

AGENDA

State Board of Education

September 2, 2020

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

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

MARTY ROWLEY, Amarillo
Vice Chair of the State Board of
Education
District 15

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

Board Members

LAWRENCE ALLEN, JR., Houston
District 4

PAM LITTLE, Fairview
District 12

DONNA BAHORICH, Houston
District 6

TOM MAYNARD, Florence
District 10

BARBARA CARGILL, Conroe
District 8

SUE MELTON-MALONE, Robinson
District 14

RUBEN CORTEZ, JR., Brownsville
District 2

KEN MERCER, San Antonio
District 5

AICHA DAVIS, Dallas
District 13

MARISA PEREZ-DIAZ, Converse
District 3

PATRICIA HARDY, Fort Worth
District 11

MATT ROBINSON, Friendswood
District 7

Committees of the State Board of Education

INSTRUCTION

Sue Melton-Malone, chair
Pam Little, vice chair
Aicha Davis
Georgina C. Pérez
Marty Rowley

SCHOOL FINANCE/PERMANENT SCHOOL FUND

Tom Maynard, chair
Lawrence Allen, Jr., vice chair
Donna Bahorich
Patricia Hardy
Ken Mercer

SCHOOL INITIATIVES

Barbara Cargill, chair
Marisa Perez-Diaz, vice chair
Ruben Cortez, Jr.
Keven Ellis
Matt Robinson

September 1, 2020

State Board of Education
Austin, Texas

I certify that this is the official agenda of the State Board of Education for its special meeting on September 1-2, 2020. Agenda items have been prepared and reviewed by Texas Education Agency staff and are presented for the board's discussion and consideration. Where appropriate, I have proposed an action.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Mike Morath', with a long horizontal flourish extending to the right.

Mike Morath
Commissioner of Education

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**William B. Travis Building
1701 N. Congress Avenue, Austin, Texas**

SCHEDULE AND AGENDAS

**Committees and Board
State Board of Education, Austin, Texas**

Meeting Times September 1-2, 2020	
<u>Tuesday, September 1, 2020 (Virtual Meeting)</u>	
9:00 a.m.	Committee of the Full Board
<u>Tuesday, September 1, 2020 (Virtual Meetings)</u>	
11:00 a.m.	Committee on Instruction
11:00 a.m.	Committee on School Finance/Permanent School Fund
11:00 a.m.	Committee on School Initiatives
<u>Wednesday, September 2, 2020 (Virtual Meeting)</u>	
9:00 a.m.	General Meeting

If the Committee of the Full Board does not complete its agenda Tuesday, it will resume its meeting Wednesday. If the Committee on Instruction does not complete its agenda Tuesday, it will resume its meeting on Wednesday. If the Committee on School Finance/Permanent School Fund does not complete its agenda Tuesday, it will resume its meeting Wednesday. If the Committee on School Initiatives does not complete its agenda Tuesday, it will resume its meeting on Wednesday.

NOTE: The chair may permit the board to take up and discuss any of the discussion items on a committee agenda, including hearing any invited presentations to a committee, based upon a recommendation from the committee or inability of the committee to complete its agenda on a preceding day.

The SBOE or a committee of the SBOE may conduct a closed meeting on any agenda item in accordance with Texas Open Meetings Act, Chapter 551, Subchapters D and E. Before any closed meeting is convened, the presiding officer will publicly identify the section or sections of the Act authorizing the closed meeting. All final votes, actions, or decisions will be taken in open meeting.

The agenda is online at <https://tea.texas.gov/sboe/agenda/> on the Texas Education Agency website. The posted information contains links to board action items including rule items and rule text, and selected discussion items. Public comments on proposed rules may be submitted electronically. All agenda items and rule text are subject to change at any time prior to each board meeting. To the extent possible, copies of changes made after the agenda and the schedule are published will be available at the board meeting.

TUESDAY
September 1, 2020

9:00 a.m.

COMMITTEE OF THE FULL BOARD (Virtual Meeting)

Public testimony – Individual testimony will be taken at the time the related item comes up for committee discussion or action. The procedures for registering and taking public testimony at State Board of Education committee meetings and general board meetings are provided at <https://tea.texas.gov/about-tea/leadership/state-board-of-education/sboe-meetings/sboe-operating-rules-amended-9-13-19> or in the information section of the agenda.

- 1. Proposed New 19 TAC Chapter 61, School Districts, Subchapter B, Special Purpose School Districts, §61.101, Applicability of State Law for Special Purpose School Districts (Second Reading and Final Adoption) (Board agenda page I-1)**

COMMITTEE - ACTION
SBOE - ACTION

This item presents for second reading and final adoption proposed new 19 Texas Administrative Code (TAC) Chapter 61, School Districts, Subchapter B, Special Purpose School Districts, §61.101, Applicability of State Law for Special Purpose School Districts. The proposed new rule would identify provisions of the Texas Education Code (TEC) that are not applicable to the special purpose school districts operated by Texas Tech University (TTU) and The University of Texas at Austin (UT Austin). No changes are recommended since approved for first reading. Statutory authority for this action is the Texas Education Code (TEC), §11.351.

- 2. Approval of *Proclamation 2022* Questions and Answers (Board agenda page I-9)**

COMMITTEE - ACTION
SBOE - ACTION

Proclamation 2022, issued by the State Board of Education (SBOE) in April 2020, calls for health education instructional materials and teachers-edition physical education instructional materials. Publishers and other stakeholders were given an opportunity to ask questions at a *Proclamation 2022* introduction meeting held in March 2020 and encouraged to submit additional questions through email. Questions from publishers were added to existing questions common to all proclamations, and the resulting question and answer document for *Proclamation 2022* is presented for SBOE approval. Statutory authority for this action is the Texas Education Code (TEC), §31.022.

