

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

February 27, 2025

TO: Honorable Brandon Creighton, Chair, Senate Committee on Education K-16

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB686 by Paxton (Relating to the transfer of students between public schools.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB686, As Introduced: a positive impact of \$3,492,048 through the biennium ending August 31, 2027.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2026	\$1,899,665
2027	\$1,592,383
2028	\$2,097,901
2029	\$2,097,901
2030	\$2,097,901

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Savings/(Cost) from General Revenue Fund 1</i>	<i>Probable Savings/(Cost) from Foundation School Fund 193</i>	<i>Change in Number of State Employees from FY 2025</i>
2026	(\$1,303,927)	\$3,203,592	10.0
2027	(\$1,611,209)	\$3,203,592	10.0
2028	(\$1,105,691)	\$3,203,592	10.0
2029	(\$1,105,691)	\$3,203,592	10.0
2030	(\$1,105,691)	\$3,203,592	10.0

Fiscal Analysis

The bill would establish conditions and restrictions governing the transfer of students within a district and to another district.

School districts would be required to establish capacity at each school and grade level in the district and collect data on student transfers and denials. School districts would be required to report the data to the Texas Education Agency (TEA), and the agency would be required to post a report summarizing the transfer data. The Commissioner would be required to adopt rules necessary to implement an admissions lottery and waitlist for school districts that would receive more applications than they would have capacity for.

The bill would require districts to create a policy on accepting transfers students and evaluate and publish the capacity limits at each class and campus each year. The Commissioner would be required to adopt rules to provide guidance to districts related to calculating capacity.

The bill would require districts to annually report information about transfer students and district and campus capacity to the agency. TEA would be required to post a report each year summarizing transfer admissions practices and certain data related to student transfers.

Every sixth year the agency would be required to publish a report on transfer students and information about the districts and campuses accepting transferring students. Additionally, TEA would be required to audit 10.0 percent of school districts each year to verify capacity determinations and transfer application accuracy.

The bill would repeal the Tuition Allotment For Districts Not Offering All Grade Levels under the FSP.

Methodology

The agency assumes 10.0 FTEs would be required to implement the provisions of the bill for a cost of \$1.1 million in each fiscal year.

TEA assumes the savings due to the repeal of the Tuition Allotment For Districts Not Offering All Grade Levels would provide a savings under the FSP of \$3.2 million in each year.

Technology

TEA assumes IT costs to implement the provisions of the bill would total \$168,506 in fiscal year 2026 and \$505,518 in fiscal year 2027.

Local Government Impact

TEA assumes there would be a fiscal impact to certain districts who currently accept transfers and charge the transfer students tuition in addition to what the students would generate in state funding. The agency does not collect this information and therefore cannot determine how much this would cost those districts.

This analysis assumes districts would incur costs related to requirements to report transfer data to the agency and for the Board of Trustees of a district to determine transfer capacity at each district campus. The board of a school district would also be required to adopt an admissions policy that would meet the requirements of the bill.

Source Agencies: 701 Texas Education Agency

LBB Staff: JMc, NC, ASA, MJe