

Minutes
State Board of Education
July 18, 2014

The State Board of Education met at 9:04 a.m. on Friday, July 18, 2014, in the State Board of Education Room, #1-104, of the William B. Travis Building, 1701 N. Congress Avenue, Austin, Texas. The following members of the board were present:

Presiding: Barbara Cargill, Chair; Lawrence A. Allen, Jr.; Donna Bahorich; David Bradley; Ruben Cortez, Jr.; Martha M. Dominguez; Pat Hardy; Mavis B. Knight, Secretary; Sue Melton-Melone; Ken Mercer; Geraldine “Tincy” Miller; Marisa B. Perez; Thomas Ratliff, Vice-Chair; Marty Rowley

Absent: Tom Maynard

Invocation

Pledge of Allegiance

Approval of Minutes

State Board of Education, April 11, 2014

MOTION AND VOTE: *The State Board of Education unanimously approved the Minutes of the April 11, 2014, meeting of the State Board of Education, as printed.*

Public Testimony - Individual testimony will be taken to address items other than those on the board agenda. The procedures for registering and taking public testimony at State Board of Education committee meetings and general board meetings are provided at <http://www.tea.state.tx.us/index4.aspx?id=25769804094> or in the information section (yellow pages) of the printed agenda.

The State Board of Education received presentations of public testimony, as follows:

NAME: Rusty Martin
AFFILIATION: Deputy Commissioner of Funds Management and
Chief Investment Officer for the General Land Office
TOPIC: General Land Office Contribution to the Permanent School Fund

NAME: Alice Linahan
AFFILIATION: Self
TOPIC: AP U.S. History Framework

NAME: Jeanine McGregor
AFFILIATION: Self
TOPIC: New AP U.S. History Course and Exam

NAME: Jonathan Saenz
AFFILIATION: Texas Values Action
TOPIC: AP U.S. History Standards

NAME: Dave Mundy
AFFILIATION: Self
TOPIC: Inclusion of College Board/Common Core Material in
the AP U.S. History Coursework

NAME: Mary Bowen
AFFILIATION: Self
TOPIC: AP U.S. History Standards

NAME: Emily McBurney
AFFILIATION: Self
TOPIC: AP U.S. History Standards

NAME: MerryLynn Gerstenschlager
AFFILIATION: Self and Texas Eagle Forum – Vice President
TOPIC: New AP U.S. History Standards

The State Board of Education took a break at 11:22 a.m., and reconvened at 11:38 a.m.

MOTION AND VOTE: *It was moved by Mr. Ratliff, seconded by Mr. Bradley, and carried to table public testimony, proceed with committee reports and board action, and then continue with public testimony.*

After the committee reports and board action, presentations of public testimony continued, as follows:

NAME: Marijane Smitherman
AFFILIATION: Self
TOPIC: AP U.S. History Curriculum

NAME: Bode McKay
AFFILIATION: Self
TOPIC: New AP U.S. History Framework

NAME: John Noble
AFFILIATION: Self
TOPIC: Opposing Changes Being Made to the National
AP World History Testing Standards

NAME: Angela Blackburn
AFFILIATION: Self
TOPIC: AP U.S. History Framework

NAME: Breanna Watje
AFFILIATION: Self
TOPIC: AP U.S. History Framework

NAME: Dwayne Stovall
AFFILIATION: Self
TOPIC: AP U.S. History Framework

NAME: Debbie Pennington
AFFILIATION: Senior Education Manager, College Board
TOPIC: AP U.S. History Framework

NAME: Reid D. Reasor
AFFILIATION: Former U.S. Senate Candidate
TOPIC: AP U.S. History Standards

1. Resolutions and Presentations

Recognition of Bellaire High School Students, Winners of the 2014 National Economics Challenge Award

The State Board of Education extended its congratulations to Patrick Girardet, Ridge Liu, Laura Zhang, and Jinchen Zou of Bellaire High School in the Houston Independent School District on winning first place at the 14th Annual National Economics Challenge on May 19, 2014, in New York City.

Unveiling Official Portrait of Former Commissioner of Education Robert Scott

In recognition of his time as Commissioner of Education, an official portrait of Robert Scott was unveiled. The portrait, painted by Michelle Jacobson, a student artist from Westlake High School, Eanes Independent School District, now hangs in the boardroom of the William B. Travis Building.

2. Approval of Consent Agenda

Any agenda item may be placed on the consent agenda by any State Board of Education committee. The State Board of Education may elect to take separate action on any item on the consent agenda.

Mrs. Cargill reported that consent agenda item #(8)--Decision on Absolute Return Investments--was being pulled from the original consent agenda.

