Minutes
State Board of Education
September 16, 2011

The State Board of Education met at 9:15 a.m. on Friday, September 16, 2011, in the State Board of Education Room, #1-104, of the William B. Travis Building, 1701 N. Congress Avenue, Austin, Texas. All members of the board were present, as follows:

Presiding: Barbara Cargill, Chair; Lawrence A. Allen, Jr.; Mary Helen Berlanga, Secretary; 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

Student Performance

The student performance was provided by Mary Martin Elementary School, Weatherford Independent School District, Weatherford, Texas.

Pledge of Allegiance

Approval of Minutes

State Board of Education, July 22, 2011

MOTION AND VOTE: *The State Board of Education unanimously approved the Minutes of the July 22, 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

Heroes for Children, State Board of Education Districts 1-15

The State Board of Education, by unanimous consent, adopted a resolution recognizing Hilda Granados, Marco Castillo, Antonia Reyes, Allison Louis, Carroll Wilson, Tommie Friday, Barney "Pop" Bennett, Denise Sheffield, Sherri Hocutt, Melissa Mozer, Jane Denbow, Elizabeth Chappell, Warren Adams, Cheryl Preece, and Liz Melgar as Heroes for Children.

(ATTACHMENT 1, page 11)

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 #4—Proposed Revisions to 19 TAC Chapter 89, Adaptations for Special Populations, Subchapter C, General Educational Development
- Official agenda item #5—Per Capita Apportionment Rate for the 2011-2012 School Year
- Official agenda item #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
- Official agenda item #8—Presentation and Review of the Absolute Return Portfolios Managed for the Permanent School Fund

Mrs. Cargill reported that consent agenda items (2) and (3) were being pulled from the original consent agenda.

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

(1) Ratification of the Purchases and Sales of the Investment Portfolio of the Permanent School Fund for the Months of June and July 2011
(Board agenda page III-11)
(COMMITTEE ON SCHOOL FINANCE/PERMANENT SCHOOL FUND)

The State Board of Education 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, as recommended by the Committee on School Finance/Permanent School Fund.

(2) Determination as to Whether Transfers May be Made from the Permanent School Fund to the Available School Fund
(Board agenda page III-13)
(COMMITTEE ON SCHOOL FINANCE/PERMANENT SCHOOL FUND)

This item was pulled from the consent agenda for further consideration by the board.

MOTION AND VOTE: *It was recommended by the Committee on School Finance/Permanent School Fund and carried unanimously by the State Board of Education that the board determine that a distribution of $942.988 million for fiscal year 2012 is permitted under 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 FY 2012 shall increase by $73.7 million to $1,016.66 million.*

(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
(Board agenda page III-23)
(COMMITTEE ON SCHOOL FINANCE/PERMANENT SCHOOL FUND)

This item was pulled from the consent agenda for further consideration by the board.

MOTION AND VOTE: *It was recommended by the Committee on School Finance/Permanent School Fund and carried by the State Board of Education to remove the charter school asset class in the Permanent School Fund Long Term Strategic Asset Allocation Plan and in the Investment Procedures Manual and to move the allocation equally between TIPS and real return commodities.*

(4) Proposed Repeal of 19 TAC Chapter 97, Planning and Accountability, Subchapter A, Accountability
(First Reading and Filing Authorization)
(Board agenda page IV-1)
(COMMITTEE ON SCHOOL INITIATIVES)

The State Board of Education approved for first reading and filing authorization the proposed repeal of 19 TAC Chapter 97, Planning and Accountability, Subchapter A, Accountability, as recommended by the Committee on School Initiatives.

4. **Proposed Revisions to 19 TAC Chapter 89, Adaptations for Special Populations, Subchapter C, General Educational Development**
(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 revisions to 19 TAC Chapter 89, Adaptations for Special Populations, Subchapter C, General Educational Development, as recommended by the Committee on Instruction.

5. **Per Capita Apportionment Rate for the 2011-2012 School Year**
(Board agenda page III-1)
(COMMITTEE ON SCHOOL FINANCE/PERMANENT SCHOOL FUND)

The State Board of Education adopted a per capita apportionment rate of $247.475 for the 2011-2012 school year, as recommended by the Committee on School Finance/Permanent School Fund.

