Minutes
State Board of Education
January 23, 2009

The State Board of Education met at 9:02 a.m. on Friday, January 23, 2009, 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: Don McLeroy, Chair; Rick Agosto; Lawrence A. Allen, Jr., Vice Chair; Mary Helen Berlanga; David Bradley; Barbara Cargill; Bob Craig; Cynthia Dunbar; Pat Hardy; Mavis B. Knight; Terri Leo, Secretary; Gail Lowe; Ken Mercer; Geraldine Miller; Rene Nuñez

Student Performance

The student performance was provided by the Mainland Preparatory Academy, La Marque, Texas.

Invocation

Pledge of Allegiance

Approval of Minutes

State Board of Education, November 21, 2008

MOTION AND VOTE: *It was moved by Mr. Craig and carried unanimously to approve the Minutes of the November 21, 2008, 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 State Board of Education received no presentations of public testimony.

1. Resolutions and Presentations

Teacher of the Year

Mrs. Leo read the resolution, which the State Board of Education adopted by unanimous consent, congratulating Christine Gleason and Dora Newell on their selection as Texas Teachers of the Year.

(ATTACHMENT 1, page 13)

Presidential Awards for Excellence in Mathematics and Science Teaching

Mrs. Leo read the resolution, which the State Board of Education adopted by unanimous consent, recognizing outstanding mathematics and science teachers in elementary and secondary schools identified as state and national finalists for the 2008 Presidential Awards for Excellence in Mathematics and Science Teaching program.

(ATTACHMENT 2, page 15)

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 #5—Adoption of the Review of 19 TAC Chapter 30, Administration, Subchapter A, State Board of Education: General Provisions, and Proposed Amendment to 19 TAC §30.1, Petition for Adoption of Rule Changes
- Official Agenda Item #13—Proposed Amendment to 19 TAC Chapter 129, Student Attendance, Subchapter B, Student Attendance Accounting, §129.21, Requirements for Student Attendance Accounting for State Funding Purposes
- Official Agenda Item #14—Adoption of the Review of 19 TAC Chapter 30, Administration, Subchapter B, State Board of Education: Purchasing and Contracts, and Proposed Amendment to 19 TAC §30.21, Historically Underutilized Business (HUB) Program
- Official Agenda Item #16—Approval of the Selection of a Firm(s) to Provide Private Equity Specialist Advisor and/or Fund of Fund Manager for the Permanent School Fund and Authorization for Contract Execution by the Commissioner of Education

Dr. McLeroy reported that official agenda item #16 was being pulled from the consent agenda, per Mrs. Miller's request.

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

(1) Approval of 2009-2013 Rule Review Plan for State Board of Education Rules
(Board agenda page I-21)
(COMMITTEE OF THE FULL BOARD)

The State Board of Education approved the proposed 2009-2013 Rule Review Plan for State Board of Education Rules, as recommended by the Committee of the Full Board.

(ATTACHMENT 3, page 17)

(2) Ratification of the Purchases and Sales of the Investment Portfolio of the Permanent School Fund for the Months of October and November 2008
(Board agenda page III-27)
(COMMITTEE ON SCHOOL FINANCE/PERMANENT SCHOOL FUND)

The State Board of Education ratified the purchases and sales for the months of October and November 2008, in the amount of $1,716,475,800 and $1,220,483,113, respectively, as recommended by the Committee on School Finance/Permanent School Fund.

(3) Authorization to Issue a Request for Proposals for Global Custody and Securities Lending Services for the Permanent School Fund
(Board agenda page III-29)
(COMMITTEE ON SCHOOL FINANCE/PERMANENT SCHOOL FUND)

The State Board of Education approved the recommendation of the Committee on School Finance/Permanent School Fund to postpone the issuance of a Request for Proposals for Global Custody and Securities Lending Services for the Permanent School Fund.

(4) Search for Outside Legal Counsel for the Permanent School Fund
(Board agenda page III-31)
(COMMITTEE ON SCHOOL FINANCE/PERMANENT SCHOOL FUND)

The State Board of Education approved the recommendation of the Committee on School Finance/Permanent School Fund to postpone the search for outside legal counsel for the Permanent School Fund.

