Minutes
State Board of Education
July 22, 2011

The State Board of Education met at 9:04 a.m. on Friday, July 22, 2011, 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.; David Bradley; George Clayton; Bob Craig, Vice Chair; Marsha Farney; Charlie Garza; Pat Hardy; Mavis B. Knight; Terri Leo; Gail Lowe; Ken Mercer; Thomas Ratliff; Michael Soto

Absent: Mary Helen Berlanga

Invocation

Pledge of Allegiance

Approval of Minutes

State Board of Education, April 15, 2011

MOTION AND VOTE: *The State Board of Education unanimously approved the Minutes of the April 15, 2011, 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=3958** or in the information section (yellow pages) of the agenda.

1. Resolutions and Presentations
(No Exhibit)

There were no resolutions and/or presentations introduced.

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.

In addition to the items on the original consent agenda, the following agenda items received unanimous approval in committee and were brought forward to the consent agenda for board approval:

- Official agenda item #6—Adoption of Review of 19 TAC Chapter 102, Educational Programs, Subchapter A, Grants
- Official agenda item #7—Per Capita Apportionment Rate for the 2010-2011 School Year
- Official agenda item #10—Proposed Amendments to the Investment Procedures Manual

By unanimous consent, the State Board of Education approved the following items on the consent agenda, including the items that were brought forward.

(1) 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
(First Reading and Filing Authorization)
(Board agenda page II-11)
(COMMITTEE ON INSTRUCTION)

The State Board of Education approved for first reading and filing authorization the 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, as recommended by the Committee on Instruction.

(2) Recommendations Regarding Readoption of Instructional Materials
(Board agenda page II-19)
(COMMITTEE ON INSTRUCTION)

The State Board of Education approved the readoption of instructional materials currently under contract in the subject areas and for the periods indicated in the attachment, as recommended by the Committee on Instruction.

(ATTACHMENT 1, page 11)

(3) Adoption of an Annual Report on the Status of the Bond Guarantee Program
(Board agenda page III-1)
(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, 2010, as recommended by the Committee on School Finance/Permanent School Fund.

(ATTACHMENT 2, page 13)

(4) Ratification of the Purchases and Sales of the Investment Portfolio of the Permanent School Fund for the Months of March, April and May 2011
(Board agenda page III-5)
(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 2011 in the amount of $1,911,206,417 and $2,113,430,186, respectively, as recommended by the Committee on School Finance/Permanent School Fund.

(5) Recommendation for Appointment to the Randolph Field Independent School District Board of Trustees
(Board agenda page IV-1)
(COMMITTEE ON SCHOOL INITIATIVES)

The State Board of Education approved the appointment of Jimmy D. Cornelius to serve a two-year term of office, from July 22, 2011 through July 21, 2013, on the Randolph Field Independent School District Board of Trustees, as recommended by the Committee on School Initiatives.

(ATTACHMENT 3, page 23)

(6) Recommendation for Appointments to the Fort Sam Houston Independent School District Board of Trustees
(Board agenda page IV-15)
(COMMITTEE ON SCHOOL INITIATIVES)

The State Board of Education approved the reappointments of Keith Toney and Deborah Seabron, and the appointment of Col. Randall Anderson, to each serve a two-year term of office, from July 22, 2011 through July 21, 2013, on the Fort Sam Houston Independent School District Board of Trustees, as recommended by the Committee on School Initiatives.

(ATTACHMENT 4, page 29)

(7) Recommendation for Appointments to the Boys Ranch Independent School District Board of Trustees
(Board agenda page IV-59)
(COMMITTEE ON SCHOOL INITIATIVES)

The State Board of Education approved the reappointments of George Owen and Suzanne Wright to each serve a two-year term of office, from July 22, 2011 through July 21, 2013, on the Boys Ranch Independent School District Board of Trustees, as recommended by the Committee on School Initiatives.

(ATTACHMENT 5, page 41)

6. Adoption of Review of 19 TAC Chapter 102, Educational Programs, Subchapter A, Grants
(Adoption of Review)
(Board agenda page II-3)

The State Board of Education adopted the review of 19 TAC Chapter 102, Educational Programs, Subchapter A, Grants, as recommended by the Committee on Instruction.

7. Per Capita Apportionment Rate for the 2010-2011 School Year
(Board agenda page III-3)

The State Board of Education adopted a revised per capita apportionment rate of $466 for the 2010-2011 school year, as recommended by the Committee on School Finance/Permanent School Fund.

10. Proposed Amendments to the Investment Procedures Manual
(Board agenda page III-11)

The State Board of Education adopted amendments to the Investment Procedures Manual, as recommended by the Committee on School Finance/Permanent School Fund.