COMMITTEE OF THE FULL BOARD (continued)

3. Discussion of Transition to Electronic Administration of Assessment Instruments

(Board agenda page I-10)

House Bill 3906, passed by the 86th Texas Legislature, 2019, requires the Texas Education Agency (TEA), in consultation with the State Board of Education (SBOE), to develop a transition plan to administer all state assessments electronically beginning not later than the 2022-2023 school year. This item provides the opportunity for staff to present an update on and for the SBOE to discuss the development of the transition plan. Statutory authority for this item is the Texas Education Code (TEC), §39.02341.

**COMMITTEE - DISCUSSION
SBOE - NO ACTION**

4. Discussion of Pending Litigation

(Board agenda page I-11)

The State Board of Education may enter executive session in accordance with the Texas Government Code, §551.071(1)(A), to discuss pending and contemplated litigation with the general counsel, legal staff, and, if necessary, attorney(s) from the Attorney General's Office. The Committee of the Full Board will meet virtually to discuss this item.

**COMMITTEE - DISCUSSION
SBOE - NO ACTION**

Cases to be discussed may include:

Tribune Company, No. 08-13141; *The Official Committee of Unsecured Creditors of Tribune Company v. Fitzsimmons*, Adv. Pro. No. 10-54010 (Bankr. D. Del);

Deutsche Bank v Bank of America, No. 3:11-CV-01175-F (N. D. Tex., Dallas Div.) and *Deutsche Bank v. Employees Retirement Fund of the City of Dallas*, No. 3:11-CV-1167-F; (N. D. Tex. Dallas Div.) *CONSOLIDATED in: In re: Tribune Company Fraudulent Conveyance Litigation*; No. 11-MD-2296 *Consolidated Multidistrict Action (S.D.N.Y.)*; and

any other litigation arising after the date of posting or reasonably contemplated as of the date of the board meeting.

TUESDAY
September 1, 2020

11:00 a.m.

COMMITTEE ON INSTRUCTION (Virtual Meeting)

Members: Sue Melton-Malone, chair; Pam Little, vice chair; Aicha Davis; Georgina C. Pérez; Marty Rowley. A quorum of the State Board of Education may attend the committee meeting and discuss items on the committee agenda.

Public testimony – Individual testimony will be taken at the time the related item comes up for committee discussion or action. The procedures for registering and taking public testimony at State Board of Education committee meetings and general board meetings are provided at <https://tea.texas.gov/about-tea/leadership/state-board-of-education/sboe-meetings/sboe-operating-rules-amended-9-13-19> or in the information section of the agenda.

- 1. Proposed Amendments to 19 TAC Chapter 74, Curriculum Requirements, Subchapter A, Required Curriculum, §74.1, Essential Knowledge and Skills, and §74.3, Description of a Required Secondary Curriculum (Second Reading and Final Adoption)
(Board agenda page II-I)**

COMMITTEE – ACTION
SBOE – ACTION

This item presents for second reading and final adoption proposed amendments to 19 Texas Administrative Code (TAC) Chapter 74, Curriculum Requirements, Subchapter A, Required Curriculum, §74.1, Essential Knowledge and Skills, and §74.3, Description of a Required Secondary Curriculum. The proposed amendments would update the rules to align with recent legislation and with changes to the technology applications and career and technical education (CTE) Texas Essential Knowledge and Skills (TEKS). Statutory authority for this action is the Texas Education Code (TEC), §7.102(c)(4), and §28.002(a), as amended by Senate Bill (SB) 11 and House Bill (HB) 18, 86th Texas Legislature, 2019.

COMMITTEE ON INSTRUCTION (continued)

- 2. Proposed New 19 TAC Chapter 120, Other Essential Knowledge and Skills, Subchapter A, Character Traits (Second Reading and Final Adoption)
(Board agenda page II-9)**

**COMMITTEE – ACTION
SBOE - ACTION**

This item presents for second reading and final adoption proposed new 19 Texas Administrative Code (TAC) Chapter 120, Other Essential Knowledge and Skills, Subchapter A, Character Traits. The proposed new subchapter would add new Texas Essential Knowledge and Skills (TEKS) for positive character traits for Kindergarten-Grade 12 in accordance with House Bill (HB) 1026, 86th Texas Legislature, 2019. No changes are recommended since approved for first reading. Statutory authority for this action is the Texas Education Code (TEC), §§7.102(c)(4), 28.002(a) and (c), and 29.906, as amended by HB 1026, 86th Texas Legislature, 2019.

- 3. Report from the Commissioner of Education Regarding Updated TEKS Alignment for Adopted Instructional Materials
(Board agenda page II-18)**

**COMMITTEE – ACTION
SBOE - ACTION**

This item provides the opportunity for the State Board of Education (SBOE) to approve the updated Texas Essential Knowledge and Skills (TEKS) coverage percentage on materials submitted for the TEKS update review. In November 2019, the board adopted revisions to 19 Texas Administrative Code (TAC) Chapter 66, to provide an opportunity for publishers to submit updated content and new correlations to the content to update the product's official TEKS or Texas Prekindergarten Guidelines (TPG) coverage percentage. Products submitted with TEKS updates were reviewed in the summer of 2020. This item presents the final report from the commissioner of education regarding the updated coverage of the TEKS and alleged factual errors. Statutory authority for this action is the Texas Education Code (TEC), §31.023 and §31.024.

