

# DON'T FENCE ME IN

## IMPROVING TEXAS' SYSTEM OF STUDENT TRANSFERS



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**Texas Public Policy**  
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# Don't Fence Me In: Improving Texas' System of Student Transfers

Emily Sass, Julia Crusius, Aaron Smith, Jordan Campbell, Christian Barnard

*Special thanks to Brianna Bauer and Garion Frankel for research assistance*

## Executive Summary

“What’s the school district here?” is a question every residential real estate agent must be ready to answer. By determining families’ assigned schools, school district borders (and the campus-specific attendance zones within them) wield significant influence on the futures of Texas students. Even in the 21st century, geography, justly or not, forges children’s destinies.

Sometimes those borders can be crossed: *Open enrollment* describes the general practice of allowing students to select a public school rather than requiring them to attend an assigned campus. This paper focuses on *inter-district open enrollment*: allowing students to transfer to and attend school in a district in which they do not reside.

Research indicates that the most prominent reason for student transfers is academic; transferring students are likely to be seeking schools with higher academic achievement or certain academic programs not offered by their resident district. The characteristics and demographics of students who participate in inter-district open enrollment differ by state. Transportation challenges and district-level policies are often cited as obstacles to inter-district open enrollment. Effects of significant numbers of transferring students on the districts from which they transfer often include increased district program offerings and improved student test scores.

In the 2018–19 school year, 2.6% of Texas public school students attended school in a nonresident district, substantially lower than that of states with more robust open enrollment policies. For comparison, approximately 6% of students in Colorado attend schools outside their resident district. In Florida, which has large countywide districts, 9.6% of students attend schools outside either their attendance zone or resident district.

Available data reveal two key variables related to inter-district transfers in Texas: state accountability ratings and districts’ populations of economically disadvantaged students. Students tend to leave lower-performing districts—and stay at higher-performing districts—at higher rates. For example, the number of students transferring out of the average F-rated district, as a ratio to enrollment, is 32.13%, but the same ratio is only 2.63% of students assigned to the average A-rated district. These data imply that transferring families are primarily motivated by school quality. Students tend to leave lower-income districts at higher rates; the average district in the quartile with the greatest share of low-income students has 3.81% of its students transfer out, whereas the average district in the quartile with the smallest share of low-income students has 1.92% of its students transfer out. However, our analysis shows that while districts with greater shares of low-income students have higher transfer-out ratios, districts with smaller shares of low-income students do not have correspondingly higher transfer-in ratios. A similar phenomenon happens in Ohio and Minnesota.

## Key Points

- Texas families can request for their children to attend public schools outside of their attendance zones. This option, however, is complex and sometimes costly.
- A district can decide whether to accept an out-of-district student based on factors such as their previous test scores.
- Until recently, districts could not offer to pick up transferring students at their home without getting a waiver from the state.
- Districts are allowed to charge transferring students up to tens of thousands of dollars in tuition.
- The student transfer process needs more transparency to ensure all students can access its benefits.

A primary obstacle to inter-district transfers in Texas is a lack of transparency; because each district has different transfer policies, it is burdensome for families to effectively weigh their educational options. Transportation can also be a hurdle for families; some districts provide nonresident student transportation, others do not. A district may charge tuition of an amount up to the difference between its actual expenditure per student and the state aid it receives; for some districts, this amounts to over \$10,000 per year.

We provide several recommendations to remove these obstacles to inter-district open enrollment:

- Revise open enrollment policy to provide clarity and predictability for families and support for districts
- Update state parent-facing resources to help parents navigate open enrollment options
- Conduct a state study of transfer trends and implement regular reporting of basic transfer data
- Consider avenues to support reliable, accessible transportation solutions
- Remove or reform district tuition authorization for transferring students
- Adopt a comprehensive open enrollment policy

## Introduction

Families and their children present varying educational needs. Children differ vastly in aptitudes, preferences, and life circumstances. Even when other factors are comparable, family priorities for education can vary widely. Individual families can place higher significance on the social aspects of school, academic rigor, academic programs such as STEM or liberal arts programs, school sports and extracurricular training, school safety, reliable childcare, or proximity to a parent's workplace. Despite these facts, most students in Texas are assigned to a school district and campus based on their home address.

Not all Texas families have access to great schools that fit their needs. Approximately 562,284 students attended one of more than a thousand campuses in Texas given a D or F rating in the 2018–19 school year, the last year to date that letter ratings were given (Texas Education Agency, personal communication, January 24, 2020). A count by the Texas Education Agency (TEA, 2022) found that more than 58,000 students were on waiting lists for charter schools in the fall of 2021, indicating unmet demand for alternative options. A federal investigation in 2018 revealed that special needs students in Texas are underserved, and the state is pursuing ways to meet those students' needs ([Letter from the Office of Special Education and Rehabilitative Services, 2018](#); [Swaby, 2018](#)). That boundary lines may be keeping Texas families from schools that could meet their needs

is reflected by the existence of enrollment fraud: Families falsely claim residency within the boundary lines of a campus or district so that their children can attend school in that campus or district ([Gilmore, 2017](#)).

Texas can create a more accessible and more equitable system of public education by supporting a more streamlined process of student movement within and between school districts. A simple system of residential assignment is no guarantee that students who are assigned to specific campuses will be best served at those campuses. It can also perpetuate educational inequities, as disadvantaged students are most likely to be consigned with no alternative to a school that may not be able to serve them best (see "Impacts of District Lines" below). Our education system should seek to accommodate the varying needs of its students and improve equal access to education resources through creating flexibility and agency for students and their families.

## Open Enrollment and Student Transfers

*Open enrollment* describes the general practice of allowing students to select a public school rather than assigning them to a specific campus. Details in structure can vary widely. Usually, when open enrollment policies coexist with a system of residential assignment, they involve methods of *student transfer*.

Some districts in Texas have become "open-enrollment districts," allowing students broad freedom to select the campus they would prefer to attend within their district rather than assigning students to schools based on their home address. If the number of students selecting a campus exceeds the capacity of the campus to seat them, districts can approach admissions in different ways: Some admit students by lottery, and some give preference based on residential proximity or other factors. Districts with this open-enrollment approach include Galveston ISD ([n.d.](#)), Garland ISD ([n.d.](#)), and Grand Prairie ISD ([n.d.](#)).

Other districts still assign students residentially but allow students within their district to request to transfer to other campuses within the district (these are referred to as "*in-district*" or "*intra-district*" transfers). Dallas ISD ([n.d.-a](#)) has adopted this model, as has Houston ISD ([n.d.](#)). Some districts ease this process by employing a "unified enrollment" model: Midland ISD ([n.d.](#)), for instance, has created Apply Midland, in which students learn about their available options and are able to submit one common application to apply to multiple campuses or schools of choice.

Open enrollment can also extend across district lines—students can request to transfer to a campus in another district. These transfers are referred to as “*inter-district*” transfers.

“Open-enrollment” is also used to refer to the most prevalent type of Texas charter school: open-enrollment charter schools. These schools, true to the term, are required to accept applications from students in their service area regardless of a student’s default residential assignment; if more students apply than a school has capacity to accept, students are selected through a lottery system.

Student transfer policies are left almost entirely to the discretion of each school district; thus, they can vary widely, making it difficult for families to know, understand, and access their options. Families would benefit from a more transparent landscape with clearer information about the opportunities open to them.

This paper is primarily concerned with policies and patterns surrounding inter-district transfers, as public data for this kind of transfer have been more readily available. At the time data was collected for this analysis, there was little to no publicly available campus-level transfer data, including data on intra-district transfers. Since then, TEA ([n.d.-j](#)) has begun reporting campus-to-campus student movement. This is an encouraging development with significant potential. Our recommendations include strategies to further increase data visibility for both inter- and intra-district transfers. We examine current policy in Texas, comparable policies in other states, recent patterns of student inter-district transfers, challenges to the feasibility of student transfers, and possible solutions to those challenges.

## Impacts of District Lines

The term “redlining” has been given to the practice of “denying services to the residents of particular neighborhoods” (DeRoche, 2020, p. 62), usually based on boundaries that create or reflect income and racial segregation. It originates from color-coded maps created in the 1930s by the federal Home Owners’ Loan Corporation (HOLC), a New Deal loan assistance program. These maps, designed to track mortgage lending risk, indicated neighborhoods with “Hazardous” lending conditions in red. As one would expect, it was more difficult to obtain a housing loan in a neighborhood mapped as one of those high-risk areas. The National Community Reinvestment Coalition (NCRC; [Mitchell & Franco, 2018](#)) found that the majority of those neighborhoods—which tended to be low-income, majority-minority, or both—remain

low-to-moderate income and majority-minority today. Whether the HOLC maps were responsible for subsequent exclusionary lending practices or simply summarized already existing practices is subject to debate ([pp. 6–7](#)); regardless, these maps provide gripping visual evidence of the divisions that exist between neighborhoods, and the varying impact that a line, once established, can have on two sides of the same street.

DeRoche (2020) has referred to the effects of some school district boundaries as “educational redlining” (p. 62). Some school district attendance zones, he notes, even echo the lines of the HOLC housing maps (pp. 64–65). In Texas specifically, Drennon ([2006](#)) has argued that the school district lines across the city of San Antonio (the city which, incidentally, sparked a spate of school finance lawsuits in Texas and across the nation) were formed with an intent to isolate specific areas of the city.

EdBuild ([2019](#)), a project created to propose solutions to public education funding problems, devoted extensive research to the fiscal consequences created by both district lines and a heavy reliance on local property tax dollars to fund those districts. They found in 2019 that “There are almost 1,000 borders in the United States outlining school systems that are both racially isolated from their neighbors and receiving substantially less in funding per student. . . . Across all districts that have substantial race and revenue gaps with their neighbors, the average district on the whiter, wealthier side of the line receives over \$4,000 more per student each year. In the case of 132 borders that mark deeper race and funding divides—at least 20 percent in revenue and 50 percentage points in race—the average disparity is over \$6,500 per student” ([p. 1](#)).

