State Board of Education
Summary of Action Items
Sept. 16, 2011

Student Performance – The Martin Stars from Mary Martin Elementary School in the Weatherford Independent School District performed for the board.
Staff Contact: Questions about this item should be directed to the office of the State Board of Education at (512) 463-9007.

1. **Resolutions and Presentations**
   The State Board of Education recognized 15 school volunteers with the Heroes for Children award. The award recipients are: Hilda Granados from the Laredo Independent School District; Marco Castillo from Corpus Christi ISD; Antonia Reyes from Weslaco ISD; Allison Louis from Clear Creek ISD; Carroll Polk Wilson from Temple ISD; Tommie Friday from Klein ISD; Barney "Pop" Bennett from Spring ISD; Denise Sheffield from Lumberton ISD; Sherri Hocutt from Chisum ISD; Melissa Mozer from Katy ISD; Jane Denbow from Weatherford ISD; Elizabeth Chappell from Coppell ISD; Warren Adams from DeSoto ISD; Cheryl Preece from Troy ISD and Liz Melgar from Texhoma ISD.
   Staff Contact: Questions about this item should be directed to the Division of Communications and State Board of Education Support at (512) 463-9000.

2. **Approval of Consent Agenda**
   Any agenda item may be placed on the Consent Agenda by any State Board of Education committee.

   (1) Ratification of the Purchases and Sales of the Investment Portfolio of the Permanent School Fund for the Months of June and July 2011 (Committee on School Finance/Permanent School Fund)

   The board ratified the purchases and sales for the months of June and July 2011 in the amount of $1,534,229,412 and $2,292,314,907 respectively.
   Staff Contact: Questions about this item should be directed to the Office of the Permanent School Fund (512) 463-9169.

   (2) Determination as to Whether Transfers May be Made from the Permanent School Fund to the Available School Fund (Committee on School Finance/Permanent School Fund)
   This item was pulled from the consent agenda and considered as part of the regular agenda.

   The board determined that a distribution of $942.988 million for fiscal year 2012 is permitted under the Texas Constitution Article VII, Subsection 5(a)(2) and if HJR 109 is passed by voters in November, distribution to the Available School Fund for fiscal year 2012 will increase by $73.7 million to $1,016.66 billion.
   Staff Contact: Questions about this item should be directed to the Office of the Permanent School Fund (512) 463-9169.

(3) Consideration of the Removal of the Charter School Asset Class in the Permanent School Fund Long Term Strategic Asset Allocation Plan and in the Investment Procedures Manual
(Committee on School Finance/Permanent School Fund)
This item was pulled from the consent agenda and considered as part of the regular agenda.

The board approved the removal of the charter school asset class in the Permanent School Fund Long Term Strategic Asset Allocation Plan and in the Investment Procedures Manual and moved the allocation equally between TIPS and commodities.
Staff Contact: Questions about this item should be directed to the Office of the Permanent School Fund (512) 463-9169.

(4) Proposed Repeal of 19 TAC Chapter 97, Planning and Accountability, Subchapter A, Accountability
(Committee on School Initiatives)
The board approved for first reading and filing authorization the repeal of board rules dealing with school accountability. This repeal is necessary to reflect statutory changes resulting from House Bill 3 passed during the 2009 session of the Texas Legislature, which transferred authority to adopt student achievement indicators from the State Board of Education to the commissioner of education.
Staff Contact: Questions about this item should be directed to the Division of Performance Reporting at (512) 463-9704.

COMMITTEE OF THE FULL BOARD
No action items.

COMMITTEE ON INSTRUCTION

Election of Chair
George Clayton, R-Richardson, was approved as chair of the Committee on Instruction. Marsha Farney, R-Georgetown, was appointed vice chair.

3. Proposed Repeal of 19 TAC Chapter 113, Texas Essential Knowledge and Skills for Social Studies, Subchapter A, Elementary, §§113.1-113.7, Subchapter B, Middle School, §§113.21-113.24, and Subchapter C, High School, §§113.31-113.39, and 19 TAC Chapter 118, Texas Essential Knowledge and Skills for Economics with Emphasis on the Free Enterprise System and Its Benefits, Subchapter A, High School, §118.1 and §118.2, and Proposed Amendments to 19 TAC Chapter 113, Texas Essential Knowledge and Skills for Social Studies, §§113.10, 113.17, and 113.40, and 19 TAC Chapter 118, Texas Essential Knowledge and Skills for Economics with Emphasis on the Free Enterprise System and Its Benefits, §118.3
(Second Reading and Final Adoption)
The board approved the repeal of 19 TAC Chapter 113, Texas Essential Knowledge and Skills for Social Studies for elementary, middle school and high school. This action repeals the Texas Essential Knowledge and Skills (TEKS) that became effective in 1998 and that are superseded by the revised social studies TEKS implemented in the 2011-2012 school year.
Staff Contact: Questions about this item should be directed to the Curriculum Division at (512) 463-9581.