(ATTACHMENT 2, page 13)

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**
(Board agenda page III-25)
(COMMITTEE ON SCHOOL FINANCE/PERMANENT SCHOOL FUND)

The State Board of Education approved additional firms 1 through 25, with the exception of firm number 24, listed in the overview of 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.

8. **Presentation and Review of the Absolute Return Portfolios Managed for the Permanent School Fund**
(Board agenda page III-27)
(COMMITTEE ON SCHOOL FINANCE/PERMANENT SCHOOL FUND)

The State Board of Education placed GAM USA, Inc. on a watch list due to recent personnel turnover, as recommended by the Committee on School Finance/Permanent School Fund.

COMMITTEE OF THE FULL BOARD

The Committee of the Full Board had no action items.

COMMITTEE ON INSTRUCTION

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)
(Board agenda page II-3)

MOTION AND VOTE: *It was recommended by the Committee on Instruction that the State Board of Education approve for second reading and final adoption 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, with an effective date of 20 days after filing as adopted with the Texas Register. The motion carried by an affirmative vote of two-thirds of the members of the board.*

To reduce the volume of the minutes, the text of the repeal of 19 TAC §§113.1-113.7, 113.21-113.24, and 113.31-113.39 is not presented as part of the attachment to the minutes.

(ATTACHMENT 3, page 15)

4. Proposed Revisions to 19 TAC Chapter 89, Adaptations for Special Populations, Subchapter C, General Educational Development
(First Reading and Filing Authorization)
(Board agenda page II-11)

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

5. Per Capita Apportionment Rate for the 2011-2012 School Year
(Board agenda page III-1)

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

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)
(Board agenda page III-3)

MOTION: *It was recommended by the Committee on School Finance/Permanent School Fund that the State Board of Education approve 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, as amended, as follows:*

No more than 48% [~~45%~~] of each school district's Foundation School Program (FSP) special allotments under the Texas Education Code, Chapter 42, Subchapter C, may be expended for indirect costs related to the following programs: compensatory education, [~~gifted and talented education,~~] bilingual education and special language programs, and special education. No more than 45% of each school district's FSP special allotments under the Texas Education Code, Chapter 42, Subchapter C, may be expended for indirect costs related to gifted and talented education programs. No more than 42% [~~40%~~] of each school district's FSP special allotments under the Texas Education Code, Chapter 42, Subchapter C, may be expended for indirect costs related to career and technical education programs. Indirect costs may be attributed to the following expenditure function codes: 34--Student Transportation; 41--General Administration; 81--Facilities Acquisition and Construction; and the Function 90 series of the general fund, as defined in the Texas Education Agency publication, Financial Accountability System Resource Guide.

MOTION AND VOTE: *It was moved by Mr. Allen, seconded by Mr. Craig, and carried unanimously to amend the motion, as follows:*

(a) No more than 48% [~~45%~~] of each school district's Foundation School Program (FSP) special allotments under the Texas Education Code, Chapter 42, Subchapter C, may be expended for indirect costs related to the following programs: compensatory education, [~~gifted and talented education,~~] bilingual education and special language programs, and special education. No more than 45% of each school district's FSP special allotments under the Texas Education Code, Chapter 42, Subchapter C, may be expended for indirect costs related to gifted and talented education programs. No more than 42% [~~40%~~] of each school district's FSP special allotments under the Texas Education Code, Chapter 42, Subchapter C, may be expended for indirect costs related to career and technical education programs. Indirect costs may be attributed to the following expenditure function codes: 34--Student Transportation; 41--General Administration; 81--Facilities Acquisition and Construction; and the Function 90 series of the general fund, as defined in the Texas Education Agency publication, Financial Accountability System Resource Guide.

(b) For the 2012-2013 school year and each year thereafter, a school district may choose to use a greater indirect cost allotment under the Texas Education Code, §§42.151, 42.153, 42.154, and 42.156, to the extent the school district receives less funding per weighted student in state and local maintenance and operations revenue than in the 2011-2012 school year. The commissioner of education shall develop a methodology for a school district to make a determination under this section and may require any information necessary to implement this subsection.