Of those 1,000 dividing borders nationwide, 182 fenced in Texas school districts. That composed 10% of the total borders in the state ([EdBuild, 2019, p. 36](#)), with 1,803,205 students on the disadvantaged sides of those lines. The difference in average revenue per pupil between these districts was \$2,630, a gap of 25% ([p. 16](#)). Of the 132 borders that EdBuild classified as “deeply divisive,” 16 were in Texas; the gap in funding was reported to be \$5,732, a difference of 47% ([p. 34](#)).<sup>1</sup>

District lines by no means cause all public education woes. But when those lines become walls, the students they hem in may find their opportunity horizons have reached a premature vanishing point.

<sup>1</sup> This research has not been repeated since the 86th Texas Legislature’s 2019 passage of HB 3, updating the school finance system. Funding differences are still allowed in Texas but may now be less.

## Lessons From Research and Other States

### Research on Student Transfers

The body of research on open enrollment programs around the country offers instructive findings concerning characteristics of transferring students, known reasons for student transfers, and barriers to student transfer access.

#### *Student Characteristics*

Knowing the demographics of the students who take advantage of open enrollment can help policymakers understand whom the current system is serving and craft policy to ensure equal access is achieved. Which students tend to participate in open enrollment differs based on the state. Lavery and Carlson (2014) found that in Colorado, students eligible for free or reduced-price lunch (FRPL) were significantly less likely to transfer to another district than non-FRPL students, and students who qualify for free lunch were less likely to transfer than those who qualify for reduced-price lunch—in other words, students of lower socio-economic statuses were progressively less likely to transfer. Broken down by race, Black students transferred to other districts at the highest rates and Hispanic students at the lowest rates.

Similarly, a study from the California Legislative Analyst's Office (Taylor, 2016) of the state's district of choice program found that low-income students transferred to other districts disproportionately less than others in California. However, after legislative changes in 2017 intended to increase low-income and Hispanic participation, a 2021 follow-up evaluation found that participation by both student groups had increased. These changes included the addition of district open enrollment programs to the regular district audit process, transparency measures requiring both more accessible application information for participants and more robust program data collection and reporting by the state department of education, and the addition of low-income students to the categories of students who receive transfer priority (Petek, 2021).

On the other hand, Cowen et al. (2015) found that in Michigan, students participating in FRPL, as well as Black students, were *more* likely to transfer to another district than others. Interestingly, Black and FRPL students in Michigan were also more likely than other open enrollment students to exit their open enrollment program. The authors point out that “the evidence here suggests that one practical result of Michigan's Schools of Choice program is to open district borders to disadvantaged students who are likely more mobile in the first place” (p.3).

In Ohio, Carlson and Lavertu (2017) found that open enrollment students are disproportionately White,

higher-income, and higher-achieving. These differences in findings across states likely reflect differences in state and district policies. Carlson and Lavertu highlighted a potential reason for the findings in Ohio: Ohio districts are not required to accept any nonresident students, and most of the high-achieving districts surrounding Ohio's low-achieving inner cities do not accept nonresident students, likely accounting for the demographic disparities in Ohio's open enrollment program (p. 3).

#### *Reasons for Transfers*

Reasons for student transfers vary, though academic considerations feature most prominently. Taylor's California study (2016) reported that students often transfer to participate in educational programs not offered by their home districts, such as advanced coursework, engineering, or project-based learning, and other students transfer for social reasons such as escaping bullying. Petek (2021, p. 2) found that “In the specific areas we examined—including college preparatory courses, arts and music, and foreign languages—students gained access to an average of five to seven courses not offered by their home districts. Nearly all students transfer to districts with higher test scores than their home districts.” In 1993, the second year of Massachusetts' inter-district school choice program, when asked their reason(s) for transferring, “about two-thirds of respondents said academics was a reason, and half said lack of resources in their own schools drove them elsewhere. Safety issues were cited by 22 percent, personal reasons by 17 percent. Convenience was cited by only 15 percent of respondents” (Hatch, 2018, p. 12). Reback (2008) found that, in Minnesota, the mean student test scores of a district are “stronger predictors of transfer demand than both students' socio-economic characteristics and school district spending” (abstract). Holmberg and Flanders (2021, p. 1) also found that state assessment “proficiency predicts positive open enrollment into a district.” Ragland and Hulse (2018) found that, although Colorado students were more likely to transfer to higher-performing districts, there was overlap between the districts that lost and received the most students due to open enrollment; this indicates students' decisions to transfer are based on campus-level factors rather than district ones.

#### *Barriers*

The schools in other districts to which students transfer can be farther away than their zoned school. Transportation is a regularly reported concern. Both Lavery and Carlson (2014) and Ragland and Hulse (2018) found that in Colorado, transportation has been a significant inhibitor of open enrollment. According to Colorado Revised Statutes § 22-32-113 school boards can prevent neighboring districts from transporting resident students (this is similar to

the effect, until recently, of a vague Texas statute—see the “Transportation” section below). Hatch (2018) describes transportation as “nearly always” “a limiting factor” for families in Massachusetts (p. 12).

There are many other barriers to open enrollment that vary by state. Ragland and Hulse (2018) found that in Colorado, districts’ enrollment practices are complicated and burdensome to families; their study concluded that the state could lift these barriers by making some practices, such as application deadlines, standardized across all districts, as well as increasing transparency and accessibility of districts’ open enrollment policies. Reback (2008) found that in Minnesota, although districts by law are allowed to reject transfer applicants only due to “capacity concerns,” “given similar levels of demand, districts with substantially greater test scores and socio-economic characteristics than a neighboring district are much more likely to reject transfer applicants” (p. 23). Carlson and Lavertu (2017) found a similar phenomenon occurring in Ohio. As mentioned above, Ohio’s biggest inner cities are bordered by districts that “enroll far fewer minority youngsters” and that do not participate in open enrollment (p. 2). The authors note that these non-participating suburban districts may lack capacity, but they “cannot avoid suspecting that a form of exclusion is also at work” (p. 2). The result of this practice in Ohio is that “urban, minority students—those whom [*sic*] data indicate benefit the most from open enrollment—have the fewest open enrollment options” (p. 3).

### **Effects on Sending Districts**

Open enrollment has a positive effect on student performance in sending districts. Armor and Peiser (1997) studied the effects of a Massachusetts statewide inter-district choice program implemented in 1991. They found that Massachusetts’ program improved schools in both sending and receiving districts. They further found that districts that had a substantial fraction of their students transfer out responded by changing their program offerings and increasing promotion of these programs, which caused them to significantly reduce the number of students transferring out. Districts experiencing a smaller fraction of student losses due to open enrollment did not experience significant adverse effects and, thus, did not change their programs. Sending districts that experienced adverse enrollment effects but did not make any adjustments continued to lose students to open enrollment. Net receiving districts reported positive effects in a number of areas.

The findings of more recent studies indicate the experience in Massachusetts is not unique. Most sending districts in California’s “District of Choice” program improved their

## **The result of this practice in Ohio is that “urban, minority students—those whom [*sic*] data indicate benefit the most from open enrollment—have the fewest open enrollment options.”**

test scores over time and implemented new programs to appeal to resident students considering transferring out (Taylor, 2016). Petek (2021, p.2) noted that “home districts most affected by the program have made above-average gains in student achievement over the past several years, although the role of the program in these gains is difficult to determine.” In Wisconsin, districts that experienced a net loss in students due to the state’s open enrollment program had higher standardized test scores the following year, and those effects were strongest for districts with the highest percentages of student losses (Welsch & Zimmer, 2012). In Minnesota, a study found that student transfers out of a district cause a small but statistically significant increase in reading test scores (Babington & Welsch, 2017).

### **Student Transfer Policies of Other States**

Nearly every American state has some kind of open enrollment or transfer policy by which districts must abide (Erwin et al., 2022). However, these policies vary substantially in how much latitude they give school districts to accept or reject applicants and the degree to which they accommodate families. Compared to many other states, Texas takes a lenient stance toward districts, which will be discussed in greater detail in the next section.

Florida state law, § 1002.31, for example, requires inter-district open enrollment; every district must adopt and publish on its website an open enrollment process that, among other requirements, must allow parents to declare school preferences. Aside from a few exceptions, districts may not deny any student from enrolling in a school of their choice until the school has reached capacity. “Capacity” refers to the maximum class size specified in law and the state constitution. Determinations of maximum capacity must be current and on the schools’ websites. If more nonresident students apply for enrollment than there are seats available, districts must use a lottery to decide which students are admitted. All districts must establish a process for students to appeal a district’s denial of their application.

Inter-district open enrollment is also required in Delaware. Title 14, [§ 405](#), of the Delaware Code requires that each school district set application criteria and accept students until it reaches capacity; the state defines capacity and sets guidelines for prioritizing certain applicants when there are more applications than seats available.

Colorado Revised Statutes [§ 22-36-101](#) also requires inter-district open enrollment of all districts; however, districts are given discretion in determining which students to admit when there are more applications than seats available (e.g., lottery; first come, first served).

Accepting nonresident students is mandatory for Iowa school districts until they reach capacity; however, each district sets its own definition of capacity under [§ 282.18](#) of the Iowa Code (e.g., based on finances, available materials, a specified student-teacher ratio, etc.).

Under the Michigan Compiled Laws, [§ 388.1705](#), inter-district open enrollment in Michigan is voluntary for districts, and districts may limit the number of nonresident applicants they accept at their discretion; however, if a district decides to accept some nonresident students, it may not make decisions to accept or deny nonresident applicants based on a number of factors including academic ability, talent level, athletic ability, disability, religion, race, and more. The state of Michigan sets other specific requirements, including a requirement that if a district decides to accept some nonresident students, it must publish the grades and schools for which open enrollment is available. Districts that do not comply with these rules forfeit 5% of their total state aid allocation.

All of the states mentioned above make exceptions to their requirements in the case that a nonresident student must be denied enrollment in order to comply with a court-ordered desegregation plan.

## Open Enrollment and Transfers in Texas Today

### Existing Texas Statute

Texas school districts have broad discretion in evaluating, accepting, and even charging tuition to students who apply to transfer, especially for inter-district transfers. While autonomy for districts is high, transparency and accessibility for students can be low. As detailed below, non-discrimination policies are limited. Though TEA has a general requirement that districts post their policy manuals online ([TEA, n.d.-e, “Where can I view” question](#)), there are no specific posting requirements regarding transfer policies. State-level reports have until recently provided only the number of students who transfer and the districts to which

they transfer (some campus-level data is now reported; [TEA, n.d.-j](#)), which fulfills the necessity of tracking attendance and enrollment but leaves much unknown to policymakers and families.