(5) Recommendation for Appointments to the Fort Sam Houston Independent School District Board of Trustees
(Board agenda page IV-1)
(COMMITTEE ON SCHOOL INITIATIVES)

The State Board of Education approved the reappointments of Keith Toney, Deborah Seabron, and Eustace Lewis to each serve two-year terms of office, from January 23, 2009, through January 22, 201l, on the Fort Sam Houston Independent School District Board of Trustees, as recommended by the Committee on School Initiatives.

(ATTACHMENT 4, page 21)

5. Adoption of the Review of 19 TAC Chapter 30, Administration, Subchapter A, State Board of Education: General Provisions, and Proposed Amendment to 19 TAC §30.1, Petition for Adoption of Rule Changes
(Adoption of Review)
(First Reading and Filing Authorization of Amendment)
(Board agenda page I-15)
(COMMITTEE OF THE FULL BOARD)

The State Board of Education adopted the review of 19 TAC Chapter 30, Administration, Subchapter A, State Board of Education: General Provisions; and approved for first reading and filing authorization, the proposed amendment to 19 TAC §30.1, Petition for Adoption of Rule Changes, as amended and as recommended by the Committee of the Full Board.

13. Proposed Amendment to 19 TAC Chapter 129, Student Attendance, Subchapter B, Student Attendance Accounting, §129.21, Requirements for Student Attendance Accounting for State Funding Purposes
(First Reading and Filing Authorization)
(Board agenda page III-13)
(COMMITTEE ON SCHOOL FINANCE/PERMANENT SCHOOL FUND)

The State Board of Education approved for first reading and filing authorization the proposed amendment to 19 TAC Chapter 129, Student Attendance, Subchapter B, Student Attendance Accounting, §129.21, Requirements for Student Attendance Accounting for State Funding Purposes, as recommended by the Committee on School Finance/Permanent School Fund.

14. Adoption of the Review of 19 TAC Chapter 30, Administration, Subchapter B, State Board of Education: Purchasing and Contracts, and Proposed Amendment to 19 TAC §30.21, Historically Underutilized Business (HUB) Program
(Adoption of Review)
(First Reading and Filing Authorization of Amendment)
(Board agenda page III-19)
(COMMITTEE ON SCHOOL FINANCE/PERMANENT SCHOOL FUND)

The State Board of Education adopted the review of 19 TAC Chapter 30, Administration, Subchapter B, State Board of Education: Purchasing and Contracts, and approved for first reading and filing authorization the proposed amendment to 19 TAC §30.21, Historically Underutilized Business (HUB) Program, as recommended by the Committee on School Finance/Permanent School Fund.

COMMITTEE OF THE FULL BOARD

Dr. McLeroy reported on the Update on Texas Essential Knowledge and Skills, a discussion item of the Committee of the Full Board.

3. Legislative Recommendations for the 81st Texas Legislature
(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 adopt the State Board of Education's legislative recommendations to the 81st Texas Legislature.*

(ATTACHMENT 5, page 29)

4. Proposed Amendment to 19 TAC Chapter 101, Assessment, Subchapter B, Development and Administration of Tests, §101.23, Performance Standards
(Second Reading and Final Adoption)
(Board agenda page I-3)

MOTION AND VOTE: *It was recommended by the Committee of the Full Board and carried unanimously by the State Board of Education to approve for second reading and final adoption the proposed amendment to 19 TAC Chapter 101, Assessment, Subchapter B, Development and Administration of Tests, §101.23, Performance Standards, with an effective date of September 1, 2009.*

(ATTACHMENT 6, page 31)

5. Adoption of the Review of 19 TAC Chapter 30, Administration, Subchapter A, State Board of Education: General Provisions, and Proposed Amendment to 19 TAC §30.1, Petition for Adoption of Rule Changes
(Adoption of Review)
(First Reading and Filing Authorization of Amendment)
(Board agenda page I-15)