COMMITTEE ON INSTRUCTION (continued)

- 4. Approval of Update to Instructional Materials for Learning A–Z**
(Board agenda page II-21)

COMMITTEE – ACTION
SBOE - ACTION

Learning A–Z is requesting approval to update content in six of its adopted products *Raz Plus ELL Texas Edition*, Kindergarten; *Raz Plus ELL Texas Edition*, grade 1; and *Raz Plus ELL Texas Edition*, grade 2. The updated content has been reviewed by curriculum subject-area specialists and determined to address the pertinent student expectations in a manner equal to the content initially reviewed and approved by the state review panel. Statutory authority for this action is the Texas Education Code (TEC), §31.003 and §31.022.

- 5. Proposed Amendment to 19 TAC Chapter 66, State Adoption and Distribution of Instructional Materials, Subchapter A, General Provisions, §66.15, Administrative Penalty**
(First Reading and Filing Authorization)
(Board agenda page II-22)

COMMITTEE – ACTION
SBOE - ACTION

This item presents for first reading and filing authorization a proposed amendment to 19 Texas Administrative Code (TAC) Chapter 66, State Adoption and Distribution of Instructional Materials, Subchapter A, General Provisions, §66.15, Administrative Penalty. The proposed amendment would address penalties for failure to comply with state law and rule governing review and adoption of instructional materials. Statutory authority for this action is the Texas Education Code (TEC), §§31.002; 31.003; 31.023; 31.035; and 31.151(b).

- 6. Discussion of Annual Audit Reports for Credit by Examination from Texas Tech University and The University of Texas at Austin**
(Board agenda page II-28)

COMMITTEE – DISCUSSION
SBOE – NO ACTION

This item provides an opportunity for the committee to discuss the annual audit reports submitted by Texas Tech University and The University of Texas at Austin regarding examinations used for credit by examination. Statutory authority for this item is the Texas Education Code (TEC), §28.023.

**TUESDAY
September 1, 2020**

11:00 a.m.

COMMITTEE ON SCHOOL FINANCE/PERMANENT SCHOOL FUND (Virtual Meeting)

Members: Tom Maynard, chair; Lawrence A. Allen, Jr., vice chair; Donna Bahorich; Patricia Hardy; Ken Mercer. A quorum of the State Board of Education may attend the committee meeting and discuss items on the committee agenda. A quorum of the Committee of Investment Advisors to the Permanent School Fund may attend the committee meeting and discuss items on the committee agenda.

Public testimony – Individual testimony will be taken at the time the related item comes up for committee discussion or action. The procedures for registering and taking public testimony at State Board of Education committee meetings and general board meetings are provided at

<https://tea.texas.gov/about-tea/leadership/state-board-of-education/sboe-meetings/sboe-operating-rules-amended-9-13-19> or in the information section of the agenda.

- 1. Per Capita Apportionment Rate for the 2020-2021 School Year**
(Board agenda page III-1)

**COMMITTEE – DISCUSSION
SBOE – NO ACTION**

A per capita apportionment rate for each school year is set by the commissioner of education based on an estimate of the amount available for expenditure from the Available School Fund (ASF). Agency staff members will provide an update on the recommended rate for the 2020-2021 school year at the September 2020 meeting of the Committee on School Finance/Permanent School Fund. Statutory authority for this item is the Texas Education Code (TEC), §§48.004; 48.251(c); and 43.001(b).

- 2. Review of the Study of the Permanent School Fund Distributions as defined in House Bill 4388, 86th Legislature, 2019**
(Board agenda page III-2)

**COMMITTEE – DISCUSSION
SBOE – NO ACTION**

This item provides an opportunity for the board to discuss the study on the Permanent School Fund (PSF) Distributions as defined in House Bill (HB) 4388, 86th Legislature, 2019. Statutory authority for this item is House Bill 4388, Section 5(b), 86th Legislature, 2019.

COMMITTEE ON SCHOOL FINANCE/PERMANENT SCHOOL FUND (continued)

- 3. Review of Permanent School Fund Securities Transactions and the Investment Portfolio** COMMITTEE – DISCUSSION
(Board agenda page III-3) SBOE – NO ACTION

Investment staff will report on the transactions executed during the months of May and June 2020 in the investment portfolio of the Texas Permanent School Fund. Statutory authority for this item is the Texas Constitution, Article VII, §2 and §5; and 19 Texas Administrative Code, Chapter 33.

- 4. Ratification of the Purchases and Sales of the Investment Portfolio of the Permanent School Fund for the Months of May and June 2020** COMMITTEE – ACTION
(Board agenda page III-4) SBOE – CONSENT

This item provides an opportunity for the committee and board to consider approval of the purchases and sales of investments executed in the portfolio of the Permanent School Fund for the months of May and June 2020. Statutory authority for this action is the Texas Constitution, Article VII, §2 and §5, and 19 Texas Administrative Code (TAC) Chapter 33.

- 5. Second Quarter 2020 Permanent School Fund Performance Report** COMMITTEE – DISCUSSION
(Board agenda page III-5) SBOE – NO ACTION

The performance measurement consultant to the Permanent School Fund, BNY Mellon Asset Servicing, will report on the investment performance during the second calendar quarter 2020 and cumulative investment performance of the various portfolios of the Fund. This item will allow the committee to discuss in depth various issues related to portfolio management such as risk characteristics of portfolios and portfolio attributes. Statutory authority for this item is the Texas Constitution, Article VII, §2 and §5; and 19 Texas Administrative Code, Chapter 33.

