high-demand industries, especially in regions where traditional pathways may be limited.

For years, Texas trailed other states in expanding access to these opportunities. In response, state leaders began building a more coordinated strategy to ensure more Texans can participate in meaningful work-based learning experiences.

A key step came in 2021 with the passage of **HB 1247 (2021)**, which required the Tri-Agency Initiative to create a state work-based learning strategic framework. By organizing and coordinating these systems to encourage opportunities such as apprenticeships, internships, virtual work experiences, and service learning, the legislation laid the foundation for integrating work-based learning

across K-12 schools, higher education, and workforce training programs.

The Texas Legislature continues to expand Texans' access to career-connected learning. In 2025, legislation passed that provide more students with courses aligned with career preparation:

- **HB 2 (2025)** doubled students' access to free industry-based certification exams and invested \$153 million into CTE funding;
- **HB 20 (2025)** established the Applied Sciences Pathway, allowing students to concurrently earn a high school diploma and a certificate aligned with key industries; and
- **HB 120 (2025)** helped grow the Rural Pathway Excellence Partnership program, bringing more high quality CTE courses to rural Texans.

Advancing Access Through System Design and Braided Funding, 2023-2025 Reforms

As Texas expands work-based learning statewide, leaders have recognized that lasting growth requires more than launching new programs. **It requires building the systems that allow those opportunities to scale.** Too often, schools and training providers must navigate a patchwork of disconnected state and federal funding streams just to sustain apprenticeships and other earn-and-learn experiences.

A 2024 Tri-Agency's report identified fourteen separate funding sources supporting work-based learning and apprenticeship programs, many of which require providers to combine multiple streams. In response, lawmakers incorporated key recommendations into **HB 5476 (2025)**, later included in **SB 1786 (2025)**. The legislation authorizes the Tri-Agency to better coordinate Career and Technical Education grant programs that were previously siloed across agencies and allows school districts and public junior colleges to jointly apply for and manage funds. This coordination reduces barriers, strengthens collaboration, and expands access to high-quality career pathways.

Texas 2036's report, ***Improving Funding Efficiencies for Classroom-to-Career Programs in Texas***, helped provide critical policy research to inform braided funding legislation.



UP NEXT: A Once In A Decade Opportunity -- Texas Workforce Commission Sunset Review

The Texas Sunset process is a powerful lever for reform. The Sunset Advisory Commission (SAC) conducts deep reviews of state agencies every 12 years where the agencies are evaluated for their relevance and value to Texans. This Sunset review typically culminates in a set of administrative and statutory recommendations, if the agency is recommended to continue, to improve the effectiveness and efficiency of an agency. Sunset bills must pass for an agency to continue, creating a perfect vehicle for needed reforms that might otherwise stall as a standalone bill.

The Texas Workforce Commission as well as the Texas Workforce Investment Council are currently under review by the Sunset Commission in the current two-year Sunset review cycle. This creates urgency and a strategic opportunity to fix problems like outdated data systems while the spotlight is on TWC and TWIC.

Texas 2036 is working to ensure that this process will truly operationalize and maximize landmark education and workforce reforms like **HB 8 (2023)** that rebuilt community college finance around credential of value attainment or **HB 2, 20, and 120 (2025)**, which align high school programming with career readiness goals.

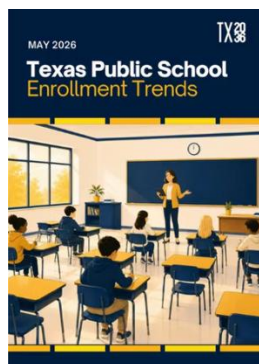
Between these reforms, the codification of the Tri-Agency in 2021 with **HB 3767 (2021)**, and the data modernization mandates included in **SB 1786 (2025)** and corresponding funding and directives in the current state budget, TWC is set up to enhance its workforce data system with data like occupational codes and job-site details, so the state can more reliably assess whether credential programs are actually meeting local labor needs.

But better datasets at TWC are just one part of the problem. With consistent issues around data integration, modernization, and accessibility, both internally as well as with external partners like workforce boards and agencies like THECB and TEA and other educational and workforce partners, the state must make the administrative and statutory adjustments to allow for secure, relevant, consistent data that supports long-term, data-driven education and workforce planning and policymaking both at the regional and state levels.

The Results: What's Working

Together, these reforms reflect Texas's growing reputation as a national pioneer in education and workforce innovation. Few states have advanced as far or as fast in linking funding to workforce outcomes, centering credential value in policymaking, and aligning their education systems to labor markets. Just as notable is Texas' commitment to cross-sector collaboration, bringing together K-12, higher education, and workforce agencies to reduce regulatory and funding barriers to expand access to work-based learning, promoting more seamless pathways from the classroom to the workplace.

Explore Our Work



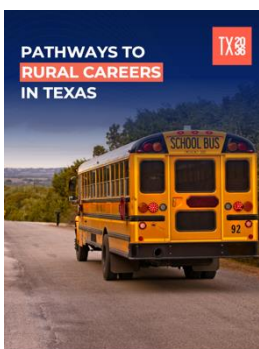
Texas Public School Enrollment Trends

Describes recent trends in statewide public school enrollment and the structural forces that led to where we are today.



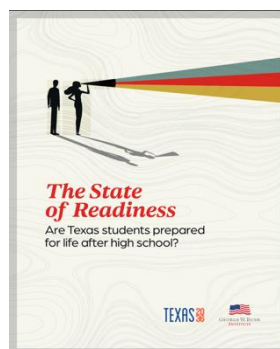
Earned But Not Awarded

Reveals how Texas can help thousands of students who left college before earning a credential complete their education and strengthen the state's workforce.



Pathways to Rural Careers in Texas

Examines the unique challenges faced in rural Texas and policy strategies to improve career readiness among rural Texas high school students.



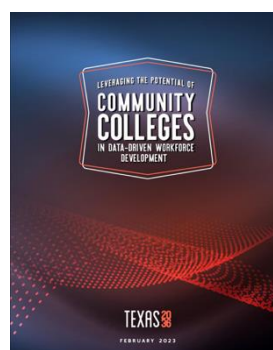
The State of Readiness

Explores how prepared Texas students are for college, career or military after high school and what the state must do to ensure future success.



Solving for X in Texas

Highlights the urgent need to address declining math proficiency in Texas and provides a menu of policies centered around student identification and intervention, parent empowerment and teacher training.



Leveraging the Potential of Community Colleges

Explores how Texas community colleges are uniquely positioned to meet the state's growing demands for skilled labor.

Our Education & Workforce Team

Texas 2036's team is leading the charge to strengthen the connections between K-12, higher education, and the workforce so that every student in our state has the opportunity to succeed. By combining deep data analysis with forward-looking policy design, we are identifying solutions that not only meet today's needs but also anticipate the demands of Texas's future economy. Together, these efforts are laying the foundation for a stronger Texas where students are prepared, communities are thriving, and our state is positioned for long-term prosperity.

Mary Lynn Pruneda
Dir. of Education & Workforce Policy
Marylenn.Pruneda@Texas2036.org

Rahul Sreenivasan
Dir. Gov. Performance & Fiscal Policy
Rahul.Sreenivasan@Texas2036.org

Renzo Soto
Dep. Dir. Education & Workforce
Renzo.Soto@Texas2036.org

Carlo Castillo
Senior Research Analyst
Carlo.Castillo@Texas2036.org

Trip Davis
Policy Advisor
Trip.Davis@Texas2036.org

Grace Atkins
Policy Advisor
Grace.Atkins@Texas2036.org