By: Paxton S.B. No. 403

A BILL TO BE ENTITLED

AN ACT

relating to the transfer of students between public schools.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 12A.004(a), Education Code, as amended by Chapters 1065 (H.B. 2), 1066 (H.B. 6), and 1125 (S.B. 12), Acts of the 89th Legislature, Regular Session, 2025, is reenacted and amended to read as follows:

(a) A local innovation plan may not provide for the exemption of a district designated as a district of innovation from the following provisions of this title:

(1) a state or federal requirement applicable to an open-enrollment charter school operating under Subchapter D, Chapter 12;

(2) Subchapters A, C, D, and E, Chapter 11, except that a district may be exempt from Sections 11.1511(b)(5) and (14) and Section 11.162;

(3) the employment of uncertified classroom teachers under Section 21.0032;

(4) parental notification requirements under Section 21.057;

(5) student transfer and admission requirements under Sections 25.001, 25.036, 25.046, and 25.047;

(6) state curriculum and graduation requirements adopted under Chapter 28;

(7) [~~(4)~~] Section 28.004; [~~and~~]

(8) [~~(4)~~] Chapter 37; and

(9) [~~(5)~~] academic and financial accountability and sanctions under Chapters 39 and 39A.

SECTION 2. Section 25.001(h), Education Code, is amended to read as follows:

(h) In addition to the penalty provided by Section 37.10, Penal Code, a person who knowingly falsifies information on a form required for enrollment of a student in a school district is liable to the district if the student is not eligible for enrollment in the district but is enrolled on the basis of the false information. The person is liable, for the period during which the ineligible student is enrolled, for [~~the greater of:~~

[~~(1) the maximum tuition fee the district may charge under Section 25.038; or~~

[~~(2)~~] the amount the district has budgeted for each student as maintenance and operating expenses.

SECTION 3. Section 25.035, Education Code, is amended to read as follows:

Sec. 25.035. TRANSFERS BETWEEN DISTRICTS OR COUNTIES. The boards of trustees of two or more [~~adjoining~~] school districts or the boards of county school trustees of two or more [~~adjoining~~] counties may, [~~by agreement and~~] in accordance with Sections 25.032, 25.033, and 25.034, arrange for the transfer and assignment of any student from the jurisdiction of one board to that of another. [~~In the case of the transfer and assignment of a student under this section, the participating governing boards shall also~~

~~agree to the transfer of school funds or other payments proportionate to the transfer of attendance.~~]

SECTION 4. Section 25.036, Education Code, is amended to read as follows:

Sec. 25.036. TRANSFER OF STUDENT. (a) Any child, other than a high school graduate, who is younger than 21 years of age and eligible for enrollment on September 1 of any school year may apply to transfer [~~annually~~] from the child's school district or district campus [~~of residence~~] to another school district in this state or another campus located in the child's district, as applicable, selected by the child's parent or guardian that offers the appropriate grade level and has capacity, as determined under Section 25.046 [~~if both the receiving district and the applicant parent or guardian or person having lawful control of the child jointly approve and timely agree in writing to the transfer~~].

(b) Before the beginning of each school year, a school district shall:

(1) require a transfer applicant under Subsection (a) to complete and submit the district's transfer application form by a reasonable deadline established by the district; and

(2) subject to Subsection (g), admit each eligible transfer applicant until enrollment at the campus reaches capacity, as determined under Section 25.046. [~~A transfer agreement under this section shall be filed and preserved as a receiving district record for audit purposes of the agency.~~]

(c) If a school district receives more eligible transfer applications for a district campus or a specific grade level at a

district campus than the district has capacity for at that campus or in that grade level, as determined under Section 25.046, the district shall fill the available positions by lottery. A school district shall offer to a student who the district does not enroll due to lack of capacity an available position, if any, in the appropriate grade level at another district campus.

(d) A school district that must fill positions by lottery under Subsection (c) shall, in developing the lottery system, ensure priority is given to applicants in the following order:

(1) students residing in the receiving district;

(2) students enrolled as transfer students at another campus in the receiving district;

(3) students who are dependents of an employee of the receiving district;

(4) students receiving special education services under Subchapter A, Chapter 29;

(5) students who are dependents of military personnel;

(6) students who are dependents of law enforcement personnel;

(7) students in foster care;

(8) students who are the subject of court-ordered modification of an order establishing conservatorship or possession and access; and

(9) students who are siblings of a student who is enrolled in the receiving district at the time the student seeks to transfer.

(e) A school district that receives more eligible transfer

applications for a district campus or a specific grade level at a district campus than the district may enroll at the capacity determined under Section 25.046 for that campus or grade level shall establish and maintain a waitlist for transfer applicants who are not admitted.

(f) If a position at a school district campus with a waitlist under Subsection (e) becomes available after the start of the school year, the district shall first admit transfer applicants according to that waitlist and then admit any additional transfer applicants in the order in which those additional transfer applications are received.