COMMITTEE ON SCHOOL FINANCE/PERMANENT SCHOOL FUND (continued)

6. **Determination as to Whether Transfers May be Made from the Permanent School Fund to the Available School Fund**
(Board agenda page III-6)

**COMMITTEE – ACTION
SBOE – CONSENT**

This item provides an opportunity for the committee and board to review the requirement in Article VII, §5(a)(2) that the total amount distributed over ten years cannot exceed the total return on all investment assets of the Permanent School Fund (PSF) over the same ten-year period. The board will determine whether transfers may be made from the PSF to the Available School Fund (ASF) in fiscal year 2021. Statutory authority for this action is the Texas Constitution, Article VII, §2 and §5, and 19 Texas Administrative Code (TAC) Chapter 33.

7. **Discussion of 19 TAC Chapter 33, Statement of Investment Objectives, Policies, and Guidelines of the Texas Permanent School Fund, Subchapter A, State Board of Education Rules**
(Board agenda page III-7)

**COMMITTEE – DISCUSSION
SBOE – NO ACTION**

This item provides the opportunity for the committee to discuss 19 TAC Chapter 33, Statement of Investment Objectives, Policies, and Guidelines of the Texas Permanent School Fund, Subchapter A, State Board of Education Rules. Statutory authority for this item is the Texas Constitution, Article VII, §5(a) and (f); Texas Education Code (TEC), §43.001 and §43.0052, as added by House Bill (HB) 4388, 86th Texas Legislature, 2019; and Texas Natural Resources Code (TNRC), §32.012, as amended by Senate Bill (SB) 608, 86th Texas Legislature, 2019; TNRC, §32.0161, as added by SB 608, 86th Texas Legislature, 2019; and TNRC, §32.068 and §51.414, as added by HB 4388, 86th Texas Legislature, 2019.

8. **Proposed Amendments to the Investment Procedures Manual**
(Board agenda page III-54)

**COMMITTEE – ACTION
SBOE – CONSENT**

This item provides an opportunity for the committee and board to review and adopt proposed amendments to the Investment Procedures Manual. Statutory authority for this action is the Texas Constitution, Article VII, §2 and §5, and 19 Texas Administrative Code (TAC) Chapter 33.

COMMITTEE ON SCHOOL FINANCE/PERMANENT SCHOOL FUND (continued)

- 9. Review of the Permanent School Fund Real Estate Policy and Tactical Plan**
(Board agenda page III-55)

COMMITTEE – ACTION
SBOE – CONSENT

This item provides an opportunity for the committee and board to review the real estate policy and annual tactical plan. The committee and board will also receive an update on the real estate program. The committee may take an action based on this information. Statutory authority for this action is the Texas Constitution, Article VII, §2 and §5; and 19 Texas Administrative Code (TAC) Chapter 33.

- 10. Authorization to Issue a Request for Proposals for Emerging Manager Investment Management in the Private Equity and Real Estate Asset Classes for the Permanent School Fund**
(Board agenda page III-56)

COMMITTEE – ACTION
SBOE – CONSENT

This item provides the opportunity for the committee and board to approve the issuance of a request for proposals for emerging manager investment management in the private equity and real estate asset classes for the Permanent School Fund. Statutory authority for this action is the Texas Constitution, Article VII, §2 and §5, and 19 Texas Administrative Code (TAC) Chapter 33.

- 11. Report of the Permanent School Fund Executive Administrator and Chief Investment Officer**
(Board agenda page III-57)

COMMITTEE – DISCUSSION
SBOE – NO ACTION

The Permanent School Fund (PSF) executive administrator will report to the committee on matters relating to the management of the PSF and the Charter District Reserve Fund. The report may present information on historical and current status of Fund holdings, current and proposed investment policies and procedures, and historical and current Fund performance and compliance. The administrator may update the board on the bond guarantee program, the status of requests for proposal or for qualifications and current contracts for services and other administrative activities undertaken on behalf of the board. The administrator may provide an update on the PSF distribution or on the effect of legislation impacting the PSF. The administrator may provide an analysis of current and future investment market conditions, focusing upon the impact on the holdings of the PSF. Statutory authority for this item is Texas Constitution, Article VII, §2 and §5; and 19 Texas Administrative Code (TAC) Chapter 33.

TUESDAY
September 1, 2020

11:00 a.m.

COMMITTEE ON SCHOOL INITIATIVES

Members: Barbara Cargill, chair; Marisa B. Perez-Diaz, vice chair; Ruben Cortez, Jr; Keven Ellis; Matt Robinson. A quorum of the State Board of Education may attend the committee meeting and discuss items on the committee agenda.

Public testimony – Individual testimony will be taken at the time the related item comes up for committee discussion or action. The procedures for registering and taking public testimony at State Board of Education committee meetings and general board meetings are provided at <https://tea.texas.gov/about-tea/leadership/state-board-of-education/sboe-meetings/sboe-operating-rules-amended-9-13-19> or in the information section of the agenda.

- 1. Recommendation for Appointments to the Randolph Field Independent School District Board of Trustees (Board agenda page IV-1)**

**COMMITTEE – ACTION
SBOE – CONSENT**

This item provides an opportunity for board consideration of one appointment to the board of trustees of the Randolph Field Independent School District. The appointment is necessary because of a resignation. Statutory authority for this action is the Texas Education Code (TEC), §11.352; and Texas Administrative Code (TAC) §61.2.