The primary Texas statute governing student transfers is found in Subchapter B of Chapter 25, Texas Education Code. The summary below attempts to detail the statutory parameters of different kinds of student transfers, followed by a brief mention of the sports regulations addressing student transfers.

### *Intra-District Transfers*

For transfers within a district, the school board or the board's designee (often the superintendent) “may assign and transfer any student from one school facility or classroom to another within its jurisdiction” ([Tex. Educ. Code § 25.031a](#)). A decision to transfer a student may not consider a student's “national origin” or first language as a factor ([§ 25.032](#)). Parents may, via written petition, request a campus assignment or transfer or object to their student's campus assignment ([§ 25.033](#)). The board must act in response to a parent petition within 30 days of its submission and hold a hearing if requested. While the board is to grant the petition request unless they determine there is a “reasonable basis” for denial, the only recourse in case of a denial is an appeal to the U.S. Constitution, to be filed in the local county's district court ([§ 25.034](#)).

Special policies apply to students who have been victims or perpetrators of bullying or sexual assault and to the siblings of students with special needs who are assigned to a specific campus; in these cases, the petition process does not apply, and the district is not required to provide transportation ([Tex. Educ. Code §§ 25.0341–25.0343](#)).

### *Inter-District Transfers*

Student transfers between districts may be arranged either by districts themselves or between individual families and the receiving district. Boards of neighboring districts may arrange for students to be transferred from one district to another; in such cases funds must also be appropriately transferred, and, as with intra-district transfers, first language and national origin cannot be considered, and parent petitions must be entertained ([Tex. Educ. Code § 25.035](#)). Districts may also contract with other districts for education in grade levels the district does not offer; as in the previous case, fund transfers or payments of some kind are required ([§ 25.039](#)). Any student may transfer annually to another district if the receiving district and parent agree to it in writing; that agreement must be filed and preserved for audit purposes ([§ 25.036](#)), but there is no reporting requirement.

Special policies apply to students who live on state borders and wish to attend school in a bordering state ([Tex. Educ. Code § 25.040](#)) and students who reside in state-supported living centers or Texas Juvenile Justice Department facilities because of parent employment at the center or facility ([§§ 25.041, 25.042](#)). A student whose district of residence provides notice of intent to only provide instruction virtually for more than one grading period in the school year may, for that school year, transfer tuition-free to another district that is offering in-person instruction and is willing to accept the transfer ([§ 25.045](#)).

Districts receiving inter-district transfer students may charge tuition, either to individual students or to districts with which they have an agreement (the case immediately above and the PEG program below are the two exceptions). From the date of an individual student's transfer, the receiving district is allowed to count that student for the purposes of school formula funding; the student's district of residence counts that student before the date of transfer but not beyond ([Tex. Educ. Code § 25.037](#)). Any difference between the receiving school district's actual expenditure per student and state funding provided by the Available School Fund (ASF) and Foundation School Program (FSP) may be charged to the student. Actual expenditure per student is determined by the school board ([§ 25.038](#)). In the case of districts contracting to provide specific grade levels,

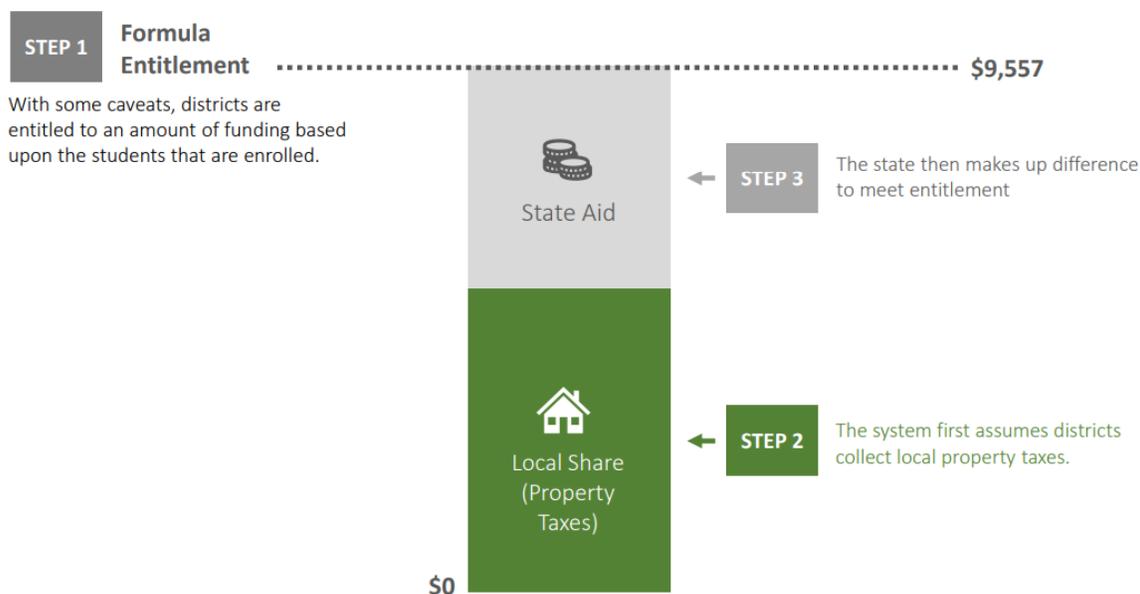
the same amount or another set by commissioner rule may be charged to the district of residence ([Tex. Educ. Code § 25.039](#); [19 Tex. Admin. Code § 61.1012](#)).

Recall that local funding, not state funding, is the first component considered in school finance revenue (see **Figure 1**; [TEA, 2019](#)). Some districts rely heavily on state dollars to make up their entitlements, though even many of those have local funds and bonds that will impact their actual expenditure per student. In districts that receive less state revenue because of higher local property tax revenue, there will be a larger difference between state aid and actual expenditures on each transfer student. The potential difference can result in tuition fees of thousands of dollars ([Lovejoy ISD, n.d.-a](#)).

**PEG and Recapture**

The Public Education Grant (PEG) program creates specific parameters for students wishing to transfer to another campus from a campus that has earned failing accountability ratings from the state ([Tex. Educ. Code § 29.202](#)). A student assigned to such a campus may apply to transfer to another campus within their district of residence or to a campus in another district ([§ 29.201](#)). If the student transfers to another district, that district receives additional funding at 10% of the basic allotment (the base funding per student in the state school finance formulas; ([§ 48.107](#)))

**Figure 1**  
*Structure of Texas School Finance*



\*The entitlement value of \$9,557 is the average of all districts M&O Tier I & Tier II funding entitlement in 2019-2020.

Note. Figure taken from *HB 3 in 30: Recapture*, Texas Education Agency, 2019, p. 9 (<https://tea.texas.gov/sites/default/files/HB3-Video-Series-Recapture.pdf>).

and may be eligible for additional state aid for enrichment funding or facilities (§ 29.203).

District admissions of PEG student transfers have more non-discrimination requirements: In addition to language proficiency and race/ethnicity, districts are also prohibited from considering “academic achievement, athletic abilities ... sex, or socioeconomic status” (Tex. Educ. Code § 29.203(d)). Notably, a district may not charge tuition to a PEG transfer student (§ 29.203(e)). However, districts may also choose not to accept PEG transfers at all (TEA, n.d.-d, question 42).

Certain districts that collect revenue higher than their entitlement are required to reduce their excess local revenue —often referred to as “recapture” (see Figure 2; TEA, 2019). Several of the ways districts can choose to comply with the requirement to reduce excess local revenue include educating nonresident students without charging tuition. The school board may agree with another district or districts to educate a number of students or to provide an area career and technology education program serving multiple districts (Tex. Educ. Code §§ 49.201, 49.205). A recapture district may also reduce local revenue by educating individually applying transfer students and not charging tuition; in this case, no agreement with other districts is necessary, though the district must certify to the commissioner of education that it has not charged the transferring students

(§ 49.204). These options allow a recapture district to keep more local dollars in the district, as those funds remain under district control to support district programs which serve additional students.

**Sports**

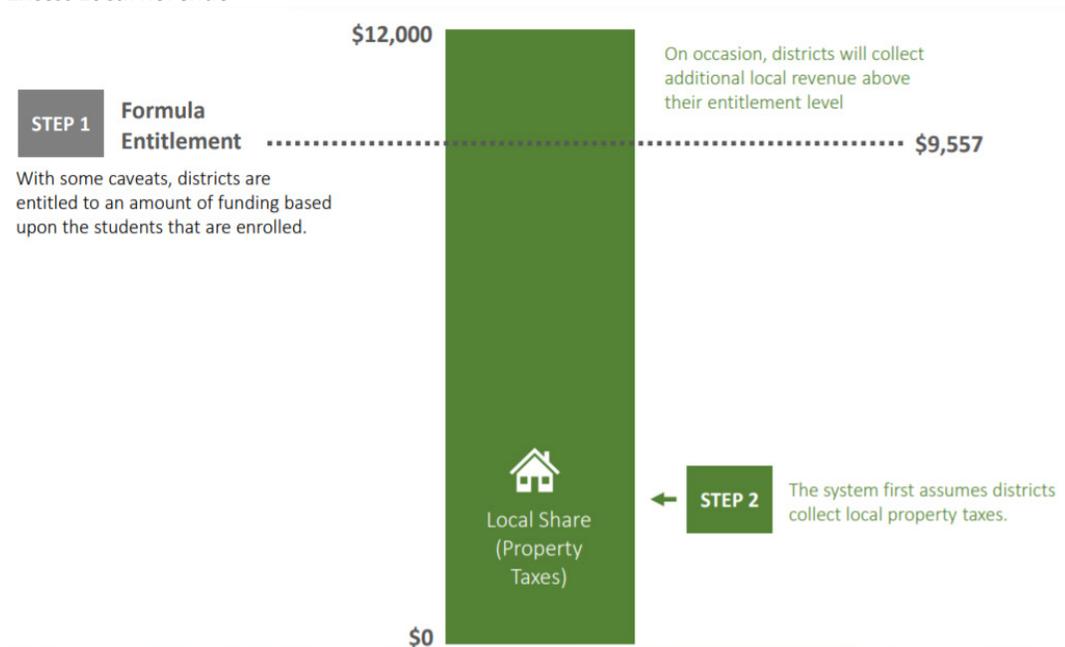
Though not included in Texas statute, the University Interscholastic League (UIL) has created residency rules (UIL, 2021b, Subchapter M) governing student participation in UIL sports. These apply to transfer students of all forms discussed above. In sum, “All students, including 18 year old students, are ineligible for all varsity athletics the first year of attendance at a new school unless the student’s parents reside within that attendance zone” or other exception criteria are met (UIL, 2021a, p. 9).