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

6. Proposed Amendments to 19 TAC Chapter 111, Texas Essential Knowledge and Skills for Mathematics, Subchapter B, Middle School, and Subchapter C, High School
(Second Reading and Final Adoption)
(Board agenda page I-29)

MOTION AND VOTE: *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 the proposed amendments to 19 TAC Chapter 111, Texas Essential Knowledge and Skills for Mathematics, Subchapter B, Middle School, and Subchapter C, High School, with an effective date of 20 days after filing as adopted with the Texas Register. The motion carried, with 14 members voting Aye and 0 members voting No, as follows:*

Aye:	*Mr. Agosto*	*Mrs. Knight*
	Mr. Allen	*Ms. Leo*
	Mrs. Berlanga	*Mrs. Lowe*
	Mrs. Cargill	*Dr. McLeroy*
	Mr. Craig	*Mr. Mercer*
	Ms. Dunbar	*Mrs. Miller*
	Ms. Hardy	*Mr. Nuñez*

Mr. Bradley did not vote.

(ATTACHMENT 7, page 37)

7. Proposed Revisions to 19 TAC Chapter 112, Texas Essential Knowledge and Skills for Science, Subchapter A, Elementary, Subchapter B, Middle School, and Subchapter C, High School
(First Reading and Filing Authorization)
(Board agenda page I-51)

MOTION AND VOTE: *It was recommended by the Committee of the Full Board and carried unanimously by the State Board of Education to approve for first reading and filing authorization the proposed revisions to 19 TAC Chapter 112, Texas Essential Knowledge and Skills for Science, Subchapter A, Elementary, Subchapter B, Middle School, and Subchapter C, High School, as amended.*

8. Midcycle 2010 Proclamation of the State Board of Education Advertising for Bids on Instructional Materials
(Board agenda page I-57)

MOTION AND VOTE: *It was recommended by the Committee of the Full Board and carried unanimously by the State Board of Education to approve the Midcycle 2010 Proclamation of the State Board of Education Advertising for Bids on Instructional Materials. (Ms. Leo was absent for the vote.)*

(ATTACHMENT 8, page 53)

9. Recommendations Regarding Readoption of Instructional Materials
(Board agenda page I-59)

MOTION AND VOTE: *It was recommended by the Committee of the Full Board and carried unanimously by the State Board of Education to readopt instructional materials currently under contract in the subject areas and for the periods indicated in the attachment. (Ms. Leo was absent for the vote.)*

(ATTACHMENT 9, page 55)

10. Consideration of Options for Graduation Credit for Athletics
(Board agenda page I-63)

MOTION AND VOTE: *It was moved by Mr. Craig, seconded by Mr. Mercer, and carried unanimously that the State Board of Education postpone action on the consideration of options for graduation credit for athletics until the March 2009 meeting of the State Board of Education. (Mr. Agosto and Mr. Bradley were absent for the vote.)*

11. Approval of Nominees to Recommend to the Governor for Service on the Board of Trustees of the Teacher Retirement System of Texas
(Board agenda page I-66a)

MOTION AND VOTE: *It was recommended by the Committee of the Full Board and carried unanimously by the State Board of Education to approve the list of nominees to be submitted to the governor for consideration for appointment to the board of trustees of the Teacher Retirement System to fill an unexpired term ending on August 31, 2013. (Ms. Leo was absent for the vote.)*

(ATTACHMENT 10, page 63)

COMMITTEE ON INSTRUCTION (Mrs. Cargill, chair)

No action items.