(g) A school district may deny approval of a transfer under this section only if:

(1) the district or a school in the district to which a student seeks to transfer is at full student capacity or has more requests for transfers than available positions;

(2) at the time a student seeks to transfer:

(A) the student is:

(i) suspended or expelled by the district in which the student is enrolled; or

(ii) placed in a disciplinary alternative education program or a juvenile justice alternative education program; or

(B) disciplinary proceedings are pending against the student in the district in which the student is enrolled for conduct for which the student:

(i) may be placed in out-of-school

suspension in accordance with the district's student code of conduct;

(ii) is required or permitted to be removed from class and placed in a disciplinary alternative education program under Section 37.006; or

(iii) is required or permitted to be expelled under Section 37.007; or

(3) approving the transfer would supersede a court-ordered desegregation plan.

(h) A school district that denies approval of a transfer under this section shall inform the applicant in writing of the reason for denying approval of the applicant's transfer.

(i) A student who transfers to another school district under this section may not be charged tuition. The student is included in the average daily attendance of the district to which the student transfers, beginning on the date the student begins attending classes at that district.

(j) A receiving school district may, but is not required to, provide transportation to a student who transfers to the receiving district under this section.

(k) A receiving school district may revoke, at any time during the school year, the approval of the student's transfer if the student:

(1) fails to comply with a condition specified in the agreement that is:

(A) a condition specified in the student code of conduct under Section 37.001(a)(2);

(B) a circumstance specified in the student code of conduct under Section 37.001(a)(3) that may result in out-of-school suspension;

(C) conduct for which a student is required or permitted to be removed from class and placed in a disciplinary alternative education program under Section 37.006; or

(D) conduct for which a student is required or permitted to be expelled from school under Section 37.007; or

(2) fails to maintain a specified school attendance rate.

(l) A student who transfers to another school district or district campus as provided by this section may remain at the receiving campus until that student completes the highest grade level offered at the campus.

(m) Once a student who transfers to another school district or district campus as provided by this section completes the highest grade level offered at the receiving campus, the district may require the student to reapply to continue attending school in the receiving district. The district must prioritize admitting the student as provided by Subsection (d).

(n) A school district may not deny admission to a student who is currently enrolled in the district, including a student enrolled as a transfer student at another campus in the district or a student who is not enrolled in the district but resides in the district's attendance zone, for the purpose of accepting a transfer applicant under this section.

(o) A school district may not take any adverse action

against a student enrolled as a transfer student in the district based on the fact that the district charged a tuition fee for the student to attend school in the district for a previous school year under former Section 25.038.

(p) In the case of a transfer under this section, a child's school district [~~of residence~~] shall provide the receiving district with the child's disciplinary record and any threat assessment involving the child's behavior conducted under Section 37.115.

(q) The commissioner shall adopt rules necessary to implement this section, including rules establishing:

(1) an admissions lottery, as described by Subsection (c), and a waitlist as described by Subsection (e); and

(2) procedures to ensure this section complies with state and federal law regarding confidentiality of student medical or educational information, including the Health Insurance Portability and Accountability Act of 1996 (42 U.S.C. Section 1320d et seq.) and the Family Educational Rights and Privacy Act of 1974 (20 U.S.C. Section 1232g).

SECTION 5. Subchapter B, Chapter 25, Education Code, is amended by adding Sections 25.046 and 25.047 to read as follows:

Sec. 25.046. TRANSFER CAPACITY; DISTRICT POLICY. (a) Except as provided by Subsection (c), before the beginning of each semester, the board of trustees of a school district shall determine the capacity of each district campus and the capacity of each grade level offered at each campus. For purposes of this section, the capacity of a district campus or a grade level at that campus is the total number of students that may be admitted at the

campus or at that grade level, as applicable, less the students who are currently enrolled at that campus or at that grade level, as applicable. Based on the board's determination of campus or grade level capacity and current student enrollment, the district shall identify the number of available positions at each campus and for each grade level. In determining campus and grade level capacity, the district may consider the number of staff employed by the campus and shall consult the most recent district facility plan, including:

(1) a facility plan created as part of a district bond proposal; or

(2) a long-range facility plan created as part of a capital improvement project for which construction services are procured under Chapter 2269, Government Code, in accordance with Section 44.031(a)(5) of this code.

(b) The district shall post for each campus in the district on the district's Internet website, if the district maintains a website, the most recent determination of campus and grade level capacity. If the district does not maintain a website, the district shall make the information required under this subsection available to the public at an administrative office of the district.

(c) A school district is not required to determine the capacity of a new instructional facility, as defined by Section 48.152, in the first school year in which students attend the new instructional facility.

(d) The board of trustees of a school district shall adopt a written policy that meets the requirements adopted by the

commissioner under Subsection (f) for the admission of a transfer applicant under this subchapter. The board shall make the policy available to the public in the same manner the district makes available a district's determination of campus and grade level capacity under Subsection (b). The policy must:

(1) include the adoption of a transfer application form;

(2) include the provision of the address of the district administrative office where a person may access the district's determination of campus and grade level capacity, if the district does not maintain an Internet website;

(3) include the provision of information regarding available options for transportation provided by the district or in the community; and

(4) prioritize:

(A) flexibility of access for students;

(B) encouraging schools in the district to accommodate student transfers; and

(C) preventing schools in the district from discouraging student transfers.

