

Minutes

State Board of Education

January 29, 2021



**STATE BOARD OF EDUCATION**  
*(State Board for Career and Technology Education)*

**KEVEN ELLIS, Lufkin**  
**Chair of the State Board of Education**  
**District 9**

**PAM LITTLE, Fairview**  
**Vice Chair of the State Board of**  
**Education**  
**District 12**

**GEORGINA PÉREZ, El Paso**  
**Secretary of the State Board of**  
**Education**  
**District 1**

**Board Members**

**LAWRENCE ALLEN, JR., Houston**  
**District 4**

**WILL HICKMAN, Houston**  
**District 6**

**REBECCA BELL-METEREAU, San Marcos**  
**District 5**

**TOM MAYNARD, Florence**  
**District 10**

**RUBEN CORTEZ, JR., Brownsville**  
**District 2**

**SUE MELTON-MALONE, Robinson**  
**District 14**

**AICHA DAVIS, Dallas**  
**District 13**

**MARISA PEREZ-DIAZ, Converse**  
**District 3**

**JAY JOHNSON, Pampa**  
**District 15**

**MATT ROBINSON, Friendswood**  
**District 7**

**PATRICIA HARDY, Fort Worth**  
**District 11**

**AUDREY YOUNG, Apple Springs**  
**District 8**

**Committees of the State Board of Education**  
(updated Jan. 26, 2021)

**INSTRUCTION**

Sue Melton-Malone, chair  
Audrey Young, vice-chair  
Rebecca Bell-Metereau  
Pam Little  
Georgina Pérez

**SCHOOL FINANCE/PERMANENT SCHOOL FUND**

Tom Maynard, chair  
Lawrence Allen, Jr., vice-chair  
Keven Ellis  
Pat Hardy  
Marisa Perez-Diaz

**SCHOOL INITIATIVES**

Matt Robinson, chair  
Aicha Davis, vice-chair  
Ruben Cortez, Jr.  
Will Hickman  
Jay Johnson

Minutes  
State Board of Education  
January 29, 2021

The State Board of Education met at 9:07 a.m. on Friday, January 29, 2021, in the State Board of Education Room, #1-104, of the William B. Travis Building, 1701 N. Congress Avenue, Austin, Texas. Attendance was noted as follows:

**Present:** Keven Ellis, chair; Lawrence A. Allen, Jr. (virtual); Rebecca Bell-Metereau; Ruben Cortez, Jr.; Aicha Davis; Pat Hardy; Will Hickman; Jay Johnson; Pam Little, vice-chair; Tom Maynard; Sue Melton-Malone; Georgina C. Pérez, secretary; Marisa B. Perez-Diaz (virtual); Matt Robinson; Audrey Young

### **Student Performance**

Student performances were provided virtually by Martin High School in the Laredo Independent School District (ISD) and Mountain View High School in the Clint ISD.

### **Invocation**

### **Pledge of Allegiance**

### **Roll Call**

### **Approval of Minutes**

State Board of Education, November 20, 2020

**MOTION AND VOTE:** *The State Board of Education unanimously approved the Minutes of the November 20, 2020, meeting of the State Board of Education, as printed.*

### **1. Resolutions**

#### **Presidential Awards for Excellence in Mathematics and Science Teaching**

*The State Board of Education, by unanimous consent, adopted a resolution honoring state and national finalists for the 2020 Presidential Awards for Excellence in Mathematics and Science Teaching program.*

(ATTACHMENT 1, page 9)

#### **Presidential Awards for Excellence in Mathematics and Science Teaching**

*The State Board of Education, by unanimous consent, adopted a resolution honoring national awardees for the 2019 Presidential Awards for Excellence in Mathematics and Science Teaching program.*

(ATTACHMENT 2, page 11)

#### **Resolution Career and Technical Education Month**

*The State Board of Education, by unanimous consent, adopted a resolution proclaiming February 1-28, 2021 as Career and Technical Education Month in Texas.*

(ATTACHMENT 3, page 13)

**Resolution Employers for Education Excellence Award**

*The State Board of Education, by unanimous consent, adopted a resolution honoring Sewell Family of Companies of Odessa as the recipient of the gold Employers for Education Excellence award.*

(ATTACHMENT 4, page 25)

**Public Testimony**

Public Testimony was provided by the following individuals:

NAME: Chavey Prince  
AFFILIATION: Self

NAME: Haley McFarland  
AFFILIATION: Self

NAME: Brianna Moreno  
AFFILIATION: Self

NAME: Kayren Gray  
AFFILIATION: Self

**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.

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

**(1) Approval of Update to Instructional Materials for Learning A–Z**

(Board agenda II-10)

The State Board of Education approved the request from Learning A–Z to update content in its adopted product *Raz Plus ELL Texas Edition*, grade 5.