By unanimous consent, the State Board of Education approved the following items on the consent agenda.

- (1) **Review and Adoption of the Long-Term Strategic Asset Allocation Plan of the Permanent School Fund**
(Board agenda page I-1)
(COMMITTEE OF THE FULL BOARD)

The State Board of Education adopted the Long-Term Strategic Asset Allocation Plan of the Permanent School Fund, as recommended by the Committee of the Full Board.

- (2) **Review of the Report on Permanent School Fund Percentage Distribution Rates under Consideration for Fiscal Years 2016 and 2017**
(Board agenda page I-3)
(COMMITTEE OF THE FULL BOARD)

The State Board of Education approved that the percentage distribution rate to the Available School Fund from the Permanent School Fund for fiscal years 2016 and 2017 shall be between 2.75% and 3.5%, as recommended by the Committee of the Full Board.

- (3) **Adoption of Review of 19 TAC Chapter 109, Budgeting, Accounting, and Auditing**
(Adoption of Review)
(Board agenda page III-1)
(COMMITTEE ON SCHOOL FINANCE/PERMANENT SCHOOL FUND)

The State Board of Education adopted the review of 19 TAC Chapter 109, Budgeting, Accounting, and Auditing, Subchapter A, Budgeting, Accounting, Financial Reporting, and Auditing for School Districts; Subchapter B, Texas Education Agency Audit Functions; Subchapter C, Adoptions by Reference; and Subchapter D, Uniform Bank Bid or Request for Proposal and Depository Contract, as recommended by the Committee on School Finance/Permanent School Fund.

- (4) **Adoption of an Annual Report on the Status of the Bond Guarantee Program**
(Board agenda page III-57)
(COMMITTEE ON SCHOOL FINANCE/PERMANENT SCHOOL FUND)

The State Board of Education adopted the Annual Report on the Status of the Bond Guarantee Program as of August 31, 2013, as recommended by the Committee on School Finance/Permanent School Fund.

(ATTACHMENT 1, page 11)

- (5) **Ratification of the Purchases and Sales of the Investment Portfolio of the Permanent School Fund for the Months of March, April and May 2014**
(Board agenda page III-59)
(COMMITTEE ON SCHOOL FINANCE/PERMANENT SCHOOL FUND)

The State Board of Education ratified the purchases and sales for the months of March, April and May 2014 in the amount of \$1,579,937,179 and \$1,723,094,646, respectively, as recommended by the Committee on School Finance/Permanent School Fund.

- (6) **Decision on Real Estate Investments**
(Board agenda page III-61)
(COMMITTEE ON SCHOOL FINANCE/PERMANENT SCHOOL FUND)

The State Board of Education approved to execute agreements with Ares Management necessary to make an investment commitment of up to \$75 million in Ares U.S. Real Estate Fund VIII, L.P.; approved to execute agreements with The Carlyle Group necessary to make an investment commitment of up to \$75 million in Carlyle Realty Partners VII, L.P.; and, approved to execute agreements with Invesco Advisers, Inc., necessary to make an investment commitment of up to \$75 million in Invesco Mortgage Recovery Fund, II, L.P., each subject to continued due diligence and negotiation of fund terms, as recommended by the Committee on School Finance/Permanent School Fund.

- (7) **Decision on Private Markets Benchmarks**
(Board agenda page III-63)
(COMMITTEE ON SCHOOL FINANCE/PERMANENT SCHOOL FUND)

The State Board of Education approved the recommendations made by NEPC and Courtland Partners, and approved amending the Investment Procedures Manual for the private equity and real estate benchmarking policies, as recommended by the Committee on School Finance/Permanent School Fund.

- (8) **Decision on Absolute Return Investments**
(Board agenda page III-65)
(COMMITTEE ON SCHOOL FINANCE/PERMANENT SCHOOL FUND)

This item was pulled from the consent agenda because it did not receive unanimous consent from all committee members.