- 2. Recommendation for Appointment to the Boys Ranch School Independent School District Board of Trustees (Board agenda page IV-17)**

**COMMITTEE - ACTION
SBOE - CONSENT**

This item provides an opportunity for board consideration of one reappointment to the board of trustees of the Boys Ranch Independent School District. The reappointment is necessary because the current term of office is expiring. Statutory authority for this action is the Texas Education Code (TEC), §11.352; and 19 Texas Administrative Code (TAC) §61.2.

- 3. Open-Enrollment Charter School Generation 26 Application Updates (Board agenda page IV-24)**

**COMMITTEE – DISCUSSION
SBOE – NO ACTION**

The director of the Division of Charter School Administration will discuss updates regarding the Generation Twenty-Six Open-Enrollment Charter Application cycle. Statutory authority for this item is the Texas Education Code (TEC), §12.101.

COMMITTEE ON SCHOOL INITIATIVES (continued)

- 4. Ad Hoc Committee Recommendations Related to Trustee Team Building Training**
(Board agenda page IV-25)

COMMITTEE – ACTION
SBOE – ACTION

The State Board of Education (SBOE) chair appointed an ad hoc committee on trustee team building training to review the SBOE’s Framework for School Board Development, the current requirements for team building training for local boards of trustees, and the prescribed qualifications for trainers that provide the team building training. This item provides an opportunity to discuss the recommendations and proposed amendments to 19 TAC Chapter 61, School Districts, Subchapter A, Board of Trustees Relationship, §61.1, Continuing Education for School Board Members. Statutory authority for this action is the Texas Education Code (TEC), §11.159.

Information Materials

- 1. State Board of Education Operating Rules, September 13, 2019**
Public testimony information begins on page V-8.
(Board agenda page V-1)
- 2. Current Status of the Permanent School Fund**
(Board agenda page V-24)
- 3. 2017-2021 Rule Review Plan for State Board of Education Rules**
(Board agenda page V-25)

This item outlines the rule review plan for State Board of Education (SBOE) rules during the period of September 2017 through August 2021. Texas Government Code, §2001.039, requires an ongoing four-year rule review of existing state agency rules, including SBOE rules. The rule review requirement is designed to ensure that the reason for initially adopting or readopting a rule continues to exist.

OFFICIAL AGENDA

**STATE BOARD OF EDUCATION
AUSTIN, TEXAS**

**September 2, 2020
9:00 a.m.**

**William B. Travis Building, Room 1-104
1701 N. Congress Avenue**

Invocation

Pledge of Allegiance

Roll Call

Public testimony – Individual testimony will be taken at the time the related item comes up for Committee discussion or action. The procedures for registering and taking public testimony at State Board of Education committee meetings and general board meetings are provided at <https://tea.texas.gov/about-tea/leadership/state-board-education/sboe-meetings/sboe-operating-rules-amended-9-13-19> or in the information section of the agenda.

1. Approval of Consent Agenda

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

[\(Agenda Exhibit\)](#) 17

COMMITTEE OF THE FULL BOARD

2. Proposed New 19 TAC Chapter 61, School Districts, Subchapter B, Special Purpose School Districts, §61.101, Applicability of State Law for Special Purpose School Districts (Second Reading and Final Adoption)

This item presents for second reading and final adoption proposed new 19 Texas Administrative Code (TAC) Chapter 61, School Districts, Subchapter B, Special Purpose School Districts, §61.101, Applicability of State Law for Special Purpose School Districts. The proposed new rule would identify provisions of the Texas Education Code (TEC) that are not applicable to the special purpose school districts operated by Texas Tech University (TTU) and The University of Texas at Austin (UT Austin). No changes are recommended since approved for first reading. Statutory authority for this action is the Texas Education Code (TEC), §11.351.

[\(Agenda Exhibit\)](#) I-1

3. **Approval of *Proclamation 2022* Questions and Answers**

Proclamation 2022, issued by the State Board of Education (SBOE) in April 2020, calls for health education instructional materials and teachers-edition physical education instructional materials. Publishers and other stakeholders were given an opportunity to ask questions at a *Proclamation 2022* introduction meeting held in March 2020 and encouraged to submit additional questions through email. Questions from publishers were added to existing questions common to all proclamations, and the resulting question and answer document for *Proclamation 2022* is presented for SBOE approval. Statutory authority for this action is the Texas Education Code (TEC), §31.022.

(Agenda Exhibit) I-9

COMMITTEE ON INSTRUCTION

4. **Proposed Amendments to 19 TAC Chapter 74, Curriculum Requirements, Subchapter A, Required Curriculum, §74.1, Essential Knowledge and Skills, and §74.3, Description of a Required Secondary Curriculum (Second Reading and Final Adoption)**

This item presents for second reading and final adoption proposed amendments to 19 Texas Administrative Code (TAC) Chapter 74, Curriculum Requirements, Subchapter A, Required Curriculum, §74.1, Essential Knowledge and Skills, and §74.3, Description of a Required Secondary Curriculum. The proposed amendments would update the rules to align with recent legislation and with changes to the technology applications and career and technical education (CTE) Texas Essential Knowledge and Skills (TEKS). Statutory authority for this action is the Texas Education Code (TEC), §7.102(c)(4), and §28.002(a), as amended by Senate Bill (SB) 11 and House Bill (HB) 18, 86th Texas Legislature, 2019.