**(2) Approval of Substitute Instructional Materials for QuaverEd**

(Board agenda II-14)

The State Board of Education approved the request from QuaverEd to substitute updated versions of *Quaver Pre-K Curriculum* products adopted November 2020 under *Proclamation 2021*.

**(3) Ratification of the Purchases and Sales of the Investment Portfolio of the Permanent School Fund for the Months of October and November 2020**

(Board agenda III-63)

The State Board of Education ratified the purchases and sales for the months of October and November 2020, in the amount of \$1,185,799,475 and \$1,135,739,201, respectively (ATTACHMENT 5, page 17).

**(4) Report on the Permanent School Fund Liquid Account**

(Board agenda III-64)

The State Board of Education ratify the purchases and sales of the Permanent School Fund Liquid Account for the period October 1, 2020, through November 30, 2020, in the amounts of \$368,409,028 and \$335,445,845, respectively (ATTACHMENT 6, page 19).

**(5) Approval of an Extension of the Standard Contract with BNY Mellon and Authorization for Contract Execution by the Commissioner of Education**

(Board agenda III-67)

The State Board of Education approved renewal of the standard contract with The Bank of New York Mellon beginning September 1, 2021, and ending August 31, 2024, and authorize contract execution by the commissioner of education.

**(6) Proposed Amendments to 19 TAC Chapter 33, Statement of Investment Objectives, Policies, and Guidelines of the Texas Permanent School Fund, Subchapter A, State Board of Education Rules**

**(Second Reading and Final Adoption)**

(Board agenda III-68)

This item was removed from the consent agenda.

**(7) Review of Real Return Asset Class for the Permanent School Fund**

(Board agenda III-77)

The State Board of Education terminated Credit Suisse and PIMCO and allocated remaining funds to the PSF internally managed commodities portfolio to align the allocation with the asset allocation approved by the SBOE in July 2020.

**(8) Adoption of Review of 19 TAC Chapter 30, Administration, Subchapter A, State Board of Education: General Provisions**

**(Adoption of Review)**

(Board agenda page IV-3)

The State Board of Education adopted the review of 19 TAC Chapter 30, Administration, Subchapter A, State Board of Education: General Provisions.

**(9) Proposed New 19 TAC Chapter 61, School Districts, Subchapter B, Special Purpose School Districts, §61.111, Applicability of State Law to Boys Ranch Independent School District**

**(First Reading and Filing Authorization)**

(Board agenda page IV-13)

The State Board of Education approved for first reading and filing authorization proposed new 19 TAC Chapter 61, School Districts, Subchapter B, Special Purpose School Districts, §61.111, Applicability of State Law to Boys Ranch Independent School District.

## **COMMITTEE OF THE FULL BOARD**

**3. Proposed New 19 TAC Chapter 74, Curriculum Requirements, Subchapter B, Graduation Requirements, §74.11, High School Graduation  
(Second Reading and Final Adoption)**

(Board agenda page I-7)

**MOTION AND VOTE:** *It was moved by Mrs. Little and carried unanimously that the State Board of Education approve for second reading and final adoption the proposed amendment to 19 TAC Chapter 74, Curriculum Requirements, Subchapter B, Graduation Requirements, §74.11, High School Graduation Requirements, as amended and recommended by the Committee of the Full Board; and Make an affirmative finding that immediate adoption of the proposed amendment to 19 TAC Chapter 74, Curriculum Requirements, Subchapter B, Graduation Requirements, §74.11, High School Graduation Requirements, as amended is necessary and shall have an effective date of August 1, 2021.*  
(ATTACHMENT 7, page 21)

**4. Consideration of Petition for Adoption of Rule in 19 TAC Chapter 113, Texas Essential Knowledge and Skills for Social Studies**

(Board agenda page I-14)

**MOTION AND VOTE:** *It was moved by Mrs. Little and carried unanimously that the State Board of Education deny the petition to adopt United States History Studies Before 1877 and offer the course to all high school students, as recommended by the Committee of the Full Board, because all Grade 8 students are required to receive instruction in United States History through 1877.*

**5. Update on Texas Essential Knowledge and Skills**

(Board agenda page I-23)

The committee took no action; therefore, this item was removed from the agenda.