MOTION: *It was moved by Ms. Hardy and seconded by Mr. Cortez that the State Board of Education approve NEPC's recommendation to maintain investments with Mesirov Advanced Strategies (Raven 2) and with the strategic relationships with Grosvenor Capital Management (Ravens 1, 3, and 6) and Blackstone Alternatives Asset Management (BAAM) (Ravens 4, 5, and 7) and to extend the contracts for a period of two years, as recommended by the Committee on School Finance/Permanent School Fund.*

MOTION AND VOTE: *It was moved by Mr. Ratliff and seconded by Ms. Hardy, that the State Board of Education approve to maintain investments with the strategic relationships with Grosvenor Capital Management (Ravens 1, 3, and 6) and Blackstone Alternatives Asset Management (BAAM) (Ravens 4, 5, and 7) and to extend the contracts for a period of two years. The motion failed, with Mrs. Knight abstaining. (Dr. Dominguez was absent for the vote.)*

MOTION AND VOTE: *It was moved by Mrs. Knight, seconded by Ms. Perez, and carried unanimously that the State Board of Education extend contracts to Mesirow Advanced Strategies for a period of 18 months; and to Grosvenor Capital Management and Blackstone Alternatives Asset Management for a period of two years. (Dr. Dominguez was absent for the vote.)*

VOTE: *A vote was taken on the motion that the State Board of Education approve NEPC's recommendation, as amended. The motion carried. (Dr. Dominguez was absent for the vote.)*

- (9) **Recommendation for Appointment to the Lackland Independent School District Board of Trustees**
(Board agenda page IV-7)
(COMMITTEE ON SCHOOL INITIATIVES)

The State Board of Education approved the appointment of Mr. Clifford Dietert to serve a two-year term of office, from July 18, 2014 through July 17, 2016, on the Lackland Independent School District Board of Trustees, as recommended by the Committee on School Initiatives.

(ATTACHMENT 2, page 21)

- (10) **Adoption of Review of 19 TAC Chapter 61, School Districts, Subchapter A, Board of Trustees Relationship**
(Adoption of Review)
(Board agenda page IV-25)
(COMMITTEE ON SCHOOL INITIATIVES)

The State Board of Education adopted the review of 19 TAC Chapter 61, School Districts, Subchapter A, Board of Trustees Relationship, as recommended by the Committee on School Initiatives.

COMMITTEE OF THE FULL BOARD

3. Proposed Revisions to 19 TAC Chapter 114, Texas Essential Knowledge and Skills for Languages Other Than English

(First Reading and Filing Authorization)
(Board agenda page I-7)

MOTION AND VOTE: *It was moved by Mr. Ratliff and carried unanimously to approve for first reading and filing authorization proposed revisions to 19 TAC Chapter 114, Texas Essential Knowledge and Skills for Languages Other Than English, as recommended by the Committee of the Full Board. (Dr. Dominguez was absent for the vote.)*

4. Proclamation 2016 of the State Board of Education Advertising for Bids on Instructional Materials

(Board agenda page I-15)

MOTION AND VOTE: *It was moved by Mr. Ratliff and carried, with Mr. Cortez opposing, to approve Proclamation 2016 of the State Board of Education Advertising for Bids on Instructional Materials, as amended and recommended by the Committee of the Full Board. (Dr. Dominguez was absent for the vote.)*

5. Approval of Question and Answer Document for Proclamation 2016

(Board agenda page I-51)

No action was taken on this item.

COMMITTEE ON INSTRUCTION

Mrs. Melton-Malone, vice-chair of the Committee on Instruction, provided the report of the Committee on Instruction.

6. Proposed Repeal of 19 TAC Chapter 89, Adaptations for Special Populations, Subchapter B, Adult Basic and Secondary Education

(Second Reading and Final Adoption)
(Board agenda page II-1)

MOTION AND VOTE: *The State Board of Education, by an affirmative vote of two-thirds of the members of the board, approved for second reading and final adoption proposed repeal of 19 TAC Chapter 89, Adaptations for Special Populations, Subchapter B, Adult Basic and Secondary Education, with an effective date of 20 days after filing as adopted with the Texas Register, as recommended by the Committee on Instruction. (Mr. Allen, Dr. Dominguez, Ms. Hardy, and Mr. Ratliff were absent for the vote.)*

(ATTACHMENT 3, page 25)

7. **Proposed Revisions to 19 TAC Chapter 89, Adaptations for Special Populations, Subchapter C, Texas Certificate of High School Equivalency**
(Second Reading and Final Adoption)
(Board agenda page II-13)

MOTION AND VOTE: *The State Board of Education, by an affirmative vote of two-thirds of the members of the board, approved for second reading and final adoption the proposed revisions to 19 TAC Chapter 89, Adaptations for Special Populations, Subchapter C, Texas Certificate of High School Equivalency, with an effective date of 20 days after filing as adopted with the Texas Register, as recommended by the Committee on Instruction. (Mr. Allen, Dr. Dominguez, Ms. Hardy, and Mr. Ratliff were absent for the vote.)*

(ATTACHMENT 4, page 33)

8. **Proposed Approval of Innovative Courses**
(Board agenda page II-19)