COMMITTEE ON SCHOOL FINANCE/PERMANENT SCHOOL FUND (Mr. Bradley, chair)

12. Proposed Amendment to 19 TAC Chapter 33, Statement of Investment Objectives, Policies, and Guidelines of the Texas Permanent School Fund, §33.65, Guarantee Program for School District Bonds
(Second Reading and Final Adoption)
(Board agenda page III-1)

MOTION AND VOTE: *It was recommended by the Committee on School Finance/Permanent School Fund 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 the proposed amendment to 19 TAC Chapter 33, Statement of Investment Objectives, Policies, and Guidelines of the Texas Permanent School Fund, §33.65, Guarantee Program for School District Bonds, as amended, with an effective date of 20 days after filing as adopted with the Texas Register. The motion carried, with 15 members voting Aye and 0 members voting No, as follows:*

Aye:	*Mr. Agosto*	*Mrs. Knight*
	Mr. Allen	*Ms. Leo*
	Mrs. Berlanga	*Mrs. Lowe*
	Mr. Bradley	*Dr. McLeroy*
	Mrs. Cargill	*Mr. Mercer*
	Mr. Craig	*Mrs. Miller*
	Ms. Dunbar	*Mr. Nuñez*
	Ms. Hardy	

(ATTACHMENT 11, page 75)

13. Proposed Amendment to 19 TAC Chapter 129, Student Attendance, Subchapter B, Student Attendance Accounting, §129.21, Requirements for Student Attendance Accounting for State Funding Purposes
(First Reading and Filing Authorization)
(Board agenda page III-13)

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

14. Adoption of the Review of 19 TAC Chapter 30, Administration, Subchapter B, State Board of Education: Purchasing and Contracts, and Proposed Amendment to 19 TAC §30.21, Historically Underutilized Business (HUB) Program
(Adoption of Review)
(First Reading and Filing Authorization of Amendment)
(Board agenda page III-19)

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

15. Decision on Private Equity Structure
(Board agenda page III-33)

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 Permanent School Fund select a manager to implement a discretionary private equity fund-of-one separate account within constraints developed by the board.*

16. Approval of the Selection of a Firm(s) to Provide Private Equity Specialist Advisor and/or Fund of Funds Manager for the Permanent School Fund and Authorization for Contract Execution by the Commissioner of Education
(Board agenda page III-35)

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 terminate the current RFP for private equity specialist advisor and/or fund of funds manager, and to direct staff to develop a new RFP for discretionary private equity fund-of-one manager, for the Permanent School Fund.*

17. Approval of the Selection of a Firm to Provide Investment Counsel Services for the Permanent School Fund and Authorization for Contract Execution by the Commissioner of Education
(Board agenda page III-37)

MOTION: *It was recommended by the Committee on School Finance/Permanent School Fund to hire NEPC, LLC for investment counsel services for the Permanent School Fund and that the Commissioner of Education be authorized to execute such contract.*

MOTION AND VOTE: *It was moved by Mrs. Lowe and seconded by Mrs. Dunbar to postpone action on the RFP for investment counsel services for the Permanent School Fund until no later than the July meeting of the State Board of Education. The motion carried, with 12 members voting Aye and 3 members voting No, as follows:*

Aye:	*Mr. Allen*	*Mrs. Knight*
	Mr. Bradley	*Ms. Leo*
	Mrs. Cargill	*Mrs. Lowe*
	Mr. Craig	*Dr. McLeroy*
	Ms. Dunbar	*Mr. Mercer*
	Ms. Hardy	*Mrs. Miller*
No:	*Mr. Agosto*	*Mr. Nuñez*
	Mrs. Berlanga	

COMMITTEE ON SCHOOL INITIATIVES (Mr. Craig, chair)

18. Proposed Process for Awarding Open-Enrollment Charters to Remaining Generation 14 Applicants
(Board agenda page IV-47)

MOTION AND VOTE: *It was recommended by the Committee on School Initiatives and carried unanimously by the State Board of Education to adopt a process for awarding open-enrollment charter schools to remaining Generation 14 applicants as charters become available, as follows:*

If one or more charters become available for award at a State Board of Education (SBOE) meeting prior to September 1, 2009, it would offer each remaining Generation 14 applicant a chance to provide a 10-minute overview of the program to the Committee on School Initiatives. This will occur at the Committee on School Initiatives meeting the day before the SBOE may award available charters. If an additional charter or charters become available for award at a subsequent SBOE meeting, but prior to September 1, 2009, the remaining applicants will be expected to attend the Committee on School Initiatives meeting the day before the SBOE meeting when the committee members will discuss the applications, but there will be no additional presentations by the applicants. The committee members will deliberate and determine the recommendation for the board, and the board may take action the following day to award charters.