## COMMITTEE ON INSTRUCTION

6. **Proposed New 19 TAC Chapter 74, Curriculum Requirements, Subchapter A, Required Curriculum, §74.5, Academic Achievement Record (Transcript)**  
**(First Reading and Filing Authorization)**  
(Board agenda page II-2)

**MOTION AND VOTE:** *It was moved by Mrs. Melton-Malone and carried unanimously that the State Board of Education suspend the board operating procedures in accordance with §5.2(a) to allow consideration at first reading and filing authorization; and*

*Approve for first reading and filing authorization the proposed amendment to 19 TAC Chapter 74, Curriculum Requirements, Subchapter A, Required Curriculum, §74.5, Academic Achievement Record (Transcript), as recommended by the Committee on Instruction.*

*(Mr. Cortez was absent for the vote.)*

7. **Proposed Approval of Innovative Courses**  
(Board agenda page II-7)

**MOTION AND VOTE:** *It was moved by Mrs. Melton-Malone and carried unanimously that the State Board of Education approve for a period of five years the following innovative course that does not fall within any of the subject areas of the foundation or enrichment curriculum: Community Transportation, as recommended by the Committee on Instruction.*

*(Mr. Cortez was absent for the vote.)*

## COMMITTEE ON SCHOOL FINANCE/PERMANENT SCHOOL FUND

8. **Proposed Amendment to 19 TAC Chapter 109, Budgeting, Accounting and Auditing, Subchapter C, Adoptions by Reference, §109.41, Financial Accountability System Resource Guide**  
**(First Reading and Filing Authorization)**  
(Board agenda page III-2)

**MOTION AND VOTE:** *It was moved by Mr. Maynard and carried unanimously that the State Board of Education approve for first reading and filing authorization the proposed amendment to 19 TAC Chapter 109, Budgeting, Accounting, and Auditing, Subchapter C, Adoptions By Reference, §109.41, Financial Accountability System Resource Guide, as recommended by the Committee on School Finance/Permanent School Fund.*

*(Mr. Cortez was absent for the vote.)*

9. **Adoption of Review of 19 TAC Chapter 30, Administration, Subchapter B, State Board of Education: Purchasing and Contracts**  
**(Adoption of Review)**  
(Board agenda page III-58)

**MOTION AND VOTE:** *It was moved by Mr. Maynard and carried unanimously the State Board of Education adopt the review of 19 TAC Chapter 30, Administration, Subchapter B, State Board of Education: Purchasing and Contracts, as recommended by the Committee on School Finance/Permanent School Fund.*

*(Mr. Cortez was absent for the vote.)*

10. **Proposed Amendment to 19 TAC Chapter 30, Administration, Subchapter A, State Board of Education: General Provisions, §30.1, Petition for Adoption of Rule Changes**  
**(First Reading and Filing Authorization)**  
(Board agenda page IV-8)

**MOTION AND VOTE:** *It was moved by Dr. Robinson and carried unanimously that the State Board of Education suspend the board operating procedures in accordance with §5.2(a) to allow consideration at first reading and filing authorization; and*

*Approve for first reading and filing authorization the proposed amendment to 19 TAC Chapter 30, Administration, Subchapter A, State Board of Education: General Provisions, §30.1, Petition for Adoption of Rule Changes, as recommended by the Committee on School Initiatives.*

11. **Proposed Amendments to 19 TAC Chapter 33, Statement of Investment Objectives, Policies, and Guidelines of the Texas Permanent School Fund, Subchapter A, State Board of Education Rules**  
**(Second Reading and Final Adoption)**  
(Board agenda III-68)

**MOTION AND VOTE:** *It was moved by Mr. Maynard and carried that the State Board of Education approve for second reading and final adoption proposed amendments to 19 TAC Chapter 33, Statement of Investment Objectives, Policies, and Guidelines of the Texas Permanent School Fund, Subchapter A, State Board of Education Rules, as amended and recommended by the Committee on School Finance/Permanent School Fund; and*

*Make an affirmative finding that immediate adoption of proposed amendments to 19 TAC Chapter 33, Statement of Investment Objectives, Policies, and Guidelines of the Texas Permanent School Fund, Subchapter A, State Board of Education Rules, is necessary and shall have an effective date of 20 days after filing as adopted with the Texas Register.*

*(ATTACHMENT 8, page 25)*

## **REGARDING AGENDA ITEMS POSTED FOR DISCUSSION ON COMMITTEE AGENDAS**

### **Committee on Instruction**

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

Committee on School Finance/Permanent School Fund

Mr. Maynard reported that the Permanent School Fund lost between \$2 and \$3 billion in value because of the pandemic. The board did a significant amount of rebalancing in the portfolio and with the asset reallocations, the SBOE's portion of the Fund is now approximately \$38.4 billion. The total value of the fund is approaching \$50 billion at this time.

He also noted that the PSF is managed jointly with the School Land Board. In the last session, the Texas Legislature created the liquid account within the PSF for the SBOE to invest the School Land Board's unused cash so that the total fund would earn a greater return. In September 2019, the School Land Board transferred just short of \$4 billion to the liquid account for the SBOE to manage. Those funds have been deployed over time and the SBOE has realized about \$120 million in gains from September 2019 through December 2020.

Committee on School Initiatives

Dr. Robinson did not report on the Committee on School Initiatives.

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

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

The meeting adjourned at 10:37 a.m.