**Analysis of Inter-District Transfers**

The staff of the Texas Public Policy Foundation and Reason Foundation used available state data to create a baseline understanding of Texas student transfers. Because state transfer reports only addressed the movement of students between districts (as opposed to between campuses or within districts) at the time of collection, this research examines only the movement of students using inter-district transfers.

Since then, TEA (n.d.-j) has begun reporting campus-to-campus student movement, with data now available for the 2020–21 and 2021–22 school years. This development

**Figure 2**  
Excess Local Revenue

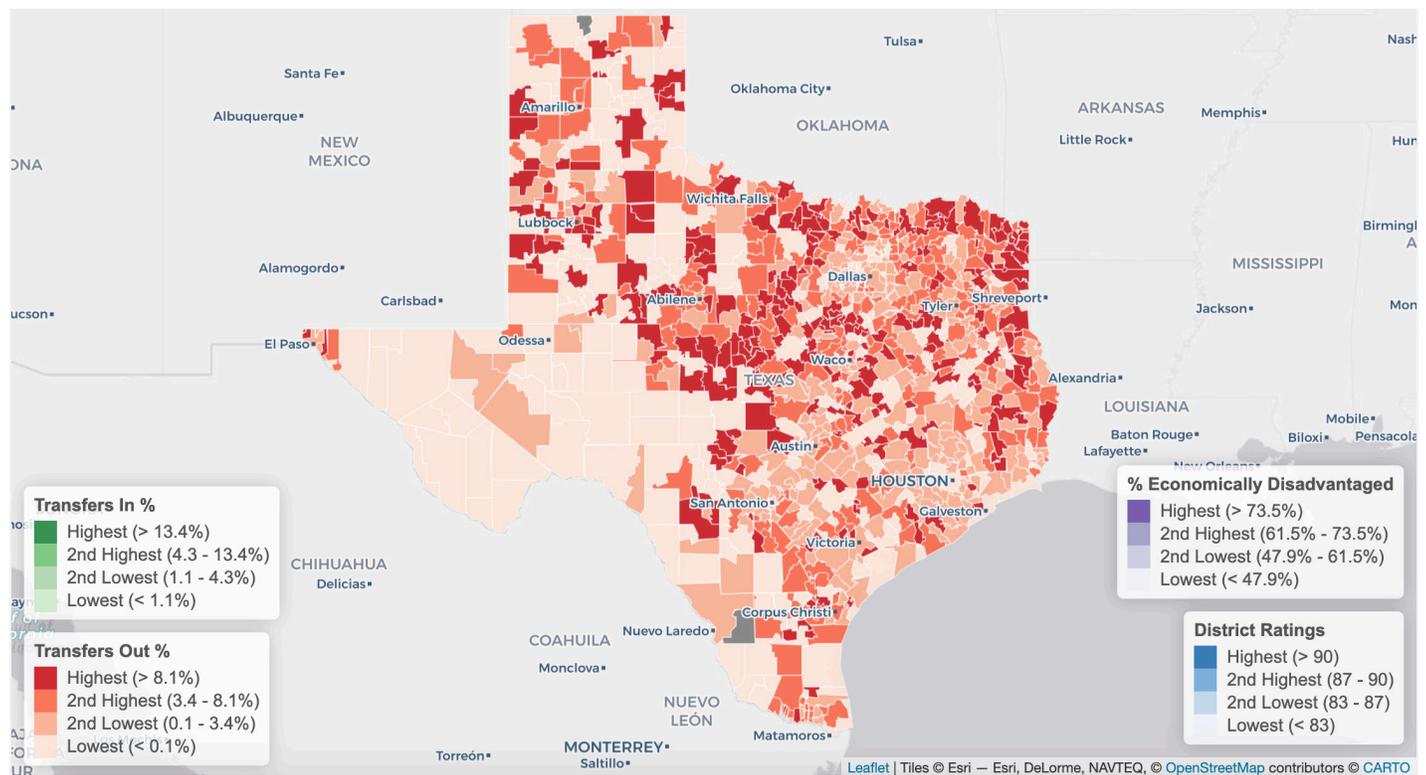


Note. Figure taken from *HB 3 in 30: Recapture*, Texas Education Agency, 2019, p. 10 (<https://tea.texas.gov/sites/default/files/HB3-Video-Series-Recapture.pdf>).



**Figure 4**

*Students Who Have Transferred out of a Texas District to Another District, as a Ratio to Total Enrollment (2018–19 School Year)*



About 2.6% of Texas' 5.4 million public school students—more than 143,000 in total—attended traditional public schools outside of their home district in 2018–19.<sup>2</sup> For comparison to states with more robust open enrollment landscapes:

- Approximately 6% of students in Colorado ([Ragland & Hulse, 2018, p. 6](#)) take advantage of inter-district transfer opportunities. About 6,000 of Colorado's 49,800 inter-district transfer students are enrolled in multi-district online schools.
- Nearly 7% of students in Indiana ([Indiana Department of Education, 2020](#)) take advantage of inter-district transfer opportunities.
- In Florida, which has large countywide districts, about 9.6% of students use either intra-district transfer or inter-district transfer options (Florida Department of Education, Public Information Request, July 2019).

As is the case in most states, Texas has had limited reporting on open enrollment trends, but the existing data

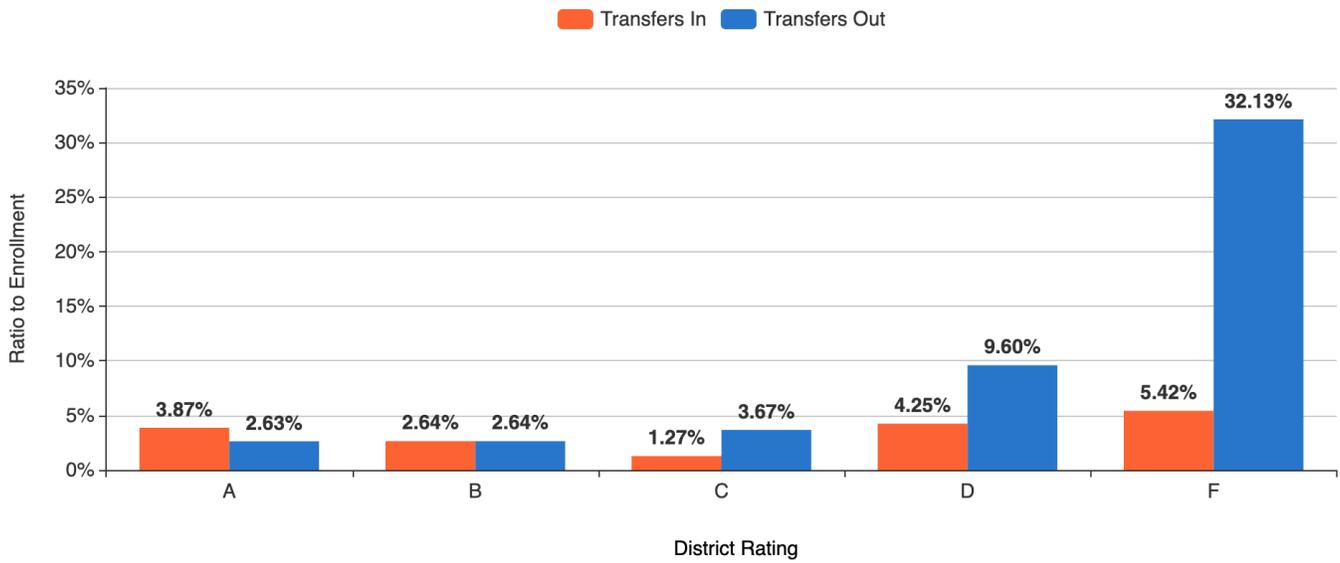
provide valuable insight while underscoring the need for additional research and transparency.

Analysis of inter-district transfer data reveals that state accountability ratings and districts' populations of economically disadvantaged students are two variables associated with inter-district transfers in Texas ([Campbell, n.d.](#)). Using student transfer counts as a share of districts' total enrollment (i.e., transfer ratio), it is evident that students tend to leave lower-performing districts—and stay at high-performing districts—at greater rates, as illustrated by **Figure 5**. For example, a higher proportion of students transfer into rather than out of A-rated districts while the inverse is true for districts rated C, D, and F. **Figure 6** summarizes these transfer flows by student count. While the largest number of students transfer across B-rated districts—62,693—about 31,325 transfer into A-rated districts from lower-rated districts (i.e., B, C, D, and F districts), with nearly 44,808 students overall transferring into higher-performing districts.<sup>3</sup>

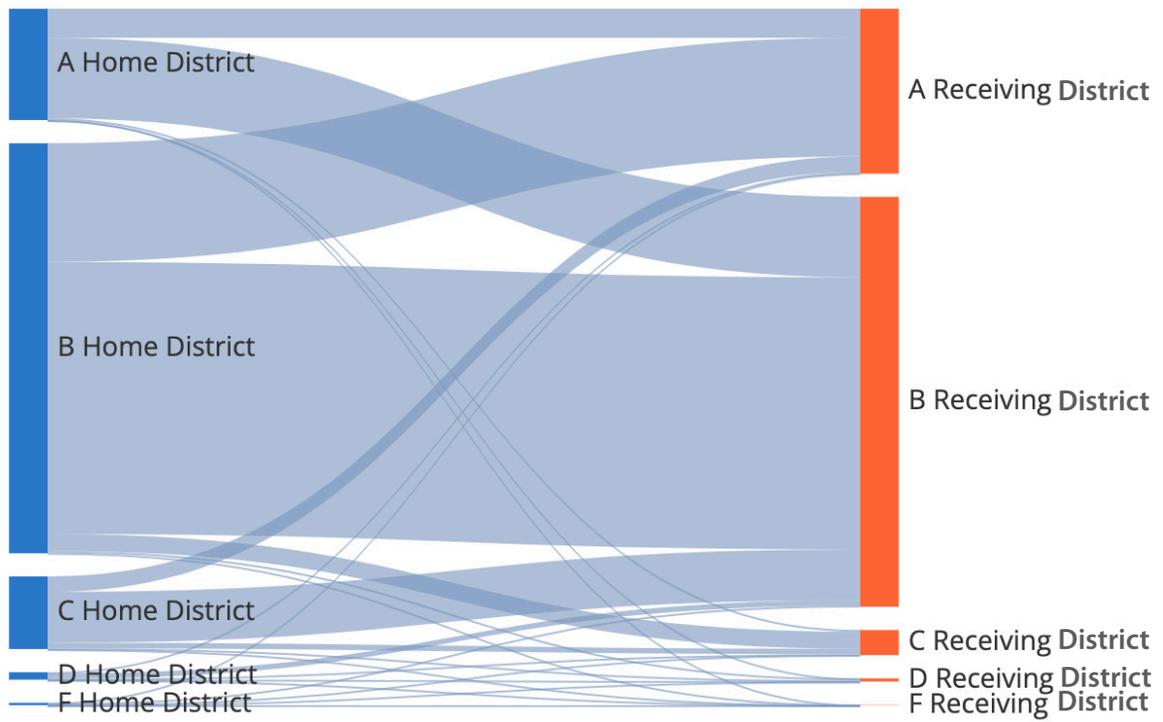
<sup>2</sup> As noted previously, this figure is understated due to masking of numbers for student privacy.