(ATTACHMENT 6, page 49)

COMMITTEE OF THE FULL BOARD

3. **Report and Recommendations from the Commissioner of Education Regarding Instructional Materials Offered for Adoption under Midcycle 2011 Proclamation**
(Board agenda page I-1)

MOTION AND VOTE: *It was recommended by the Committee of the Full Board and carried unanimously by the State Board of Education to require that all publishers make corrections listed in the Report of the Commissioner of Education Concerning Required Corrections of Factual Errors; grant permission for EMC Publishing, LLC to withdraw Anatomy and Physiology: A Case Study Approach; Anatomy and Physiology; grant permission for EMC Publishing, LLC to withdraw Preparing for Career Success; Career Preparation I; grant permission for EMC Publishing, LLC to withdraw Computers: Understanding Technology – Comprehensive; Principles of Information Technology; and place the remaining instructional materials submitted for adoption on the Conforming List or Nonconforming List as indicated on the Final Recommendations of the Commissioner of Education Regarding Instructional Materials Offered for Adoption under Midcycle 2011 Proclamation.*

(ATTACHMENT 7, page 85)

4. **Proposed New 19 TAC Chapter 126, Texas Essential Knowledge and Skills for Technology Applications, Subchapter C, High School, §§126.32-126.35, 126.37, and 126.48**
(Second Reading and Final Adoption)
(Board agenda page I-7)

MOTION: *It was recommended by the Committee of the Full Board 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 new 19 TAC Chapter 126, Texas Essential Knowledge and Skills for Technology Applications, Subchapter C, High School, §§126.32-126.35, 126.37, and 126.48, with an effective date of 20 days after filing as adopted with the Texas Register to be implemented beginning with the 2012-2013 school year.*

MOTION AND VOTE: *It was moved by Mrs. Knight, seconded by Ms. Hardy, and carried unanimously to amend §126.32, Fundamentals of Computer Science (One Credit), Beginning with School Year 2012-2013, to reflect one-half to one credit, instead of one credit.*

VOTE: *A vote was taken on the motion 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 new 19 TAC Chapter 126, Texas Essential Knowledge and Skills for Technology Applications, Subchapter C, High School, §§126.32-126.35, 126.37, and 126.48, as amended, with an effective date of 20 days after filing as adopted with the Texas Register to be implemented beginning with the 2012-2013 school year. The motion carried, with 14 members voting Aye and 0 members voting No, as follows:*

Aye:	*Mr. Allen*	*Ms. Hardy*
	Mr. Bradley	*Mrs. Knight*
	Mrs. Cargill	*Ms. Leo*
	Mr. Clayton	*Mrs. Lowe*
	Mr. Craig	*Mr. Mercer*
	Dr. Farney	*Mr. Ratliff*
	Mr. Garza	*Dr. Soto*

(ATTACHMENT 8, page 95)

5. Report and Recommendations from the Commissioner of Education Regarding Instructional Materials Offered for Adoption under the Request for Supplemental Science Materials
(Board agenda page I-31)

MOTION AND VOTE: *It was recommended by the Committee of the Full Board and carried unanimously by the State Board of Education to grant permission to the publishers listed in the attachment to withdraw their submissions from consideration for adoption.*

MOTION: *It was recommended by the Committee of the Full Board that the State Board of Education require that all publishers make corrections listed in the Report of the Commissioner of Education Concerning Required Corrections of Factual Errors; require that all instructional materials meet established manufacturing standards and specifications, meet minimum web-based publishing standards, and meet the technical standards of the Federal Rehabilitation Act, Section 508; approve changes and corrections in lists submitted by publishers to the agency and in response to written comments and public testimony; and place the instructional materials submitted for adoption on the adopted list as indicated in the Final Recommendations of the Commissioner of Education Regarding Instructional Materials Offered for Adoption under the Request for Supplemental Science Materials, as amended.*

MOTION: *It was moved by Dr. Soto and seconded by Mr. Ratliff to amend the motion by omitting the eight publisher-contested factual errors for Holt McDougal's biology submission from the Report of the Commissioner of Education Concerning Required Corrections of Factual Errors.*

MOTION: *It was moved by Mr. Mercer and seconded by Mr. Garza to amend Dr Soto's motion by omitting the publisher-contested factual errors for Holt McDougal's biology submission except for errors related to TEKS 7A, Animation: Similarities in Macromolecules in both the Student and Teacher Resources.*

Dr. Soto withdrew his motion without objection.