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Georgina C. Pérez, Secretary

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## ***RESOLUTION***

**WHEREAS** the *Presidential Awards for Excellence in Mathematics and Science Teaching* program identifies outstanding mathematics and science teachers in each state and the four U.S. jurisdictions; and

**WHEREAS** through state selection committees, three mathematics finalists and three science finalists were selected as Texas finalists; and

**WHEREAS** these teachers have become candidates for the *Presidential Awards for Excellence in Mathematics and Science Teaching*; now, therefore, be it

**RESOLVED**, That the State Board of Education does hereby extend its congratulations to Kristen Butler, Medlin Middle School, Northwest Independent School District, Ft. Worth, Texas; Desirae Harcrow, Timber Creek Elementary School, Tomball Independent School District, Tomball, Texas; Cassidy Wagner, Rogers Middle School, Prosper Independent School District, Prosper, Texas; for being named State Finalists in the elementary mathematics category for the 2020 Presidential Award; and be it further

**RESOLVED**, That the State Board of Education does hereby extend its congratulations to Kelli Abueita, Creekview Elementary School, Tomball Independent School District, Tomball, Texas; Hannah Cotten, Hill Elementary School, Austin Independent School District, Austin, Texas; Lori Garrett, Cactus Elementary School, Dumas Independent School District, Dumas, Texas; for being named State Finalists in the elementary science category for the 2020 Presidential Award; and be it further

**RESOLVED**, That this resolution be presented to the aforementioned teachers for being identified as state and national finalists for the 2020 *Presidential Awards for Excellence in Mathematics and Science Teaching* program, and that a copy be included in the permanent records of the State Board of Education.

**WITNESS** our signatures this twenty-ninth day of January, two thousand and twenty-one, in Austin, Texas.

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Dr. Keven Ellis, Chair

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Georgina C. Pérez, Secretary

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## ***RESOLUTION***

**WHEREAS** the *Presidential Awards for Excellence in Mathematics and Science Teaching* program identifies outstanding mathematics and science teachers in each state and the four U.S. jurisdictions; and

**WHEREAS** through national selection committees, one mathematics finalist and one science finalist were selected to represent Texas; and

**WHEREAS** these teachers have become Texas national awardees for the *Presidential Awards for Excellence in Mathematics and Science Teaching*; now, therefore, be it

**RESOLVED**, That the State Board of Education does hereby extend its congratulations to Bridget Matamoros-Mota, John H. Guyer High School, Denton Independent School District, Denton, TX for being named Texas National Awardee in the secondary mathematics category for the 2019 Presidential Award; and be it further

**RESOLVED**, That the State Board of Education does hereby extend its congratulations to Kay Fincher, Amarillo High School, Amarillo Independent School District, Amarillo, Texas for being named Texas National Awardee in the secondary science category for the 2019 Presidential Award; and be it further

**RESOLVED**, That this resolution be presented to the aforementioned teachers for being identified as state and national awardees for the 2019 *Presidential Awards for Excellence in Mathematics and Science Teaching* program, and that a copy be included in the permanent records of the State Board of Education.

**WITNESS** our signatures this twenty-ninth day of January, two thousand and twenty-one, in Austin, Texas.

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Dr. Keven Ellis, Chair

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Georgina C. Pérez, Secretary

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## ***R E S O L U T I O N***

**WHEREAS** February 1-28, 2021, has been designated National Career and Technical Education Month; and

**WHEREAS** about 1.4 million Texas secondary students are enrolled in one or more career and technical education (CTE) courses in 1,200 school districts and charter schools throughout the state; and

**WHEREAS** CTE offers students the opportunity to gain the academic, technical and employability skills necessary for career readiness; and

**WHEREAS** students in CTE programs participate in authentic, meaningful experiences and apply academic knowledge and skills from across the curriculum which improve the quality of their overall education; and

**WHEREAS** CTE is a vital and integral part of the Foundation High School Program, offering students pathways to earn endorsements, performance acknowledgements, and industry-validated credentials; and

**WHEREAS** Texas is proud to support nine CTE student organizations – Business Professionals of America; DECA Texas Association; Future Business Leaders of America; Family, Career and Community Leaders of America; Health Occupations Students of America; SkillsUSA Texas; Texas Association of Future Educators; Texas FFA Association; and Texas Technology Student Association; and

**WHEREAS** CTE programs prepare students for a variety of careers by offering integrated programs of study that link secondary and postsecondary education and significantly contribute to college readiness; and

**WHEREAS** ensuring that employers have access to a qualified workforce is crucial to the Texas economy; now, therefore, be it

**RESOLVED**, That the State Board of Education, which has been designated by the Texas Legislature as the State Board for Career and Technical Education, does hereby proclaim February 1-28, 2021 as Career and Technical Education Month in Texas, and does hereby urge all Texans to become familiar with the outstanding programs delivered by exceptional CTE teachers in communities across the state, and to support these programs to enhance college and career readiness for all Texas students.