<sup>3</sup> As noted previously, the analysis excludes a relatively small number of unrated districts and those with data integrity issues.

**Figure 5**  
*Texas Overall Transfer Ratios by District Accountability Rating*



**Figure 6**  
*Texas Student Transfer Flows by District Accountability Rating*



The observed link between state accountability ratings and transfer patterns is consistent with research of open enrollment policies in other states. For example, a study of districts in Minnesota and Colorado by Carlson et al. (2011) found evidence that academic quality is the largest determinant of transfer flows and that low-achieving districts lose students at disproportionately higher rates and tend to receive fewer transfer students. Recall that similar trends were also observed in a separate study of Colorado districts by Ragland and Hulse (2018), and Reback (2008) found that in Minnesota student achievement levels were the strongest predictors of transfer demand. Finally, an analysis by Nastasi (2020) found that in Florida more than two thirds of transfer students are enrolled in districts with graduation rates above the state mean, and more than 90% attend A- or B-rated school districts.

Additionally, a statistically significant relationship is also observed between student transfers out and economic disadvantage, as displayed in **Figure 7**. Notably, districts with the greatest shares of economically disadvantaged students (i.e., quartile 3 and quartile 4 districts below) have higher transfer-out ratios, as students are leaving more economically disadvantaged districts at higher rates. This relationship is further illustrated in **Figure 8**, which shows that 57,165 students—accounting for nearly 40% of all inter-district transfers in Texas—leave the state's most economically disadvantaged districts.<sup>4</sup>

Importantly, our analysis shows that this relationship does not extend to students transferring into a district. In other words, districts with smaller shares of economically disadvantaged students (i.e., quartile 1 and quartile 2 districts) are not more likely to accept transfer students than districts with greater shares of economically disadvantaged students. As discussed earlier, research indicates that student demographics can play a role in districts' decisions to enroll transfer students. Recall Carlson and Lavertu's finding (2017) that non-participating districts in Ohio are more affluent than participating districts and are disproportionately clustered on the borders of the state's "Big 8" districts, which have larger shares of low-income students; Reback's Minnesota study (2008) also concluded that, "given similar levels of demand, districts with substantially greater test scores and socioeconomic characteristics than a neighboring district are much more likely to reject transfer applicants" (p. 23).

When drilling down into district-level transfer data, the rates at which districts enroll and lose transfer students are

highly varied. For example, about 10.3% of Grand Prairie ISD's 29,200 enrolled students and 18.5% of Deer Park ISD's 12,938 enrolled students come from outside of their boundaries, while districts such as La Porte ISD and Hillsboro ISD each have transfers-out ratios of about 14%. And although some districts have large net enrollment gains or losses to open enrollment—for example, the C-rated Nacogdoches ISD lost the equivalent of 11.7% of its 6,249 students in 2018–19 while reporting no transfer students whatsoever—many districts across the state, such as Amarillo ISD and Wolfe City ISD, see comparable numbers of students both entering and leaving their schools in the same year. Many of the districts with the highest percentages of their student enrollment transferring-in are rural; this is a function of their smaller populations, but it also means that transferring students are sustaining enrollment levels in some sought-after rural districts. Comstock ISD, for example, owes 80% of its 199-student enrollment to transferring students. Finally, it is also notable that some high-performing districts in affluent communities do not enroll any transfer students at all. For instance, Highland Park ISD, an A-rated district of 6,840 that is located directly inside of Dallas ISD and has no low-income students, reported zero incoming transfers in 2018–19.

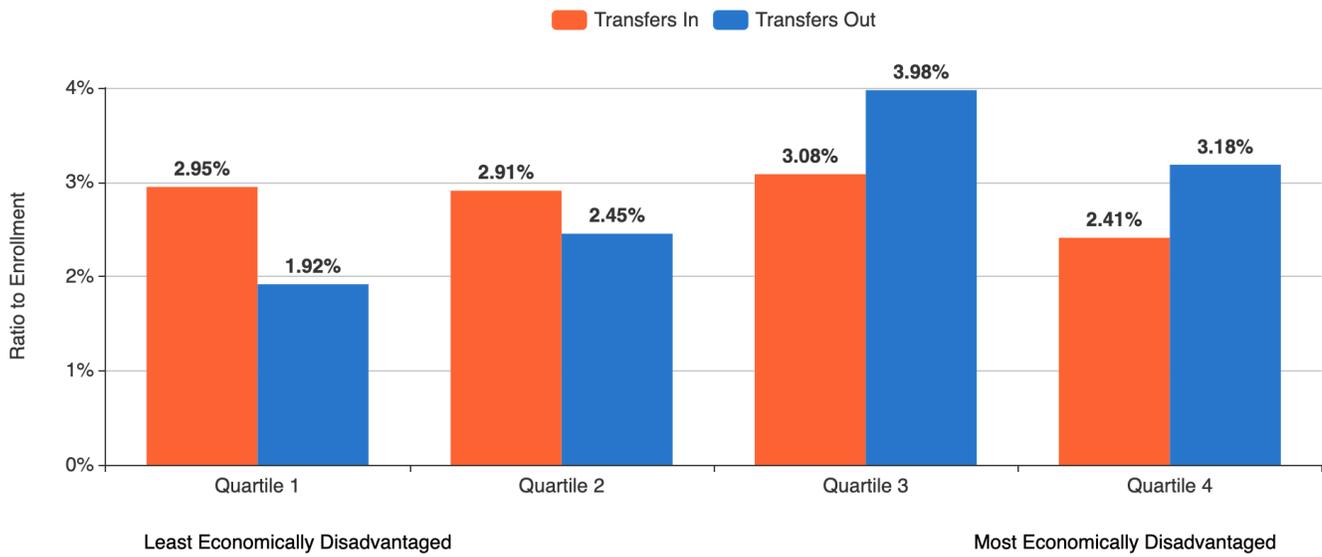
To be sure, analyzing Texas' available transfer data likely raises just as many questions as it answers. For example, what is the demographic makeup of the families who are benefiting from open enrollment? After all, it is important to know whether historically disadvantaged students—including special education, English-language learners, and low-income students—are afforded the same opportunities as their peers. Moreover, it is important to know why families choose districts outside of their residentially assigned boundaries: This information can help school leaders and policymakers better understand how to more effectively meet the demands of diverse student populations.

It is also unclear from available data whether the high-performing districts that take on few, if any, transfer students, have open seats to offer students in surrounding communities. In other words, is a lack of capacity the only reason for districts not allowing transfer students to enroll? This question is especially critical since the data presented above, combined with other research, indicate that affluent districts are inaccessible to students in surrounding districts.

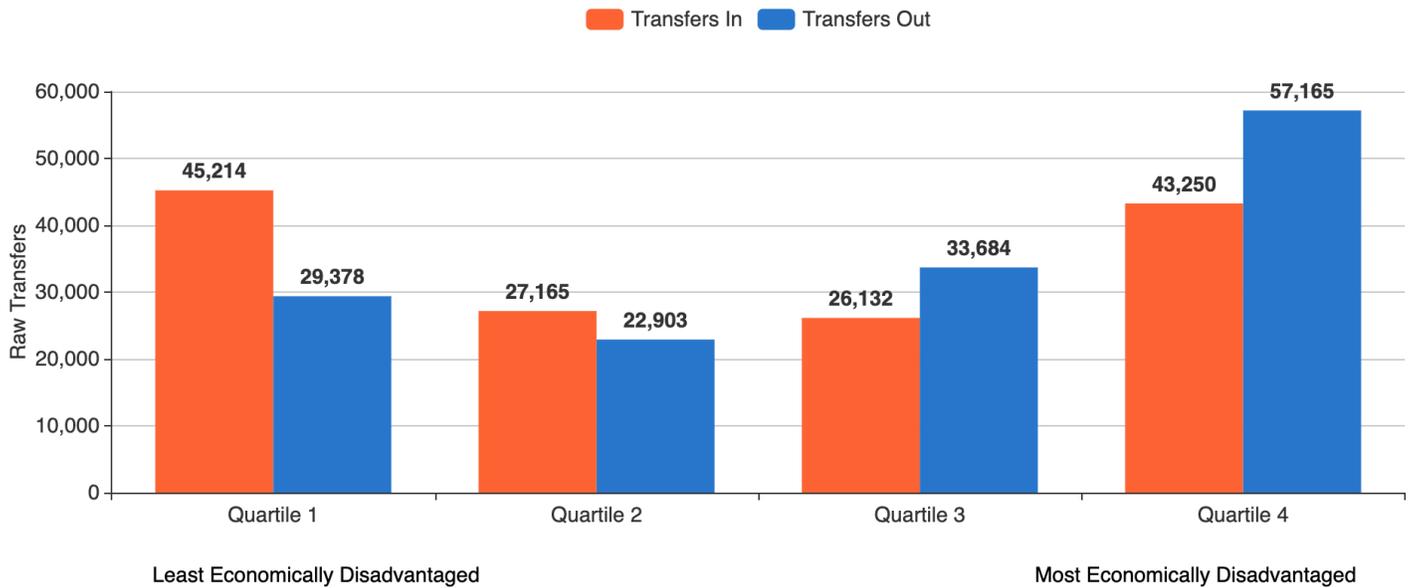
Finally, it has not been possible to know from publicly available data which specific schools students are transferring to or from. This has been a critical blind spot because some

<sup>4</sup> A student is considered economically disadvantaged if they are eligible for public assistance, primarily free or reduced-price meals under the National School Lunch Program. For this analysis, districts were sorted into quartiles based on the share of their enrolled students who were economically disadvantaged.