(Mrs. Berlanga was absent for the vote.)

REPORTS OF COMMITTEES REGARDING AGENDA ITEMS ON COMMITTEE AGENDAS

Committee on Instruction

Mrs. Cargill reported on the Review of 19 TAC Chapter 101, Assessment, a discussion item of the Committee on Instruction.

Committee on School Finance/Permanent School Fund

Mr. Bradley reported on the following discussion items of the Committee on School Finance/Permanent School Fund: Review of Permanent School Fund Securities Transactions and the Investment Portfolio; Annual Reporting Requirement of the Internally Managed Permanent School Fund Investment Portfolio; Discussion of the Madoff Financial Scandal; and Report of the Permanent School Fund Executive Administrator and Chief Investment Officer.

Committee on School Initiatives

No report was presented.

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

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

The meeting adjourned at 11:45 a.m.

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Terri Leo, Secretary

R E S O L U T I O N

WHEREAS the State Board of Education values effective, dedicated, passionate teachers; and

WHEREAS teachers are more than just instructors; they are motivators, caretakers, mediators, role models, and mentors; and

WHEREAS Texans are proud of the thousands of exemplary educators who have chosen to teach in this great state; and

WHEREAS Christine Gleason and Dora Newell exemplify the many outstanding teachers in Texas; and

WHEREAS Christine Gleason, an English teacher at Fabens High School in the Fabens Independent School District, has been selected as the 2009 Texas Secondary Teacher of the Year; and

WHEREAS Christine Gleason will represent Texas in the National Teacher of the Year program; and

WHEREAS Christine Gleason can relate any piece of literature to teenage life in under 50 minutes and do it with laughter, poise, and integrity; and

WHEREAS Dora Newell, a third-grade teacher at Thigpen-Zavala Elementary School in the McAllen Independent School District, has been selected as the 2009 Texas Elementary Teacher of the Year; and

WHEREAS Dora Newell is determined to give each one of her students her absolute best because that's what every student deserves; and

WHEREAS Dora Newell cares not just about her students' education, but about them as people, which is why she attends their birthday parties, basketball games, quinceañeras, and graduations; now, therefore, be it

RESOLVED, That the State Board of Education does hereby congratulate Christine Gleason and Dora Newell on their selection as Texas Teachers of the Year; and be it further

RESOLVED, That the State Board of Education encourages Christine Gleason and Dora Newell to use this year to highlight the important work performed by Texas teachers each day.

WITNESS our signatures this twenty-third day of January, two thousand and nine, in Austin, Texas.

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Don McLeroy, Chair

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Terri Leo, Secretary

R E S O L U T I O N

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

WHEREAS through state selection committees, three mathematics teachers and two science teachers were nominated as Texas finalists; and

WHEREAS these teachers become candidates for the *Presidential Awards for Excellence in Mathematics and Science Teaching*, with one science and one mathematics teacher to be named a National Presidential Awardee; now, therefore, be it

RESOLVED, That the State Board of Education does hereby extend its congratulations to Heather Villaloboz from E. C. Mason Elementary School in the Alvin Independent School District; Amy Sample-Pence from Rainwater Elementary School in the Carrollton-Farmers Branch Independent School District; and Barbara Kelly from Cannon Elementary School in the Grapevine-Colleyville Independent School District being named state finalists in the mathematics category for the 2008 Presidential Award for Excellence in Mathematics Teaching; and be it further

RESOLVED, That the State Board of Education does hereby extend its congratulations to Amanda Santana from The Rice School in the Houston Independent School District; and Candy Ellard from Pillow Elementary School in the Austin Independent School District, being named state finalists in the science category for the 2008 Presidential Award for Excellence in Science Teaching; and be it further

RESOLVED, That this resolution be presented to the aforementioned teachers for being identified as state and national finalists for the 2008 *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-third day of January, two thousand and nine, in Austin, Texas.

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Don McLeroy, Chair

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Terri Leo, Secretary