**WITNESS** our signatures this twenty-ninth day of January, two thousand and twenty-one, in Austin, Texas.

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Keven Ellis, Chair

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Georgina C. Pérez, Secretary

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## ***R E S O L U T I O N***

**WHEREAS** parents and employers play a key role in supporting public schools; and

**WHEREAS** advocating for education through volunteerism, material, and financial support can have a lifelong impact on students' lives; and

**WHEREAS** the Texas Legislature recognized this important school-parent-business partnership when it created the Employers for Education Excellence award in 2007; and

**WHEREAS** Sewell Family of Companies of Odessa met and exceeded the requirements to be recognized at the highest level for this award in partnering with Ector County Independent School District; and

**WHEREAS** Sewell Ford donated a truck during the 2018-2019 school year to the Agriculture Career and Technical Education (CTE) program providing much-needed transportation for students and to haul livestock to stock shows and FFA competitions; and

**WHEREAS** in 2019-2020, Sewell Ford donated a car and two engines creating opportunities for real world learning and hands-on instruction for over 160 students enrolled in the Automotive Technology CTE program; and

**WHEREAS** Sewell Family of Companies has approximately 90 percent of its employees participating in various forms of volunteer activities such as mentoring and coaching; and

**WHEREAS** through its employees' efforts and financial support to the Education Foundation of Odessa and the Education Partnership, new water fountains were installed at Permian High School, and new scoreboards installed at the Permian baseball field; and now, therefore, be it

**RESOLVED**, that the State Board of Education urges Texas businesses to look upon Sewell Family of Companies as a role model for civic engagement; and be it further

**RESOLVED**, that the State Board of Education today, awards Sewell Family of Companies of Odessa the gold Employers for Education Excellence award for its generous and continuing support of West Texas students and teachers.

**WITNESS** our signatures this twenty-ninth day of January, two thousand and twenty-one, in Austin, Texas.

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Keven Ellis, chair

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Georgina C. Pérez, Secretary

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**TEXAS PERMANENT SCHOOL FUND  
SUMMARY OF TRANSACTIONS FOR APPROVAL  
(Including External Manager's Trades)  
For October 1, 2020 through November 30, 2020**

Purchases/Capital Calls:

Long Term Fixed Income	\$ 649,754,061
Public Market Equities	160,523,482
Alternative Investments	<u>375,521,932</u>
<b>TOTAL</b>	<b><u>\$ 1,185,799,475</u></b>

Sales/Distributions:

Long Term Fixed Income	\$ 363,026,347
Public Market Equities	567,256,560
Alternative Investments	<u>205,456,294</u>
<b>TOTAL</b>	<b><u>\$ 1,135,739,201</u></b>

General Land Office Contributions:

FY 2020 Cumulative November 2019	FY 2021 Cumulative November 2020
\$2,500,000	\$11,250,000

Based on the above information provided by staff including a report that deposits to the Permanent School Fund from the General Land Office were \$2,500,000 through November 2019 for fiscal year 2020 versus \$11,250,000 through November 2020 for fiscal year 2021, and the recommendation of the Executive Administrator and Chief Investment Officer and the Commissioner of Education; it is moved by unanimous consent that the Committee on School Finance/Permanent School Fund ratify for the months of October 2020 and November 2020 Permanent School Fund portfolio purchases of \$1,185,605,385 and sales of \$1,135,739,201.

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**TEXAS PERMANENT SCHOOL FUND  
SUMMARY OF TRANSACTIONS FOR APPROVAL  
FOR PSF LIQUID ACCOUNTS  
For October 1, 2020 through November 30, 2020**

Purchases:

Fixed Income	\$ 363,801,536
Public Market Equities	4,607,492
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TOTAL	<u><u>\$ 368,409,028</u></u>

Sales:

Fixed Income	\$ 334,400,195
Public Market Equities	1,045,650
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TOTAL	<u><u>\$ 335,445,845</u></u>

Based on the above information provided by staff and the recommendation of the Executive Administrator and Chief Investment officer and the Commissioner of Education: It is moved by unanimous consent that the Committee on School Finance/Permanent School Fund ratify for the period October 1, 2020 through November 30, 2020 Permanent School Fund Liquid Account purchases of \$368,409,028 and sales of \$335,445,845.