VOTE: *A vote was taken on the motion that the State Board of Education approve 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, as amended. The motion carried unanimously.*

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**
(Board agenda page III-25)

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

8. **Presentation and Review of the Absolute Return Portfolios Managed for the Permanent School Fund**
(Board agenda page III-27)

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

COMMITTEE ON SCHOOL INITIATIVES

9. **Proposed Selection of Open-Enrollment Charter Schools**
(Board agenda page IV-11)

MOTION AND VOTE: *It was recommended by the Committee on School Initiatives and carried unanimously by the State Board of Education to approve an open-enrollment charter to the sponsoring entity for the UME Preparatory Academy, to begin serving students in the 2012-2013 school year, provided contingencies are cleared.*

MOTION AND VOTE: *It was recommended by the Committee on School Initiatives and carried unanimously by the State Board of Education to approve an open-enrollment charter to the sponsoring entity for Austin Achieve Public Schools, to begin serving students in the 2012-2013 school year, provided contingencies are cleared.*

MOTION AND VOTE: *It was recommended by the Committee on School Initiatives that the State Board of Education approve an open-enrollment charter to the sponsoring entity for Bridge to Tomorrow, to begin serving students in the 2012-2013 school year, provided contingencies are cleared. The motion failed.*

MOTION AND VOTE: *It was recommended by the Committee on School Initiatives and carried by the State Board of Education to approve an open-enrollment charter to the sponsoring entity for the Fallbrook College Preparatory Academy, to begin serving students in the 2012-2013 school year, provided contingencies are cleared.*

MOTION AND VOTE: *It was recommended by the Committee on School Initiatives and carried by the State Board of Education to approve an open-enrollment charter to the sponsoring entity for Legacy Preparatory, to begin serving students in the 2012-2013 school year, provided contingencies are cleared.*

MOTION AND VOTE: *It was recommended by the Committee on School Initiatives and carried by the State Board of Education to approve an open-enrollment charter to the sponsoring entity for the Prime Prep Academy, to begin serving students in the 2012-2013 school year, provided contingencies are cleared.*

MOTION AND VOTE: *It was recommended by the Committee on School Initiatives that the State Board of Education approve an open-enrollment charter to the sponsoring entity for the El Paso Country Day Charter School, to begin serving students in the 2012-2013 school year, provided contingencies are cleared. The motion failed, with 6 members voting Aye and 9 members voting No, as follows:*

Aye:	*Mr. Allen*	*Mr. Garza*
	Mr. Bradley	*Mrs. Knight*
	Mr. Clayton	*Mr. Mercer*
No:	*Mrs. Berlanga*	*Ms. Leo*
	Mrs. Cargill	*Mrs. Lowe*
	Mr. Craig	*Mr. Ratliff*
	Dr. Farney	*Dr. Soto*
	Ms. Hardy	

MOTION: *It was recommended by the Committee on School Initiatives that the State Board of Education approve an open-enrollment charter to the sponsoring entity for Hope Global Learning Village K-12, to begin serving students in the 2012-2013 school year, provided contingencies are cleared.*

MOTION: *It was moved by Mr. Bradley to award an open-enrollment charter to the sponsoring entity for Hope Global Learning Village K-12, to begin serving students in the 2012-2013 school year, contingent on providing proof of unencumbered funds in the amount of $450,000 for the start-up budget.*

Mr. Bradley withdrew his motion without objection from the board.

VOTE: *A vote was taken on the motion to approve an open-enrollment charter to the sponsoring entity for Hope Global Learning Village K-12, to begin serving students in the 2012-2013 school year, provided contingencies are cleared. The motion carried.*

MOTION AND VOTE: *It was recommended by the Committee on School Initiatives and carried by the State Board of Education to approve an open-enrollment charter to the sponsoring entity for the Excellence in Leadership Academy, to begin serving students in the 2012-2013 school year, provided contingencies are cleared.*

MOTION AND VOTE: *It was recommended by the Committee on School Initiatives that the State Board of Education approve an open-enrollment charter to the sponsoring entity for Academy for Technological Advancement, to begin serving students in the 2012-2013 school year, provided contingencies are cleared. The motion failed.*

MOTION AND VOTE: *It was moved by Mr. Ratliff, seconded by Mr. Allen, and carried to approve an open-enrollment charter to the sponsoring entity for The Pro-Vision Academy, to begin serving students in the 2012-2013 school year, provided contingencies are cleared, and contingent on the applicant's ability to provide written evidence from the Internal Revenue Service to TEA staff that at the time of application on February 24, 2011, the sponsoring entity was a 501(c)(3) nonprofit corporation in good standing and remaining in good standing through this date, September 16, 2011.*

REPORTS OF COMMITTEES REGARDING AGENDA ITEMS ON COMMITTEE AGENDAS

Committee on Instruction

Mr. Clayton did not report on discussion items.