MOTION AND VOTE: *It was moved by Mr. Craig and seconded by Mrs. Knight to approve the Holt McDougal biology submission, contingent upon the publisher re-wording the eight statements identified as factual errors to the satisfaction of the Commissioner of Education. The motion carried, with 14 members voting Aye and 0 members voting No, as follows:*

Aye:	*Mr. Allen*	*Ms. Hardy*
	Mr. Bradley	*Mrs. Knight*
	Mrs. Cargill	*Ms. Leo*
	Mr. Clayton	*Mrs. Lowe*
	Mr. Craig	*Mr. Mercer*
	Dr. Farney	*Mr. Ratliff*
	Mr. Garza	*Dr. Soto*

VOTE: *A vote was taken on the motion to approve the recommendation of the Committee of the Full Board, as amended. The motion carried unanimously.*

MOTION AND VOTE: *It was recommended by the Committee of the Full Board and carried unanimously by the State Board of Education to reject the instructional materials submitted by International Databases, Inc., under the Request for Supplemental Science Materials.*

(ATTACHMENT 9, page 113)

COMMITTEE ON INSTRUCTION

6. Adoption of Review of 19 TAC Chapter 102, Educational Programs, Subchapter A, Grants
(Adoption of Review)
(Board agenda page II-3)

Action taken on this item by the State Board of Education is addressed under agenda item #2—Approval of Consent Agenda.

COMMITTEE ON SCHOOL FINANCE/PERMANENT SCHOOL FUND

7. Per Capita Apportionment Rate for the 2010-2011 School Year
(Board agenda page III-3)

Action taken on this item by the State Board of Education is addressed under agenda item #2—Approval of Consent Agenda.

8. **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**
(Board agenda page III-7)

MOTION: *It was recommended by the Committee on School Finance/Permanent School Fund that the State Board of Education approve ten qualified respondents 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.*

Mr. Mercer officially recused himself from the vote because he works for USAA, the umbrella company for the real estate company that is one of the ten finalists.

VOTE: *A vote was taken on the motion to approve ten qualified respondents 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, as recommended by the Committee on School Finance/Permanent School Fund. The motion carried.*

MOTION AND VOTE: *It was recommended by the Committee on School Finance/Permanent School Fund and carried unanimously by the State Board of Education to approve the execution of agreement(s) with The Blackstone Group, necessary to make an investment commitment of up to $50 million in Blackstone Real Estate Partners Fund VII, subject to continued due diligence and negotiation of fund terms.*

9. **Approval of Implementation and Investment in Inflation Linked Bonds as Part of the Real Return Allocation**
(Board agenda page III-9)

MOTION AND VOTE: *It was recommended by the Committee on School Finance/Permanent School Fund and carried unanimously by the State Board of Education to approve the implementation of investment in inflation linked bonds as part of the real return allocation. There will be a 2.75% allocation to U.S. Treasury Inflation Protected Securities to be managed by internal staff.*

10. **Proposed Amendments to the Investment Procedures Manual**
(Board agenda page III-11)

Action taken on this item by the State Board of Education is addressed under agenda item #2—Approval of Consent Agenda.

11. Presentation and Review of the Absolute Return Portfolios Managed for the Permanent School Fund
(Board agenda page III-13)

Ms. Hardy reported that Mesirow Advanced Strategies, Inc., K2 Advisors, and Grosvenor Capital Management, L.P. provided a review and presentation of the absolute return portfolios managed for the Permanent School Fund. Ms. Hardy stated that the Committee on School Finance/Permanent School Fund would hear from two other firms at its next committee meeting, thus there was no recommendation at this time from the committee.

COMMITTEE ON SCHOOL INITIATIVES

12. Proposed Guidelines and Application for Open-Enrollment Charters
(Board agenda page IV-69)

MOTION AND VOTE: *It was recommended by the Committee on School Initiatives and carried unanimously by the State Board of Education to adopt the Seventeenth Generation Open-Enrollment Charter Guidelines and Application.*

13. Adoption of Governance Reporting Form for Open-Enrollment Charter Schools
(Board agenda page IV-71)

MOTION AND VOTE: *It was recommended by the Committee on School Initiatives and carried unanimously by the State Board of Education to adopt the 2011-2012 Governance Reporting Form for Open-Enrollment Charter Schools.*

14. Proposed Guidelines and Application for Public College or University Charters
(Board agenda page IV-73)

MOTION AND VOTE: *It was recommended by the Committee on School Initiatives and carried unanimously by the State Board of Education to adopt the Public College or University Charter Guidelines and Application.*

REPORTS OF COMMITTEES REGARDING AGENDA ITEMS ON COMMITTEE AGENDAS

Committee on Instruction

The Committee on Instruction did not report on discussion items.

Committee on School Finance/Permanent School Fund

The Committee on School Finance/Permanent School Fund did not report on discussion items.

Committee on School Initiatives

There were no discussion items for 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 10:58 a.m.

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Mary Helen Berlanga, Secretary