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## Chapter 74. Curriculum Requirements

### Subchapter B. Graduation Requirements

#### §74.11. High School Graduation Requirements.

- (a) To receive a high school diploma, a student entering Grade 9 in the 2014-2015 school year and thereafter must complete the following:
- (1) in accordance with subsection (d) [~~(e)~~] of this section, requirements of the Foundation High School Program specified in §74.12 of this title (relating to Foundation High School Program);
  - (2) testing requirements for graduation as specified in Chapter 101 of this title (relating to Assessment); and
  - (3) demonstrated proficiency, in Grade 8 or higher, as determined by the district in which the student is enrolled, in delivering clear verbal messages; choosing effective nonverbal behaviors; listening for desired results; applying valid critical-thinking and problem-solving processes; and identifying, analyzing, developing, and evaluating communication skills needed for professional and social success in interpersonal situations, group interactions, and personal and professional presentations.
- (b) Beginning with students enrolled in Grade 12 during the 2021-2022 school year [~~Before graduating from high school~~], each student in Grade 12 must complete and submit a free application for federal student aid (FAFSA) or a Texas application for state financial aid (TASFA) before graduating from high school. A student may graduate under the Foundation High School Program without completing a financial aid application if:
- (1) the student's parent or other person standing in parental relation submits a signed form, approved by the Texas Education Agency (TEA), indicating that the parent or other person authorizes the student to decline to complete and submit the financial aid application;
  - (2) the student signs and submits the form described by paragraph (1) of this subsection on the student's own behalf if the student is 18 years of age or older or has been emancipated under Texas Family Code, Chapter 31; or
  - (3) a school counselor authorizes the student to decline to complete and submit the financial aid application for good cause, as determined by the school counselor. If a school counselor notifies a school district that a student has declined to complete and submit a financial aid application for good cause, the school counselor may not indicate details regarding what constitutes good cause.
- (c) [~~(b)~~] A school district shall clearly indicate the distinguished level of achievement under the Foundation High School Program, an endorsement, and a performance acknowledgment on the transcript or academic achievement record (AAR) of a student who satisfies the applicable requirements.
- (d) [~~(e)~~] A student entering Grade 9 in the 2014-2015 school year and thereafter shall enroll in the courses necessary to complete the curriculum requirements for the Foundation High School Program specified in §74.12 of this title and the curriculum requirements for at least one endorsement specified in §74.13 of this title (relating to Endorsements).
- (e) [~~(d)~~] A student may graduate under the Foundation High School Program without earning an endorsement if, after the student's sophomore year:
- (1) the student and the student's parent or person standing in parental relation to the student are advised by a school counselor of the specific benefits of graduating from high school with one or more endorsements; and
  - (2) the student's parent or person standing in parental relation to the student files with a school counselor written permission, on a form adopted by the TEA [~~Texas Education Agency (TEA)~~],

allowing the student to graduate under the Foundation High School Program without earning an endorsement.

- (f) ~~(e)~~ A student may earn a distinguished level of achievement by successfully completing the curriculum requirements for the Foundation High School Program and the curriculum requirements for at least one endorsement required by the Texas Education Code (TEC), §28.025(b-15), including four credits in science and four credits in mathematics to include Algebra II.
- (g) ~~(f)~~ An out-of-state or out-of-country transfer student (including foreign exchange students) or a transfer student from a Texas nonpublic school is eligible to receive a Texas diploma but must complete all requirements of this section to satisfy state graduation requirements. Any course credit required in this section that is not completed by the student before he or she enrolls in a Texas school district may be satisfied through the provisions of §74.23 of this title (relating to Correspondence Courses and Distance Learning) and §74.24 of this title (relating to Credit by Examination) or by completing the course or courses according to the provisions of §74.26 of this title (relating to Award of Credit).
- (h) ~~(g)~~ Elective credits may be selected from the following:
- (1) high school courses not required for graduation that are listed in the following chapters of this title:
    - (A) Chapter 110 of this title (relating to Texas Essential Knowledge and Skills for English Language Arts and Reading);
    - (B) Chapter 111 of this title (relating to Texas Essential Knowledge and Skills for Mathematics);
    - (C) Chapter 112 of this title (relating to Texas Essential Knowledge and Skills for Science);
    - (D) Chapter 113 of this title (relating to Texas Essential Knowledge and Skills for Social Studies);
    - (E) Chapter 114 of this title (relating to Texas Essential Knowledge and Skills for Languages Other Than English);
    - (F) Chapter 115 of this title (relating to Texas Essential Knowledge and Skills for Health Education);
    - (G) Chapter 116 of this title (relating to Texas Essential Knowledge and Skills for Physical Education);
    - (H) Chapter 117 of this title (relating to Texas Essential Knowledge and Skills for Fine Arts);
    - (I) Chapter 127 of this title (relating to Texas Essential Knowledge and Skills for Career Development); and
    - (J) Chapter 130 of this title (relating to Texas Essential Knowledge and Skills for Career and Technical Education);
  - (2) state-approved innovative courses as specified in §74.27 of this title (relating to Innovative Courses and Programs);
  - (3) Junior Reserve Officer Training Corps (JROTC)--one to four credits; ~~and~~
  - (4) Driver Education--one-half credit ; ~~and~~ ~~§~~
  - (5) College preparatory English language arts or mathematics courses developed and offered pursuant to the TEC, §28.014.
- (i) ~~(h)~~ Courses offered for dual credit at or in conjunction with an institution of higher education that provide advanced academic instruction beyond, or in greater depth than, the essential knowledge and skills for the equivalent high school course required for graduation may satisfy graduation requirements, including requirements for required courses, advanced courses, and courses for elective credit as well as requirements for endorsements.