(Agenda Exhibit) II-1

5. **Proposed New 19 TAC Chapter 120, Other Essential Knowledge and Skills, Subchapter A, Character Traits (Second Reading and Final Adoption)**

This item presents for second reading and final adoption proposed new 19 Texas Administrative Code (TAC) Chapter 120, Other Essential Knowledge and Skills, Subchapter A, Character Traits. The proposed new subchapter would add new Texas Essential Knowledge and Skills (TEKS) for positive character traits for Kindergarten-Grade 12 in accordance with House Bill (HB) 1026, 86th Texas Legislature, 2019. No changes are recommended since approved for first reading. Statutory authority for this action is the Texas Education Code (TEC), §§7.102(c)(4), 28.002(a) and (c), and 29.906, as amended by HB 1026, 86th Texas Legislature, 2019.

(Agenda Exhibit) II-9

6. Report from the Commissioner of Education Regarding Updated TEKS Alignment for Adopted Instructional Materials

This item provides the opportunity for the State Board of Education (SBOE) to approve the updated Texas Essential Knowledge and Skills (TEKS) coverage percentage on materials submitted for the TEKS update review. In November 2019, the board adopted revisions to 19 Texas Administrative Code (TAC) Chapter 66, to provide an opportunity for publishers to submit updated content and new correlations to the content to update the product’s official TEKS or Texas Prekindergarten Guidelines (TPG) coverage percentage. Products submitted with TEKS updates were reviewed in the summer of 2020. This item presents the final report from the commissioner of education regarding the updated coverage of the TEKS and alleged factual errors. Statutory authority for this action is the Texas Education Code (TEC), §31.023 and §31.024.

(Agenda Exhibit) II-18

7. Approval of Update to Instructional Materials for Learning A–Z

Learning A–Z is requesting approval to update content in six of its adopted products *Raz Plus ELL Texas Edition*, Kindergarten; *Raz Plus ELL Texas Edition*, grade 1; and *Raz Plus ELL Texas Edition*, grade 2. The updated content has been reviewed by curriculum subject-area specialists and determined to address the pertinent student expectations in a manner equal to the content initially reviewed and approved by the state review panel. Statutory authority for this action is the Texas Education Code (TEC), §31.003 and §31.022.

(Agenda Exhibit) II-21

8. Proposed Amendment to 19 TAC Chapter 66, State Adoption and Distribution of Instructional Materials, Subchapter A, General Provisions, §66.15, Administrative Penalty (First Reading and Filing Authorization)

This item presents for first reading and filing authorization a proposed amendment to 19 Texas Administrative Code (TAC) Chapter 66, State Adoption and Distribution of Instructional Materials, Subchapter A, General Provisions, §66.15, Administrative Penalty. The proposed amendment would address penalties for failure to comply with state law and rule governing review and adoption of instructional materials. Statutory authority for this action is the Texas Education Code (TEC), §§31.002; 31.003; 31.023; 31.035; and 31.151(b).

(Agenda Exhibit) II-22

COMMITTEE ON SCHOOL INITIATIVES

9. Ad Hoc Committee Recommendations Related to Trustee Team Building Training

The State Board of Education (SBOE) chair appointed an ad hoc committee on trustee team building training to review the SBOE’s Framework for School Board Development, the current requirements for team building training for local boards of trustees, and the prescribed qualifications for trainers that provide the team building training. This item provides an opportunity to discuss the recommendations and proposed amendments to 19 TAC Chapter 61, School Districts, Subchapter A, Board of Trustees Relationship, §61.1, Continuing Education for School Board Members. Statutory authority for this action is the Texas Education Code (TEC), §11.159.

(Agenda Exhibit) IV-25

REPORTS OF COMMITTEES REGARDING AGENDA ITEMS POSTED FOR DISCUSSION ON COMMITTEE AGENDAS

Committee chairs may provide an update about discussion items considered during the current meeting by any standing committee or ad hoc committee.

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

Members of the State Board of Education may present information regarding agenda items or other relevant information about public education.

Information Materials

1. **State Board of Education Operating Rules, September 13, 2019**
Public testimony information begins on page V-8.
(Board agenda page V-1)

2. **Current Status of the Permanent School Fund**
(Board agenda page V-24)

3. **2017-2021 Rule Review Plan for State Board of Education Rules**
(Board agenda page V-25)

This item outlines the rule review plan for State Board of Education (SBOE) rules during the period of September 2017 through August 2021. Texas Government Code, §2001.039, requires an ongoing four-year rule review of existing state agency rules, including SBOE rules. The rule review requirement is designed to ensure that the reason for initially adopting or readopting a rule continues to exist.

**CONSENT AGENDA
STATE BOARD OF EDUCATION
September 2, 2020**

(1) Ratification of the Purchases and Sales of the Investment Portfolio of the Permanent School Fund for the Months of May and June 2020

This item provides an opportunity for the committee and board to consider approval of the purchases and sales of investments executed in the portfolio of the Permanent School Fund for the months of May and June 2020. Statutory authority for this action is the Texas Constitution, Article VII, §2 and §5, and 19 Texas Administrative Code (TAC) Chapter 33.

[\(Agenda Exhibit\)](#) III-4

(2) Determination as to Whether Transfers May be Made from the Permanent School Fund to the Available School Fund

This item provides an opportunity for the committee and board to review the requirement in Article VII, §5(a)(2) that the total amount distributed over ten years cannot exceed the total return on all investment assets of the Permanent School Fund (PSF) over the same ten-year period. The board will determine whether transfers may be made from the PSF to the Available School Fund (ASF) in fiscal year 2021. Statutory authority for this action is the Texas Constitution, Article VII, §2 and §5, and 19 Texas Administrative Code (TAC) Chapter 33.

[\(Agenda Exhibit\)](#) III-6

(3) Proposed Amendments to the Investment Procedures Manual

This item provides an opportunity for the committee and board to review and adopt proposed amendments to the Investment Procedures Manual. Statutory authority for this action is the Texas Constitution, Article VII, §2 and §5, and 19 Texas Administrative Code (TAC) Chapter 33.