**Figure 7**  
Texas District Transfer Ratio by Quartile of Economically Disadvantaged Students



**Figure 8**  
Texas District Transfer Counts by Quartile of Economically Disadvantage Students



districts, such as the B-rated Houston ISD, have a mix of higher- and lower-performing schools, and limiting analysis to the district level fails to capture key information that would help state leaders understand the decisions of families across the state. It is encouraging that recent reporting changes from TEA ([n.d.-j](#)) may now enable this sort of insight—such reporting should be continued and incorporated into state decision making.

### Obstacles to Student Transfers in Texas Transparency

As stated above, much remains unknown about open enrollment and student transfers based on available data. Student demographics, for instance, and district policies and capacity pose continuing questions. The lack of transparency on these topics could be hiding serious inequities.

Data on student demographics is paramount to understanding which students benefit from open enrollment.

For example, district data analyzed above indicates that students are leaving lower-income districts at higher rates, but the income levels of the leaving students are unknown. Making anonymized demographic data publicly available would help determine whether low-income students and other historically disadvantaged students are served by the current open enrollment system and, if they are not, what changes should be made. Transparency is also important at the district level, specifically regarding districts' policies for determining which nonresident students to accept and districts' capacity levels. If this information were publicly available, lawmakers could identify district policies that unintentionally (or intentionally) result in less access for some students than for others and craft state policy accordingly. There is no state requirement, for instance, for record-keeping of whether and how districts accept and deny transfer requests; only the written agreements with accepted families are required to be retained.

But information on student transfers in Texas is not opaque only to policymakers. The state's approach to open enrollment cannot be called family-friendly. While individual districts indeed attempt to make intra-district and even inter-district transfers available and easy for the families they serve, this approach is not the norm. Though some districts post their transfer policies prominently and thoroughly, for instance, others make no mention of their approach. There is no central resource a family can refer to if they are searching for local opportunities. Searching for transfer opportunities is a district-by-district research endeavor.

Consider Education Service Region 10 as a regional case study. Region 10 serves 80 ISDs and encompasses 10 counties in North Texas, with its central headquarters housed in Richardson, north of Dallas ([Region 10 ESC, n.d.](#)). The region contains both large and small districts, including Dallas ISD (the second largest district in the state) as well as districts like Dodd City ISD (a single-campus district). The region also houses districts known for their unique transfer policies: Grand Prairie and Garland ISDs, mentioned earlier as leading districts in accommodating student transfers, and Lovejoy ISD, known for its tuition charged to inter-district transfer students (see "Tuition" below).

In advance of the spring 2022 semester, the Texas Public Policy Foundation conducted an online search for publicly available information regarding each of the region's ISD's transfer policies. Searches on district websites often required navigating through multiple pages to find the appropriate information. Of the region's 80 districts, 65

have some sort of posted policy for either intra-district or inter-district transfers; 15 have no posting whatsoever. Of the 65 with a posted policy, 11 explicitly do not accept general transfer students; however, 5 of those 11 allow exceptions for children of district employees, and 3 others allow exceptions for rare extenuating circumstances. Of the 65 with a posted policy, 54 allow the general student to apply to transfer, though those districts vary further in whether they accept intra-district, inter-district transfers, or both. Only 11 districts are open to both intra- and inter-district transfers. Ten are open only to intra-district transfers, and 14 are open only to inter-district transfers.<sup>5</sup>

Of the 54 districts that accept intra- or inter-district transfer applications (or both) from the general student, at least 22 consider the attendance record and the disciplinary history of applicants when deciding whether or not to accept them. At least 34 consider an applicant's academic achievement when reviewing their application; for example, many require satisfactory scores on state standardized tests or that students must have passed all courses in recent years. At least eight require transfer students to pay tuition.

An online forum catering to mothers in Plano, Texas, devoted an article to transferring schools within the district, noting that transfer window dates varied annually and recommending that parents be prepared at their computers before 6:30 am on "Transfer Day" ([Plano Moms, n.d.](#)).

Finding the available options in one district could well be a project; identifying options over multiple districts entails a laborious pursuit. Under our current system, finding available options is likely a barrier to entry for many families, particularly low-income families.

Indeed, DeRoche (2020) has noted that in some areas, helping parents navigate their school options is a "cottage industry" (p. 93). Consultants in cities such as Chicago, Los Angeles, and New York City offer calls, presentations, and other resources to interested families who can afford their services ([Chicago School GPS, n.d.](#); [GoMamaGuide, n.d.](#); [School Search NYC, n.d.](#); [NYC School Help, n.d.](#)).

In Texas, at least one nonprofit, Families Empowered, helps families in Houston, Austin, San Antonio, and Tarrant County navigate their school options no matter their income level or English proficiency ([Families Empowered, n.d.](#)). They provide personal support to families in English and Spanish via phone, text, or email. Another nonprofit, Children at Risk, also has written resources intended to assist families in engaging with and selecting schools. In

<sup>5</sup> The remaining 19 are smaller districts with a single campus per grade band; though they accept inter-district transfers, they are incapable of allowing intra-district transfers.

2018, they published city-specific guides to the schools in the Dallas, Fort Worth, and Houston metropolitan areas, with information about transfer options and application periods ([Texas School Guide, n.d.](#)). These organizations' efforts can serve as examples as Texas works to create a more transparent open enrollment environment.

This haphazard landscape bears special relevance in a time marked by the upheaval of a pandemic. As districts have closed and opened campuses over the past two years, families have expressed interest in more options from their districts. One national poll showed two thirds of parents agreeing that schools should offer more than one approach to K–12 education in the fall of 2020 ([Morning Consult, 2020, p.13](#)). The same poll also found that 22% of parents had shifted school types for the 2020–21 school year, with 27% of K–4 parents having shifted school types (note that this only measures shifts from one school sector to another, such as public district school to home school or vice versa, not shifts within school sectors; [pp. 17–19](#)).

Such a move may not always be voluntary: In October 2020, families in Blanco ISD found themselves with four business days to find an alternative after the ISD decided to end its virtual education program. One mother's quote echoes the experience indicated by the region case study above: "I had to take four days off of work. I called around to other school districts; I looked online. I looked at curriculum" ([Rahman, 2020](#)). A few days after this incident, TEA guidance for the 2020–21 school year was updated to require districts to both give a 14-day notice to parents if a remote program of instruction would be discontinued and inform parents of their ability to transfer to another school system ([TEA, 2021, p. 19](#)). Multiple other districts closed their virtual programs during the same semester, leaving families to decide whether to return to campus, pursue a private option mid-semester, or find another district offering virtual instruction which would accept transfers ([Webb, 2020](#)).

A small but growing number of districts voluntarily focus on these processes and other reforms as part of the System of Great Schools initiative ([TEA, n.d.-i](#)). San Antonio ISD ([n.d.](#)) is one such district; it has opened many choice and magnet schools that serve students across the county and its surrounding areas, and it provides transportation to all of them. Since joining the System of Great Schools Network and increasing school options for families, San Antonio ISD has improved its students' academic achievement significantly ([TEA, n.d.-b](#)).

Navigating transfer options appears to be a daunting task for parents. Admissions policies are individual to districts and often selective, and information on policies of districts

a family might be able to access is diffused across multiple websites, if readily available at all. The COVID-19 pandemic has in some ways made using the transfer process more complex and, in other ways, even more necessary.

## Transportation

Transportation can cause additional barriers to Texas students who wish to consider transferring schools or districts. Offering transportation to students outside the district is at the discretion of the receiving district ([Tex. Educ. Code § 34.007](#)). Indeed, offering transportation within the district is also at the district's discretion, though a state allotment exists to support districts that choose to offer it. For families who have limited or perhaps unsafe means of transportation, a few miles can become a significant barrier. This alone could leave a desired school out of reach.

However, until recently, even districts that chose to offer this service to transfer students could face obstacles if that service extended into those students' districts of residence.

Prior to the 87th Legislature, [Texas Education Code § 34.007](#) stipulated that:

(a) *A board of county school trustees or a school district board of trustees may establish and operate an economical public school transportation system:*

(1) *in the county or district, as applicable; or*

(2) *outside the county or district, as applicable, if the county or school district enters into an interlocal contract as provided by Chapter 791, Government Code.*

A 2017 attorney general opinion, requested by the Coryell County district attorney regarding two ISDs in his county, indicated that the state's authorization to operate a system of transportation was limited to the confines of a district's borders except in the presence of an interlocal agreement ([Paxton, 2017](#)). The TEA, recognizing a conflict between this transportation statute and the authorization of any student to transfer if the receiving district and parent agree in writing ([Tex. Educ. Code § 25.036](#)), created a waiver process. The waivers allowed districts without an interlocal contract to provide transportation for their transferring students if specific district performance, admission policy, and procedure requirements were met ([TEA, n.d.-h, p. 29](#)).

More than one bill since 2017 have attempted to resolve this conflict ([SB 926, 2019](#); [SB 204, 2021](#)). The 87th Legislature's SB 204, authored by Sen. Charles Schwertner and sponsored by Rep. Dan Huberty, was ultimately successful and became effective June 1, 2021. The bill added to code language substantially reflecting the TEA waiver requirements.

Under the bill, a district may transport students outside the district's boundaries if the receiving district has:

- an overall performance rating of C or higher,
- an overall accountability score of 70 or higher,
- the same or better A–F rating than the sending district, and
- a policy prohibiting screening transfer applications by academic performance, disciplinary history, or attendance record.

Although current statute does not prohibit districts from screening students based on academics, discipline, or attendance ([Tex. Educ. Code § 25.035](#)), this recent addition to the inter-district transportation statute applies only to districts that do not screen for those considerations. Including such a requirement in the transportation statute was one step to ensure districts do not use unequal admission standards and to ensure open enrollment programs are open to higher-needs students. SB 204 eliminated an obvious barrier to transporting transfer students and made progress toward a more truly open enrollment system.