(e) The agency shall post on the agency's Internet website information regarding each school district's policy adopted under this section and each district's campus or grade level capacity determinations under Subsection (a).

(f) The commissioner shall adopt rules and prescribe procedures necessary to implement this section, including by developing model policies and forms for use by a school district in

complying with Subsection (d).

Sec. 25.047. REPORTING AND AUDIT REQUIREMENTS. (a) Subject to Subsection (b), each school district shall annually submit not later than the last Friday in October of each school year a report to the agency regarding the transfer of students to and from the district during the previous school year. The report must include:

(1) for each district campus, the campus and grade level capacity determinations under Section 25.046;

(2) for each campus, the number of transfer applications for transfers to that campus the district received, the number of applications that were granted, and the number of applications that were denied, including the reason for the denial, during the preceding school year;

(3) the information described by Subdivisions (1) and (2) aggregated for all campuses in the district; and

(4) for the purposes of demographic analysis, any information required by the commissioner as necessary to identify each student admitted to or denied admission to a campus in the district who is or was previously enrolled in a public school in this state.

(b) A school district with only one campus serving each grade level is exempt from Subsection (a)(3).

(c) Not later than March 15 of each year, the agency shall post on the agency's Internet website a report on the transfer and assignment of students. The report must include:

(1) a summary of school district admission practices

relating to student transfer admissions;

(2) for the state, the aggregated data reported under Subsection (a);

(3) for each district, the aggregated data reported under Subsection (a);

(4) a demographic analysis of the students transferring districts;

(5) a demographic analysis of the students transferring between campuses within the same district;

(6) for each district, the number of transfer applicants seeking admission or withdrawal, showing the potential net change in enrollment; and

(7) for each district, the actual number of students who transferred into or out of the district, showing the actual net change in enrollment.

(d) Every sixth year, the agency shall publish a study of statewide transfer trends that includes:

(1) the total number of students transferring districts and of students transferring between campuses within the same district;

(2) using data from the previous six school years, an analysis at the state and district level of changes in:

(A) the number of school districts and campuses admitting transfer students;

(B) the number of students transferring districts; and

(C) the number of students transferring between

campuses within the same district;

(3) a demographic analysis of the students transferring districts and of the students transferring between campuses within the same district;

(4) using data from the previous six school years, an analysis of the patterns of student movement between districts and campuses, including a description of any characteristics that are correlated with students transferring to or away from districts or schools;

(5) a summary of district practices regarding transportation of transfer students;

(6) an explanation of the reasons students choose to transfer districts or campuses and the barriers faced by students in transferring districts or campuses;

(7) an explanation of the challenges restricting school districts from admitting more transfer students;

(8) performance outcomes for inter- and intra-district transfer students, including changes in student proficiency after the date of transfer; and

(9) the effects of inter-district transfers on student performance outcomes and district program offerings for both sending and receiving districts.

(e) Each year, the agency shall randomly select 10 percent of the school districts in the state and conduct an audit of each district's capacity determination under Section 25.046 and of each district's approved and denied transfer applications. If the agency finds inaccurate reporting of capacity levels by a school

district, the agency shall set the capacity for the school district. Districts audited during the previous two school years may not be selected for audit in a school year.

(f) The commissioner shall adopt rules necessary to implement this section.

SECTION 6. The following provisions of the Education Code are repealed:

(1) Section 25.038;

(2) Sections 25.039(b) and (c); and

(3) Section 48.154.

SECTION 7. The changes in law made by this Act may not be interpreted to affect the Interstate Compact on Educational Opportunity for Military Children executed under Section 162.002, Education Code.

SECTION 8. The changes in law made by this Act may not be interpreted to affect the authority or existing rules of the University Interscholastic League regarding the participation of a student in an interscholastic competition.

SECTION 9. Section 12A.004(a), Education Code, as reenacted and amended by this Act, applies to each local innovation plan adopted under Chapter 12A, Education Code, regardless of whether the plan was adopted before, on, or after the effective date of this Act. A local innovation plan adopted or renewed before the effective date of this Act must comply with Section 12A.004(a), Education Code, as reenacted and amended by this Act, not later than September 1, 2027.

SECTION 10. Notwithstanding any other provision of this

Act, a student accepted for transfer to a school district for the 2027-2028 school year under Section 25.035 or 25.036, Education Code, as amended by this Act, on a date occurring before the effective date of this Act is entitled to transfer to the district for that school year in the same manner as any other student accepted for transfer to the district for that school year on a date occurring on or after the effective date of this Act.

SECTION 11. Not later than September 1, 2033, the Texas Education Agency shall publish the first study of statewide transfer trends required under Section 25.047, Education Code, as added by this Act.

SECTION 12. This Act applies beginning with the 2027-2028 school year.

SECTION 13. To the extent of any conflict, this Act prevails over another Act of the 90th Legislature, Regular Session, 2027, relating to nonsubstantive additions to and corrections in enacted codes.

SECTION 14. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2027.