4. **Proposed Revisions to 19 TAC Chapter 89, Adaptations for Special Populations, Subchapter C, General Educational Development**
(First Reading and Filing Authorization)
Moved to Consent

The board approved for first reading and filing authorization proposed revisions to 19 TAC Chapter 89, Adaptations for Special Populations, Subchapter C, General Educational Development. The proposed revisions would update the current rules to reflect statutory changes and add clarifying language.
Staff Contact: Questions about this item should be directed to the Federal and State Education Policy Division at (512) 463-9291.

COMMITTEE ON SCHOOL FINANCE/PERMANENT SCHOOL FUND

5. **Per Capita Apportionment Rate for 2011-2012 School Year**
Moved to Consent

Board members unanimously adopted a per capita apportionment rate of $247.475 for the 2011-2012 school year.
Staff Contact: Questions about this item should be directed to the Office of School Finance at (512) 463-9179.

6. **Proposed Amendment to 19 TAC Chapter 105, Foundation School Program, Subchapter B, Use of State Funds, §105.11, Maximum Allowable Indirect Cost**
(First Reading and Filing Authorization)

The board approved for first reading and filing authorization the proposed amendment to 19 TAC Chapter 105, Foundation School Program, Subchapter B, Use of State Funds, §105.11, Maximum Allowable Indirect Cost. The proposed amendment would increase the indirect cost rate for compensatory education, bilingual education, special language education, and special education programs from 45 percent to 48 percent, and would increase the indirect cost rate for career and technical education programs from 40 percent to 42 percent. The indirect cost rate for gifted and talented education programs would remain set at 45 percent. In addition, the board approved an amendment that would allow a district for the 2012-2013 school year and each year thereafter to choose to use a greater indirect cost allotment under the TEC, §§42.151, 42.153, 42.154(a-1) and (c), and 42.156(b) to the extent the district receives less funding per weighted student in state and local maintenance and operations revenue than in the 2011-2012 school year. In addition, the board will require the commissioner to develop a methodology for a district to make a determination under this section and may require any information necessary to implement this sub-section.
Staff Contact: Questions about this item should be directed to the Office of Financial Audits at (512) 463-9095.

7. **Approval of a Pool of Qualified Respondents to the RFQ for Real Estate Investment Managers for the Permanent School Fund and Approval of Investments in Real Estate Funds**
Moved to Consent

The board approved additional firms to the RFQ for Real Estate Investment Managers for the Permanent School Fund, including approval of waivers of the requirement for firms to be a Registered Investment Advisor, as applicable.

Alinda Capital Partners	LEM Capital LP
BPG Properties Ltd	Madison Realty Capital Advisor / Sullivan Realty Capital LLC
Capri Capital Partners LLC	Marathon Asset Management LP
Carlyle Investment Management LLC	Mesirow Financial Investment Management Inc.
Colony Capital LLC	Niam AB
CRP | Colony Realty Partners LLC	Prima Capital Advisors LLC
DRA Advisors LLC	Red Fort Capital SPE Ltd
European Investors Inc	REVCAP | Real Estate Venture Capital Mgmt.
Forum Securities Ltd	Rockspring Capital
Frogmore Real Estate Partners Fund Managers	Southern Bridge Capital Management Partners
Harbert Management Corporation	Trecap Partners LLC
Harrison Street Real Estate Capital LLC	UrbanAmerica Principals III LLC

Staff Contact: Questions about this item should be directed to the Office of the Permanent School Fund (512) 463-9169.

8. **Presentation and Review of the Absolute Return Portfolios Managed for the Permanent School Fund**
Moved to Consent

The board approved placing GAM USA, Inc. on the watch list due to recent personnel turnover.
Staff Contact: Questions about this item should be directed to the Office of the Permanent School Fund (512) 463-9169.

COMMITTEE ON SCHOOL INITIATIVES

9. Proposed Selection of Open-Enrollment Charter Schools

The board approved the operation of eight new charter schools. They are:

Applicant	Location	Approved Grades	Max. Enrollment
UME Preparatory Academy	Grand Prairie	K-12	540
Austin Achieve Public Schools	Austin	6-12	1,050
Fallbrook College Preparatory Academy	Houston	K-12	1,280
Legacy Preparatory	Dallas, Garland, Irving, Mesquite	K-12	2,600
Prime Prep Academy	Dallas, Fort Worth	K-12	2,000
Hope Global Learning Village K-12	Houston	K-12	500
Excellence in Leadership Academy	Mission	pre-k (4yr olds)-12	600
The Pro-Vision Academy	Houston	3-12	500

Staff Contact: Questions about this item should be directed to the Division of Charter School Administration at (512) 463-9575.