- (j) ~~(i)~~ A student may not be enrolled in a course that has a required prerequisite unless:
- (1) the student has successfully completed the prerequisite course(s);
  - (2) the student has demonstrated equivalent knowledge as determined by the school district; or
  - (3) the student was already enrolled in the course in an out-of-state, an out-of-country, or a Texas nonpublic school and transferred to a Texas public school prior to successfully completing the course.
- (k) ~~(j)~~ A district may award credit for a course a student completed without meeting the prerequisites if the student completed the course in an out-of-state, an out-of-country, or a Texas nonpublic school where there was not a prerequisite.
- (l) ~~(k)~~ A district shall allow a student who successfully completes AP Computer Science A or IB Computer Science Higher Level to satisfy both one advanced mathematics requirement and one languages other than English requirement for graduation.
- (m) ~~(l)~~ Each school district shall annually report to the TEA the names of the locally developed courses, programs, institutions of higher education, and internships in which the district's students have enrolled as authorized by the TEC, §28.002(g-1). The TEA shall make available information provided under this subsection to other districts. If a district chooses, it may submit any locally developed course for approval under §74.27 of this title as an innovative course.
- (n) ~~(m)~~ Each school district shall annually report to the TEA the names of cybersecurity courses approved by the board of trustees for credit and the institutions of higher education in which the district's students have enrolled as authorized by the TEC, §28.002(g-3). The TEA shall make available information provided under this subsection to other districts. If a district chooses, it may submit any locally developed course for approval under §74.27 of this title as an innovative course.
- (o) ~~(n)~~ A school district shall permit a student to comply with the curriculum requirements under the Foundation High School Program by successfully completing appropriate courses in the core curriculum of an institution of higher education (IHE). A student who has completed the core curriculum of an IHE in accordance with TEC, §61.822, as certified by the IHE in accordance with §4.28 of this title (relating to Core Curriculum):
- (1) is considered to have earned an endorsement by successfully completing the appropriate courses for that endorsement;
  - (2) is considered to have earned a distinguished level of achievement under the Foundation High School Program; and
  - (3) is entitled to receive a high school diploma.

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ATTACHMENT  
Text of Proposed Amendments to 19 TAC

**Chapter 33. Statement of Investment Objectives, Policies, and Guidelines of the Texas  
Permanent School Fund**

**Subchapter A. State Board of Education Rules**

**§33.5. Code of Ethics.**

- (a)-(c) (No change.)
- (d) Definitions. For purposes of this chapter, the following terms shall have the following meanings.
- (1)-(3) (No change.)
- (4) PSF Service Providers are the following Persons:
- (A) any Person who is an external investment manager, as described in §33.20(c)(1) [~~§33.20(b)(1)~~] of this title (relating to Responsible Parties and Their Duties), or who is responsible by contract for providing legal advice regarding the PSF, executing PSF brokerage transactions, or acting as a custodian of the PSF;
- (B) (No change.)
- (C) any Person who is Investment Counsel as described in §33.20(c)(4) [~~§33.20(b)(4)~~] of this title or provides consultant services for compensation regarding the management and investment of the PSF;
- (D)-(G) (No change.)
- (5)-(6) (No change.)
- (e)-(v) (No change.)

**§33.15. Objectives.**

- (a) (No change.)
- (b) Goal and objectives for the PSF.
- (1) Goal. The goal of the SBOE for the PSF shall be to invest for the benefit of current and future generations of Texans consistent with the safety of principal, considering [~~in light of~~] the strategic asset allocation plan adopted. To achieve this goal, PSF investment shall always be carefully administered [~~at all times~~].
- (2) (No change.)
- (c) (No change.)
- (d) Asset allocation policy.
- (1) The SBOE shall adopt and implement a strategic asset allocation plan based on a well-diversified [~~well diversified~~], balanced investment approach that uses a broad range of asset classes indicated by the following characteristics of the PSF:
- (A)-(G) (No change.)
- (2) (No change.)
- (3) The SBOE Committee on School Finance/Permanent School Fund, with the advice of the PSF investment staff, shall review the provisions of this section at least annually and, as needed, rebalance the assets of the portfolio according to the asset allocation rebalancing procedure specified in the PSF Investment Procedures Manual. The SBOE Committee on School

Finance/Permanent School Fund shall consider the industry diversification and the percentage allocation within the following asset classes:

(A)-(I) (No change.)