[\(Agenda Exhibit\)](#) III-54

(4) Review of the Permanent School Fund Real Estate Policy and Tactical Plan

This item provides an opportunity for the committee and board to review the real estate policy and annual tactical plan. The committee and board will also receive an update on the real estate program. The committee may take an action based on this information. Statutory authority for this action is the Texas Constitution, Article VII, §2 and §5; and 19 Texas Administrative Code (TAC) Chapter 33.

[\(Agenda Exhibit\)](#) III-55

(5) Authorization to Issue a Request for Proposals for Emerging Manager Investment Management in the Private Equity and Real Estate Asset Classes for the Permanent School Fund

This item provides the opportunity for the committee and board to approve the issuance of a request for proposals for emerging manager investment management in the private equity and real estate asset classes for the Permanent School Fund. Statutory authority for this action is the Texas Constitution, Article VII, §2 and §5, and 19 Texas Administrative Code (TAC) Chapter 33.

[\(Agenda Exhibit\)](#) III-56

(6) Recommendation for Appointments to the Randolph Field Independent School District Board of Trustees

This item provides an opportunity for board consideration of one appointment to the board of trustees of the Randolph Field Independent School District. The appointment is necessary because of a resignation. Statutory authority for this action is the Texas Education Code (TEC), §11.352; and Texas Administrative Code (TAC) §61.2.

[\(Agenda Exhibit\)](#) IV-1

(7) Recommendation for Appointment to the Boys Ranch School Independent School District Board of Trustees

This item provides an opportunity for board consideration of one reappointment to the board of trustees of the Boys Ranch Independent School District. The reappointment is necessary because the current term of office is expiring. Statutory authority for this action is the Texas Education Code (TEC), §11.352; and 19 Texas Administrative Code (TAC) §61.2.

[\(Agenda Exhibit\)](#) IV-17

COMMITTEE OF THE FULL BOARD

**Proposed New 19 TAC Chapter 61, School Districts, Subchapter B, Special Purpose School Districts, §61.101, Applicability of State Law for Special Purpose School Districts
(Second Reading and Final Adoption)**

September 2, 2020

**COMMITTEE OF THE FULL BOARD: ACTION
STATE BOARD OF EDUCATION: ACTION**

SUMMARY: This item presents for second reading and final adoption proposed new 19 Texas Administrative Code (TAC) Chapter 61, School Districts, Subchapter B, Special Purpose School Districts, §61.101, Applicability of State Law for Special Purpose School Districts. The proposed new rule would identify provisions of the Texas Education Code (TEC) that are not applicable to the special purpose school districts operated by Texas Tech University (TTU) and The University of Texas at Austin (UT Austin). No changes are recommended since approved for first reading.

STATUTORY AUTHORITY: Texas Education Code (TEC), §11.351.

TEC, §11.351, permits the State Board of Education (SBOE) to establish a special purpose school district for the education of students in special situations whose educational needs are not adequately met by regular school districts. The board is also permitted to impose duties or limitations on the school district as necessary for the special purpose of the district.

The full text of statutory citations can be found in the statutory authority section of this agenda.

EFFECTIVE DATE: The proposed effective date of the proposed new section is 20 days after filing as adopted with the Texas Register. Under TEC, §7.102(f), the SBOE must approve the rule action at second reading and final adoption by a vote of two-thirds of its members to specify an effective date earlier than the beginning of the 2021-2022 school year. The earlier effective date would allow the special purpose districts to begin planning for implementation before the beginning of the 2021-2022 school year.

PREVIOUS BOARD ACTION: The SBOE approved the TTU Independent Study by Correspondence High School Program in September 1993. The SBOE approved UT High School program in November 1998. For both special purpose districts, the SBOE established the following conditions: no state funds shall be used to support the program; transcripts awarded to students enrolled in the program shall be consistent with the Academic Achievement Record required by the TAC; courses offered shall be consistent with courses required by the TAC; requirements for a high school diploma shall be consistent with the state graduation requirements and with exit-level assessment requirements in the TAC; state required testing will be implemented in accordance with existing rules and schedules; and other SBOE rules for curriculum shall be applicable as appropriate. A discussion item regarding the special purpose districts was presented to the committee at its November 2019 meeting. Proposed new 19 TAC §61.101 was presented to the SBOE for first reading and filing authorization at the January 2020 meeting. The SBOE postponed action until the April 2020 meeting to allow time for an ad hoc committee to work with TTU independent school district and UT High School on adjustments to the proposal. This item was not presented at the April 2020 meeting because the meeting agenda was streamlined to accommodate a remote format due to disruptions resulting from the COVID-19 pandemic. The board approved proposed new 19 TAC §61.101 for first reading and filing authorization at the June-July 2020 SBOE meeting.

BACKGROUND INFORMATION AND JUSTIFICATION: The 86th Texas Legislature, 2019, passed House Bill 3, which entitled a special purpose school district operated by TTU or UT Austin to funding under TEC, Chapter 48. If TTU or UT Austin receives state funding for a school year, the special purpose district may not charge tuition or fees to students enrolled in the district who are residents of Texas for that school year, other than fees authorized under the TEC.

The proposed new section would specify duties or limitations to be imposed on the special purpose school districts if they opt to receive state funding.

The attachment to this item reflects the text of proposed new 19 TAC §61.101 for consideration by the SBOE for second reading and final adoption.

No changes are recommended since approved for first reading.