Committee on School Finance/Permanent School Fund

Ms. Hardy reported on the following discussion item: Texas Education Agency Administrative and Program Strategic Budget for Fiscal Year 2012.

Committee on School Initiatives

Mr. Mercer did not report on discussion items.

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 12:20 p.m.

_____

Mary Helen Berlanga, Secretary

R E S O L U T I O N

WHEREAS the State Board of Education recognizes that public school volunteers make a difference in the lives of Texas students every day and fill many roles by being listeners, role models, motivators and mentors; and

WHEREAS these volunteers lend a hand by giving selflessly of their time, energy and lives to improve the quality of Texas public schools and by taking the time to make things better for students and their parents and teachers; and

WHEREAS Hilda Granados was the first parent volunteer in the history of J. C. Martin Elementary School in Laredo ISD to start a tradition of public service in her own family as well as inspiring others to do so; and

WHEREAS Marco Castillo has been a mentor in the Corpus Christi ISD Guidance+Partnership=Success (GPS) Mentoring Program, helping to ensure that at-risk students persist in successful completion of all ninth grade credits; and

WHEREAS every week the efforts of volunteer Antonia Reyes, Weslaco ISD, impact or influence student learning and contribute to the social, emotional, physical and academic needs of her young charges at Airport Elementary School; and

WHEREAS Allison Louis goes above and beyond empowering the students of the gifted and talented community at Westbrook Intermediate School in the Clear Creek ISD to think beyond what they can even imagine; and

WHEREAS Carroll Wilson founded the Temple ISD Wildcat Mentor Program to offer at-risk students the opportunity to experience positive one-on-one relationships and community support; and

WHEREAS his own personal struggle with reading motivated Tommie Friday to work three days a week with the struggling readers at Krahn Elementary School in the Klein ISD using his own materials and equipment; and

WHEREAS Barney "Pop" Bennett has worked at Winship Elementary in the Spring ISD as a volunteer reader, tutor, mentor and substitute father/grandfather since 1997 with every age group from prekindergarten to fifth grade; and

WHEREAS Denise Sheffield has successfully combined being PTO president, volunteer, substitute school nurse, wife and mother, definitely proving to be an exceptionally well-rounded individual and a blessed asset to the Lumberton Primary School; and

WHEREAS Sherri Hocutt exemplifies the ultimate expression of generosity by being a parent volunteer for Chisum Elementary School in the Chisum ISD by always giving 110 percent on any task with which she is asked to help; and

WHEREAS the most visible parent volunteer at Cinco Ranch High School in Katy ISD is Melissa Mozer, who has worked in every volunteer position that Cinco Ranch has had to offer, regardless of what position it was, for the past 12 years; and

WHEREAS for more than 30 years, Jane Denbow has served the Weatherford ISD as a volunteer in many capacities, as a mentor, tutor, child advocate with CASA, HOST reader, and as a sponsor for many needy children; and

WHEREAS the president of Coppell ISD Gifted Association, Elizabeth Chappell, is a strong advocate of the unique needs of gifted students in the Coppell ISD, and volunteers her time and energy to inspire not only the students but their parents and the teachers who serve them; and

WHEREAS for 11 years, Warren Adams has provided library funds for the Cockrell Hill Elementary School in DeSoto ISD to help the librarian reach her goal of ten books for every one student; and

WHEREAS Cheryl Preece is a hero not only to the students and teachers of Troy ISD, but is described as a hero to an entire town for doing whatever is needed with a smile on her face and kindness in her heart; and

WHEREAS Liz Melgar has been a daily volunteer for the past two years in the classrooms of the Texhoma ISD, working with Spanish-speaking students and their families to help them navigate the local school system; and

WHEREAS all these Texans' efforts have benefited the children of our state and contributed to the success of the Texas public education system; now, therefore, be it

RESOLVED, That the State Board of Education recognizes these outstanding individuals as Heroes for Children; and be it further

RESOLVED, That this resolution be presented to each of the recipients and that a copy be included in the permanent records of the State Board of Education.

WITNESS our signatures this sixteenth day of September, two thousand eleven, in Austin, Texas.

_____
Barbara Cargill, Chair

_____
Mary Helen Berlanga, Secretary