(J) high yield;

~~[(J) risk parity;]~~

(K)-(L) (No change.)

(4)-(5) (No change.)

### §33.25. Permissible and Restricted Investments and General Guidelines for Investment Managers.

(a) (No change.)

(b) Prohibited transactions and restrictions. Except as provided in subsection (a) of this section or as approved or delegated by the SBOE, the following prohibited transactions and restrictions apply to all Texas Permanent School Fund (PSF) investment managers with respect to the investment or handling of PSF assets, except as otherwise noted:

(1)-(5) (No change.)

(6) purchasing the equity or debt securities of the PSF investment manager's own organization or an affiliated organization, but excluding purchases with respect to indexed or passively managed portfolios ;

(7) engaging in any purchasing transaction, after which the cumulative market value of common stock in a single corporation exceeds 2.5% of the PSF total market value or 5.0% of the manager's total portfolio market value, but excluding purchasing transactions with respect to indexed or passively managed portfolios ;

(8) engaging in any purchasing transaction, after which the cumulative number of shares of common stock in a single corporation held by the PSF exceeds 5.0% of the outstanding voting stock of that issuer, but excluding purchasing transactions with respect to indexed or passively managed portfolios ;

(9)-(11) (No change.)

(12) purchasing any publicly traded fixed income security not rated investment grade ~~[rated below BB-]~~ ~~[not rated investment grade]~~ by Standard & Poor's ~~(BBB-)~~ ~~[(BBB-)]~~, ~~[Ba3-by]~~ Moody's ~~(Baa3)~~ ~~[(Baa3)]~~, or ~~[BB-by]~~ Fitch ~~(BBB-)~~ ~~[(BBB-)]~~, subject to the provisions of the PSF Investment Procedures Manual and the following restrictions:

(A) when ratings are provided by the three rating agencies, the middle rating shall be used;

(B) when ratings are provided by two ratings agencies, the lower rating is used; or

(C) when a rating is provided by one rating agency, the sole rating is used;

~~[(13) purchasing any publicly traded fixed income securities that are rated below investment grade by Standard & Poor's (below BBB-), Moody's (below Baa3), or Fitch (below BBB-), with such rating as determined in accordance with paragraph (12)(A)-(C) of this subsection, if the cumulative market value of such below investment grade rated securities after such purchase exceeds 5% of the total portfolio market par value of the PSF fixed income portfolio;]~~

~~(13)~~ ~~[(14)]~~ ~~[(13)]~~ purchasing short-term money market instruments rated below A-1 by Standard & Poor's or P-1 by Moody's;

~~(14)~~ ~~[(15)]~~ ~~[(14)]~~ engaging in any transaction that results in unrelated business taxable income (excluding current holdings);

~~(15)~~ ~~[(16)]~~ ~~[(15)]~~ engaging in any transaction considered a "prohibited transaction" under the Internal Revenue Code or the Employee Retirement Income Security Act (ERISA);

- ~~(16)~~ ~~(17)~~ ~~(16)~~ purchasing precious metals or other commodities;
- ~~(17)~~ ~~(18)~~ ~~(17)~~ engaging in any transaction that would leverage a manager's position;
- ~~(18)~~ ~~(19)~~ ~~(18)~~ lending securities owned by the PSF, but held in custody by another party, such as a bank custodian, to any other party for any purpose, unless lending securities according to a separate written agreement the SBOE approved; and
- ~~(19)~~ ~~(20)~~ ~~(19)~~ purchasing fixed income securities without a stated par value amount due at maturity.

(c)-(d) (No change.)

**§33.35. Guidelines for the Custodian and the Securities Lending Agent for the Texas Permanent School Fund (PSF) and the PSF Liquid Account .**

Completing custodial and security lending functions in an accurate and timely manner is necessary for effective investment management and accurate records.

- (1) A custodian shall have the following responsibilities regarding the segments of the funds for which the custodian is responsible.
  - (A) (No change.)
  - (B) Provide for daily investment of any cash ~~[on a daily basis]~~ to avoid uninvested amounts.
  - (C)-(I) (No change.)
- (2) (No change.)

**§33.60. Performance and Review Procedures.**

As requested by the State Board of Education (SBOE) or Texas Permanent School Fund (PSF) investment staff, evaluation and periodic investment reports shall supply critical information on a continuing basis, such as the amount of trading activity, investment performance, cash positions, diversification ratios, rates of return, and other perspectives of the portfolios. The reports shall address compliance with investment policy guidelines.

- (1)-(2) (No change.)
- (3) Reports to the School Land Board. Each quarter, the SBOE shall provide the School Land Board a financial report on the portion of the PSF assets and funds for which the SBOE is responsible in accordance with Texas Education ~~[Natural Resources]~~ Code, §43.0052.
- (4)-(6) (No change.)