MOTION AND VOTE: *The State Board of Education approved the innovative courses that do not fall within any of the subject areas of the foundation or enrichment curriculum, as follows: General Employability Skills, for a period of two years; and Aviation Honors Ground School, Peer Assistance and Leadership I and II, and Peer Assistance for Students with Disabilities I and II, for a period of five years, as recommended by the Committee on Instruction. (Mr. Allen, Dr. Dominguez, Ms. Hardy, and Mr. Ratliff were absent for the vote.)*

9. **Approval of Updates to Dyslexia Handbook**
(Board agenda page II-23)

MOTION AND VOTE: *The State Board of Education unanimously approved The Dyslexia Handbook – Revised 2014: Procedures Concerning Dyslexia and Related Disorders, as amended and recommended by the Committee on Instruction. (Mr. Allen, Dr. Dominguez, Ms. Hardy, and Mr. Ratliff were absent for the vote.)*

(ATTACHMENT 5, page 35)

COMMITTEE ON SCHOOL FINANCE/PERMANENT SCHOOL FUND

10. **Per Capita Apportionment Rate for the 2013-2014 School Year**
(Board agenda page III-55)

MOTION AND VOTE: *The State Board of Education unanimously approved the per capita apportionment rate of \$261.372 for the 2013-2014 school year, as recommended by the Committee on School Finance/Permanent School Fund. (Dr. Dominguez was absent for the vote.)*

(ATTACHMENT 6, page 195)

COMMITTEE ON SCHOOL INITIATIVES

11. Review of Proposed New 19 TAC Chapter 229, Accountability System for Educator Preparation Programs, §229.21, Transitional Provisions

(Board agenda page IV-1)

The State Board of Education took no action on proposed new 19 TAC Chapter 229, Accountability System for Educator Preparation Programs, §229.21, Transitional Provisions, as recommended by the Committee on School Initiatives.

12. Proposed Amendment to 19 TAC Chapter 61, School Districts, Subchapter A, Board of Trustees Relationship, §61.1, Continuing Education for School Board Members

(Second Reading and Final Adoption)

(Board agenda page IV-33)

MOTION AND VOTE: *It was moved by Mrs. Bahorich and carried unanimously that the State Board of Education, by an affirmative vote of two-thirds of the members of the board, approve for second reading and final adoption proposed amendment to 19 TAC Chapter 61, School Districts, Subchapter A, Board of Trustees Relationship, §61.1, Continuing Education for School Board Members, with an effective date of August 25, 2014, as recommended by the Committee on School Initiatives. There were no announced abstentions or oppositions. (Dr. Dominguez, Ms. Hardy, and Mr. Ratliff were absent for the vote.)*

(ATTACHMENT 7, page 197)

13. Proposed Revisions to 19 TAC Chapter 100, Charters, Subchapter A, Open-Enrollment Charter Schools

(First Reading and Filing Authorization)

(Board agenda page IV-41)

MOTION AND VOTE: *It was moved by Mrs. Bahorich and carried unanimously to approve for first reading and filing authorization proposed revisions to 19 TAC Chapter 100, Charters, Subchapter A, Open-Enrollment Charter Schools, as recommended by the Committee on School Initiatives. (Mr. Allen, Dr. Dominguez and Mr. Ratliff were absent for the vote.)*

14. Consideration of Gifts and/or Grants Given for the Purpose of Charter Exploration Trips

(Board agenda page IV-55)

MOTION AND VOTE: *It was moved by Mrs. Bahorich and carried that the State Board of Education adopt a new board policy regarding the acceptance of gifts and/or grants for charter school evaluation, as amended and recommended by the Committee on School Initiatives. (Mr. Allen, Mr. Bradley, Dr. Dominguez, Hs. Hardy, and Mr. Ratliff were absent for the vote.)*

(ATTACHMENT 8, page 201)

REPORTS OF COMMITTEES REGARDING AGENDA ITEMS ON COMMITTEE AGENDAS

Committee on Instruction

Mrs. Melton-Malone did not report on discussion items of the Committee on Instruction.

Committee on School Finance/Permanent School Fund

Ms. Hardy did not report on discussion items of the Committee on School Finance/Permanent School Fund.

Committee on School Initiatives

Mrs. Bahorich did not report on discussion items of the Committee on School Initiatives.

REPORTS OF OTHER STATE BOARD OF EDUCATION MEMBERS REGARDING AGENDA ITEMS AND EDUCATIONAL ACTIVITIES AND CONCERNS IN INDIVIDUAL DISTRICTS

Mrs. Cargill gave board members an opportunity to provide information regarding agenda items or other relevant information about public education.

The meeting adjourned at 2:17 p.m.

Mavis B. Knight, Secretary