In addition, while SB 204 finally provides an avenue for districts to arrange transportation for nonresident students who need it, it also highlights the need for better transfer data. Though obviously intended to ensure that there is an academic benefit to the students served under this section of code, the district-level performance requirements do not consider that some students may prefer to attend a campus in another district for reasons other than district accountability ratings. They also cannot account for campus-specific factors that may have a bearing on student cases; for instance, Houston ISD, as mentioned above, has an overall rating of B and includes a mix of higher- and lower-performing campuses. A student could be attending a D-rated campus in a B-rated district and wish to attend an A or B-rated campus in a C-rated district. Under current law, districts may admit such a student but cannot provide such a student with transportation. This addition to the code would not resolve the statutory conflict over transportation needs for such a student. This situation shows again the importance of reporting campus-level data and the potential of new TEA ([n.d.-j](#)) reporting practices to better inform state decision making.

Transportation remains a regular challenge for student transfers, as research repeatedly indicates ([Lavery & Carlson, 2014](#); [Ragland & Hulse, 2018](#); [Hatch, 2018](#)). It is still a Texas district's prerogative to choose whether to

provide transferring students (or most resident students) transportation. Additional solutions could accommodate broader access, especially to lower-income families. Colorado has created a “transportation token” program to support students transferring from underperforming schools ([Colo. Rev. Stat. § 22-1-122](#)). Connecticut provides state grants to allow districts or regional education centers to transport nonresident students ([CT Gen. Stat. § 10-266aa](#)). In 2021, Arizona debuted an intriguing pilot program aimed at modernizing student transportation in general: Local entities are invited to submit proposals for efficient or innovative transportation solutions developed to meet local circumstances ([Ladner, 2021](#)). Texas could draw from these states' examples to develop better transportation access for all students.

### Tuition

Districts are authorized, by [Texas Education Code § 25.038](#), to charge tuition in specific transfer circumstances. (Recall that districts may charge an amount reflecting the difference between their actual expenditure per student in average daily attendance and the state aid they receive for a student.) Though state funding does transfer with the student from their district of residence, the charging of tuition reflects that district revenues per student do not remain the same across district lines. District tax rates, revenues received from those rates, and bond programs (if they have them) all vary.

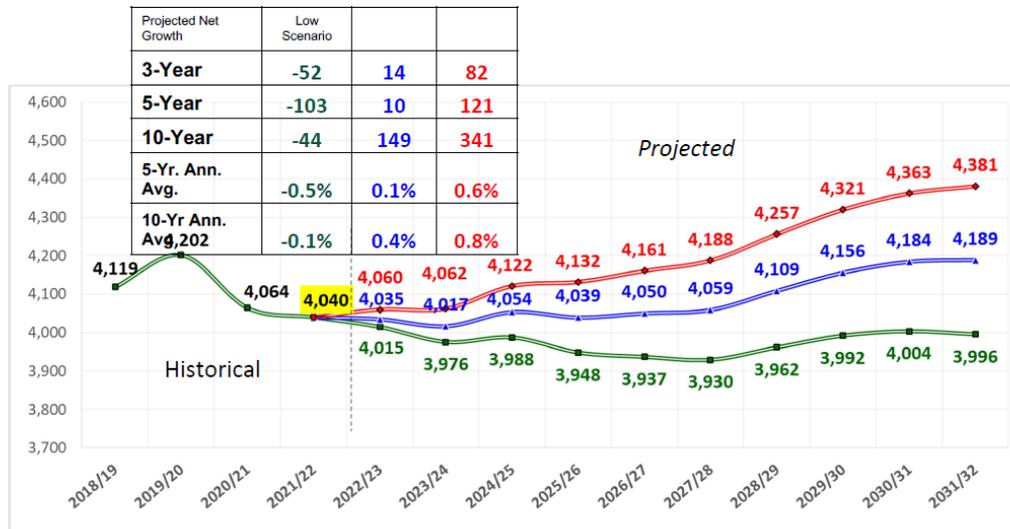
Data on tuition charged is difficult to find. Tuition rates can and do vary from district to district based on relative funding levels per student. The amount of tuition set by a district is up to the school board's determination ([Tex. Educ. Code § 25.038](#)). State statute requires only that the district keep a copy of the transfer contract with the student, to be produced in case of state audit ([Tex. Educ. Code § 25.036](#)).

The state does provide a “Tuition Limit Report” to determine the maximum tuition rate that the state will sponsor for each district should they contract with another district to provide needed grade levels ([TEA, n.d.-f](#); [Tex. Educ. Code § 25.039](#); [Tex. Educ. Code § 48.154](#)), but this applies only to such a district-to-district arrangement, and even these districts can agree to an amount higher than the state-guaranteed level ([Texas Admin. Code § 61.1012\(b\)](#)). The state does not collect information on district tuition rates; this is consistent with the absence of any state reporting requirement for student tuition charged.

One known district example is Lovejoy ISD. Located in Collin County near Allen, Texas, and enrolling 4,192 students in 2020–21 ([TXschools.gov, n.d.-a](#)), Lovejoy ISD has

**Figure 9**  
District Enrollment Projections, Lovejoy ISD

## District Enrollment Projections Resident Students Only



Note. Figure taken from item 13 (2<sup>nd</sup> listed attachment) of March 28, 2022 at 6:00 PM – Regular Meeting, Lovejoy ISD, 2022 (<https://meetings.boardbook.org/Public/Agenda/856?meeting=523653>).

historically received the highest rating in all accountability categories, and all six of its campuses are also typically highly rated. In 2020–21, 35 students transferred out of the district, and 387 (almost 10% of that year’s enrollment) transferred in (TEA, n.d.-j). Lovejoy ISD transfer tuition rates were listed for the 2019–20 school year as \$10,000 for grades K–4, \$12,000 for grades 5–8, and \$14,000 for grades 9–12. Half or full payment was due before the first day of class, and tuition was non-refundable after the first day of attendance; student’s transfers could be revoked for several listed reasons (Lovejoy ISD, n.d.-a). These rates were at or above the current reported average private school tuition in Texas, estimated by Private School Review (n.d.) at just over \$10,000 per year in 2022.

For the 2021–22 school year, Lovejoy ISD stopped charging transfer students tuition (Lovejoy ISD, n.d.-b). This is because the school board, when setting its budget in early spring of 2021, incorrectly predicted the Texas Legislature was going to remove the prerogative of school districts to charge transfer students tuition (Lovejoy ISD, n.d.-c). Lovejoy ISD set its budget accordingly: The district still accepted transfer students, did not charge tuition, and capped the number of transfer students it accepted at 350.

When the Legislature did not take the expected action, Lovejoy ISD reversed course. In March 2022, the board

voted to reinstate tuition, including for existing transfer students. New transfer students will be charged \$9,000 in tuition for the 2022–23 school year and returning transfer students and their siblings will be charged \$4,000 (Lovejoy Board Meetings, 2022b, 1:38:30).

This decision was made over the appeals of transfer families, particularly families who had made the decision to transfer under the previous year’s no-tuition policy. Parents highlighted to the board the implications of such a dramatic shift to transferring families’ budgets and the impact on the students for whom the tuition will be unaffordable, especially coming so quickly after having uprooted from another district (Lovejoy Board Meetings, 2022a, 0:0:40).

Presentations created by district staff highlight several district circumstances of note:

- Transfer students, naturally, are projected to boost district enrollment growth. Residential enrollment alone is projected to take a decade to return to its most recent peak during the 2019–20 school year (see Figure 9). This informs the district decision to keep accepting transfers even when they assumed they would no longer be able to charge tuition—transfer students still bring in full state funds and fill seats even if they are not paying additional tuition.

**Figure 10**

Projected 2022–23 Tuition Revenue, Lovejoy ISD

**2022-2023 Lovejoy Scholar Tuition Financial Scenarios**  
**(Additional Funding Total @ \$9,000 Fee for New Scholars)**

	New Scholars (% of current enrollment of 279)			
	Likely Scenario	10%	15%	20%
New Scholars	17	28	42	56
\$ 7,000	\$ 119,000	\$ 195,300	\$ 292,950	\$ 390,600
\$ 8,000	\$ 136,000	\$ 223,200	\$ 334,800	\$ 446,400
\$ 9,000	\$ <b>153,000</b>	\$ <b>251,100</b>	\$ <b>376,650</b>	\$ <b>502,200</b>
\$ 10,000	\$ 170,000	\$ 279,000	\$ 418,500	\$ 558,000
\$ 11,000	\$ 187,000	\$ 306,900	\$ 460,350	\$ 613,800
<b>State Funding at 96%</b>	\$ <b>117,504</b>	\$ <b>192,845</b>	\$ <b>289,267</b>	\$ <b>385,690</b>
<b>Total Funding</b>	\$ 270,504	\$ 443,945	\$ 665,917	\$ 887,890

This chart represents the financial implications of adding **NEW** Lovejoy scholars based on the stated percentages of our current Lovejoy scholars and implementing an annual fee ranging from \$7-\$11K. The likely scenario is applying an 8.3% Compounded Annual Growth Rate (CAGR) from the years Lovejoy scholars paid an annual fee, 2016 to 2021, to 75% of our current starting point.

Note. Figure taken from item 13 (2<sup>nd</sup> listed attachment) of *March 28, 2022 at 6:00 PM – Regular Meeting*, Lovejoy ISD, 2022 (<https://meetings.boardbook.org/Public/Agenda/856?meeting=523653>).

(For context, a district will either keep or bring in at least the Basic Allotment of \$6,160 per transfer student, whether it comes from state or local revenue sources. Lovejoy estimated its formula funding per student at \$7,220; see [Lovejoy ISD, 2022a](#)).<sup>6</sup>

- Under the 2022–23 tuition structure, a new transfer student will pay more in tuition (\$9,000) than Lovejoy ISD’s estimated state allotment per student (\$7,220, see bullet above). Lovejoy ISD will receive both amounts for the same student (see **Figure 10**).
- State tuition formulas would allow even higher tuition rates. As explained previously, state statute allows for districts to charge students the difference between *state aid* and district expenditures per student in average daily attendance (ADA), as calculated by the district. Because most of Lovejoy ISD’s formula funding is filled by local dollars, state aid to the district is only \$1,407 per student. At a district-calculated cost per ADA of \$14,192 in FY 2020–21, allowable tuition was calculated at \$12,785 ([Lovejoy ISD, 2022b, 1:13:22](#)).
- The cost per student in ADA as calculated by the district includes district debt and capital bonds, which

make up \$3,000–5,000 of the cost per ADA over the last 5 years (see **Figure 11**).

It is unclear how widespread the practice of charging transfer tuition is, and what the average tuition rate is. The minimal data available communicate that it is entirely possible for parents to pay private-school tuition rates, on top of formula funding, to attend a Texas public school. Harking back to the transparency discussion, significantly more information is needed to understand the status of public-school tuition.

Other states have attempted to avoid forcing parents to choose between their desired public school and the cost of that public school’s tuition; for example, transfer students may not be charged tuition in Colorado ([Colo. Rev. Stat. § 22-36-101](#)). Florida state law [§ 1002.31](#) provides that the student will be reported by the receiving district for state education finance program funds (as does Texas, in addition to Texas’ allowance for tuition). In Idaho ([ID Code § 33-1405](#)), students accepted by a district based on a parent application will have tuition waived. Iowa operates on a similar structure ([§ 282.18 \(7\)](#)). Michigan does allow students to be charged tuition directly, but Michigan Compiled Laws, [§ 380.1401](#), creates a maximum tuition cap

<sup>6</sup> This link and reference are to the board workshop agenda for that date; to reach the presentation, navigate to the attachment listed under agenda item 10.

**Figure 11**  
Historical Cost Per Student in ADA, Lovejoy ISD

### Historical Cost per Student in Average Daily Attendance (ADA)



\*Bond funding includes expenses for furniture, fixtures, equipment, facilities improvement and upgrades, and vehicles/buses. Debt is the annual debt service payment.

Note. Figure taken from item 13(2<sup>nd</sup> listed attachment) of March 28, 2022 at 6:00 PM – Regular Meeting, Lovejoy ISD, 2022 (<https://meetings.boardbook.org/Public/Agenda/856?meeting=523653>).

and, significantly, stipulates that non-operational costs may not be included in the tuition calculations.

In a system of “public free schools” ([Texas Constitution, Article VII](#)), it is jarring to see the real limits of “public” and “free.” Texas should reform its state policy to allow Texas students to access available district seats without the added burden of unpredictable and prohibitive tuition rates.

### Recommendations

Texas parents considering transferring schools face a daunting array of unknowns. Among these, they must determine:

- Which districts and schools may have space for their child
- Whether their child is eligible to be accepted to schools with openings
- Whether they can afford to send their child to schools with openings
- Whether transportation will be available
- If their child is accepted for a given school year, whether their child will be readmitted to the chosen

transfer school the following year—and whether they will continue to be able to afford to attend

This system is not transparent or accessible to the user—the Texas family. Nor is it transparent to policymakers: Available data from Texas and other states indicate that inequities in student access to transfers may exist and that tuition can be prohibitive, but comprehensive data are lacking.

Texas should revise its open enrollment policy to create clarity and predictability for families and visibility for policymakers. These recommendations are designed to address the obstacles listed above (transparency, transportation, and tuition) or advance existing benefits of Texas open enrollment, especially as it applies to inter-district transfer policy.

#### 1. *Transparency: Revise open enrollment policy to provide clarity and predictability for families and support for districts*

A more transparent open enrollment policy should provide that districts publicly post their transfer policies, including their policies regarding admissions, transportation, and tuition. The policy should also ensure that families can

easily discern which districts have the availability to accept transfer students by providing that districts post and regularly update the available seats at their campuses. Student transfer applications that are denied by a district should be denied in writing with a stated reason for denial.

It should be noted that some districts have implemented such policies voluntarily. For instance, districts are required to post their policy manuals, but it does not follow that those policy manuals are comprehensible, are accessible to the average person, or even include the transfer information families are looking for. Some districts, however, thoughtfully develop and clearly communicate transfer and enrollment information already, such as Dallas ISD ([n.d.-b](#)). Others need support to consolidate their information or reimagine their systems.

The TEA's System of Great Schools Network ([TEA, n.d.-i](#)) exists to support districts in efforts like this. This program should be continued, and similar supports should be scaled up to all interested districts.

## **2. *Transparency: Update state parent-facing resources to help parents navigate open enrollment options***

Greater transparency for families is most critical at the district level, but state resources should also be adjusted to support those efforts. For instance, TEA has created a state website, [TXschools.gov](#), as a central resource listing key information about every district and campus in the state. This resource includes district accountability ratings, special recognitions, background data, financial summaries, contact information, and a map-based search tool that allows parents to find the schools closest to a particular address ([TXschools.gov, n.d.-b](#)). District transfer policies should be incorporated into this existing site. Each district's page could include a link to the district's transfer information and open seats posting on its Profile tab. District profiles could also incorporate a district's application period dates, if applicable.

In the same vein, TEA's School Finder ([TXschools.gov, n.d.-b](#)) can already sort campuses by enrollment type ([TEA, n.d.-g](#)). These enrollment types currently include "Zoned School (no transfers accepted)," "Zoned School (transfers accepted)," "Open Enrollment Charter School," "Selective Enrollment School (Criteria-Based)," and others. However, *any* kind of transfer acceptance puts a school into "Zoned School (transfers accepted)." This includes campuses that accept intra-district transfers, campuses that accept inter-district transfers, and campuses that may only allow the children of district employees to transfer ([TEA, n.d.-a, question 3](#)).

As a result, 6,325 campuses ([TXschools.gov, n.d.-b](#)) of the state's approximately 8,845 ([TEA, n.d.-c](#)) are listed as "Zoned School (transfers accepted)" with no additional clarity (nearly 800 of the remainder are open-enrollment charter schools). Reporting this category with additional specificity could greatly improve the utility of the list and search tool to Texas families. At a minimum, listing districts that accept in-district transfers and out-of-district transfers independently would improve clarity.

## **3. *Transparency: Conduct a state study of transfer trends and implement regular reporting of basic transfer data***

We have created an initial analysis of inter-district transfers within this report. However, further analysis is needed, especially given the previous lack of campus-level data (including intra-district transfers) and continuing lack of information on demographic characteristics of transfer students, district admission and tuition policies, and transportation data. A state-authorized comprehensive study would help policymakers take concrete steps toward the most impactful reforms. Examples are the California Legislative Analyst's Office studies on the state's "District of Choice" program ([Taylor, 2016](#); [Petek, 2021](#)).

Such a report in Texas should include:

- Total districts accepting inter-district transfer students and features of their policies
- Total districts accepting intra-district transfer students and features of their policies
- Patterns of student movement across district attendance zones and across district lines
- Demographic characteristics of both inter- and intra-district transfer students
- District practices regarding provision of transportation
- Ranges of statutorily allowed tuition rates and ranges of actual tuition charged per district
- Obstacles to student access to transfers
- Reasons for student transfers
- Obstacles to district provision of transfers
- Commonly cited district reasons for denial of student applications
- The effects of inter-district transfers on sending and receiving districts' test scores and program offerings

The state should also implement annual reporting of basic transfer data. This reporting should include:

- Demographic characteristics of both inter- and intra-district transfer students
- The number of available district seats
- The number of applications received, accepted, and denied by districts
- If tuition is still authorized, authorized district tuition rates and ranges of actual tuition charged per district

#### 4. *Transportation: Consider avenues to support reliable, accessible transportation solutions*

The 87th Legislature increased district flexibility, and potentially student access, by allowing interested districts to transport transferring students. The required impartial acceptance policies may help ensure that students have equal access to these transfer programs. However, the district-level rating requirements may impede transporting students from lower- to higher-performing *campuses*. Additionally, not all districts choose to provide transportation to transferring students; this may be due to financial or logistical concerns. Texas should draw from the examples of multiple states, such as Colorado, Connecticut, and Arizona, to develop locally responsive, student-centric transportation solutions. This could be addressed through legislation or an interim committee charge.

#### 5. *Tuition: Remove or reform tuition authorization for transferring students*

It is counterintuitive that a Texas public school student can be charged tuition to attend a public school with existing available seats which will also receive full formula funding for that student. Ideally, this provision should be repealed in its entirety.

Should the Legislature determine that additional district revenue in excess of formula funding is needed, it has several options. It could expand existing state support for districts accepting transfer students by broadening student eligibility for the PEG program. It could also allow for limited tuition to be charged to students, but such tuition should be capped and use the full formula funding that a district will receive for a student, not merely state aid, as a starting point. In addition, since districts should not be required to accept student transfers above their existing available capacity, the inclusion of non-operational costs, such as local bonds, should also be prohibited from tuition calculations.

#### 6. *Transformation: Adopt a comprehensive open enrollment policy*

Addressing the obstacles of lack of transparency, lack of transportation, and prohibitive tuition fees should significantly improve families' experiences examining and analyzing the options available to them. To ensure that the benefits of open enrollment are accessible to all Texan families, Texas should adopt a comprehensive policy providing that:

- Districts accept all non-resident students until they have reached a pre-determined capacity
- Once admitted, transfer students are readmitted in subsequent years by default
- Admission policies are consistent and ensure the widest possible student access
- Transportation policies are consistent and ensure the widest possible student access
- Districts do not charge non-resident families tuition

### Conclusion

Texas state policy concerning open enrollment lacks transparency and fails to ensure student access. Available transfer data conveys that inter-district open enrollment is an important policy option that gives families a path to better schools. However, the current data regarding student transfers leave many unknowns, including student demographics, students' motivations for transferring, districts' reasons for accepting or denying transfer applications, tuition rates, and availability of transportation.

Only 2.6% of Texas students attend districts outside of their resident district. This percentage is noticeably lower than in states with more intentional open enrollment policies, likely because of low transparency, inconsistent transportation, tuition, and district-level policies. We recommend Texas increase transparency and accessibility of district transfer policies and tuition practices so that families can more easily know and access their options and policymakers have a clearer understanding of the barriers families face. We recommend Texas craft a comprehensive transportation policy.

No two children are alike. Texas public education should reflect that fact by giving all families the opportunity to choose which school best fits their needs. Lines drawn on a map before today's parents were even born should not fence in the futures of today's students. ★

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