FISCAL IMPACT: No changes have been made to this section since published as proposed.

Texas Education Agency (TEA) has determined that there are no additional costs to state or local government required to comply with the proposal.

LOCAL EMPLOYMENT IMPACT: No changes have been made to this section since published as proposed.

The proposal has no effect on local economy; therefore, no local employment impact statement is required under Texas Government Code, §2001.022.

SMALL BUSINESS, MICROBUSINESS, AND RURAL COMMUNITY IMPACT: No changes have been made to this section since published as proposed.

The proposal has no direct adverse economic impact for small businesses, microbusinesses, or rural communities; therefore, no regulatory flexibility analysis specified in Texas Government Code, §2006.002, is required.

COST INCREASE TO REGULATED PERSONS: No changes have been made to this section since published as proposed.

The proposal does not impose a cost on regulated persons, another state agency, a special district, or a local government and, therefore, is not subject to Texas Government Code, §2001.0045.

TAKINGS IMPACT ASSESSMENT: No changes have been made to this section since published as proposed.

The proposal does not impose a burden on private real property and, therefore, does not constitute a taking under Texas Government Code, §2007.043.

GOVERNMENT GROWTH IMPACT: No changes have been made to this section since published as proposed.

TEA staff prepared a Government Growth Impact Statement assessment for this proposed rulemaking. The proposed rulemaking would create a new regulation. The new rule would identify provisions of the TEC that are not applicable to the special purpose school districts operated by TTU and UT Austin.

The proposed rulemaking would not create or eliminate a government program; would not require the creation of new employee positions or elimination of existing employee positions; would not require an increase or decrease in future legislative appropriations to the agency; would not require an increase or decrease in fees paid to the agency; would not expand, limit, or repeal an existing regulation; would not increase or decrease the number of individuals subject to its applicability; and would not positively or adversely affect the state's economy.

PUBLIC BENEFIT AND COST TO PERSONS: No changes have been made to this section since published as proposed.

The proposal would clarify which provisions of the TEC are not applicable to the special purpose school districts operated by TTU and UT Austin. There is no anticipated economic cost to persons who are required to comply with the proposal.

DATA AND REPORTING IMPACT: No changes have been made to this section since published as proposed.

The proposal would have no data and reporting impact.

PRINCIPAL AND CLASSROOM TEACHER PAPERWORK REQUIREMENTS: No changes have been made to this section since published as proposed.

TEA has determined that the proposal would not require a written report or other paperwork to be completed by a principal or classroom teacher.

PUBLIC COMMENTS: Following the June-July 2020 SBOE meeting, notice of proposed new 19 TAC §61.101 was filed with the Texas Register, initiating the public comment period. The public comment period on the proposal began July 31, 2020, and ended August 31, 2020. The August 31, 2020 end date reflects a correction to allow the SBOE to consider this proposal for second reading and final adoption at its September 1-2, 2020 meeting. No comments had been received at the time this item was prepared. A summary of any public comments received regarding the proposal will be provided to the SBOE prior to and during the September 2020 meeting. The SBOE will take registered oral and written comments on the proposal at the appropriate committee meeting in September 2020 in accordance with the SBOE board operating policies and procedures.

MOTION TO BE CONSIDERED: The State Board of Education:

Suspend the board operating procedures in accordance with §2.13 to allow consideration for second reading and final adoption;

Approve for second reading and final adoption proposed new 19 TAC Chapter 61, School Districts, Subchapter B, Special Purpose School Districts, §61.101, Applicability of State Law for Special Purpose School Districts; and

Make an affirmative finding that immediate adoption of 19 TAC Chapter 61, School Districts, Subchapter B, Special Purpose School Districts, §61.101, Applicability of State Law for Special Purpose School Districts, is necessary and shall have an effective date of

20 days after filing as adopted with the Texas Register. *(Per TEC, §7.102(f), a vote of two-thirds of the members of the board is necessary for an earlier effective date.)*

Staff Members Responsible:

Monica Martinez, Associate Commissioner, Standards and Support Services

Attachment:

Text of Proposed New 19 TAC Chapter 61, School Districts, Subchapter B, Special Purpose School Districts, §61.101, Applicability of State Law for Special Purpose School Districts

ATTACHMENT
Text of Proposed New 19 TAC

Chapter 61. School Districts

Subchapter B. Special Purpose School Districts

§61.101. Applicability of State Law for Special Purpose School Districts.

- (a) This section applies only to the special purpose school districts operated by the University of Texas at Austin and Texas Tech University.
- (b) The special purpose school districts operated by the University of Texas at Austin and Texas Tech University are public schools of this state fulfilling the mission of the Texas public education system to ensure that Texas students receive a quality education that enables them to achieve their potential and fully participate now and in the future in the social, economic, and educational opportunities of our state and nation.
- (c) Each special purpose school district shall be governed by the board of regents of the parent university, which has the authority and responsibilities of a school district board of trustees with respect to the operation of the special purpose school district but has no authority to levy a tax. The board of regents may delegate authority and responsibilities.
- (d) Each special purpose school district shall have an advisory board consisting of at least five members that, along with the superintendent, reports to the board of regents regarding the operation of the district. The president of the university may designate a person to report on the management, operations, and accountability of the special purpose school district to the board of regents. The following requirements apply to each special purpose school district.
 - (1) The advisory board shall hold public meetings that comply with appropriate notice requirements for governmental bodies.
 - (2) The president of the university shall appoint the superintendent of the special purpose school district.
 - (3) The university shall submit nominees for approval by the State Board of Education (SBOE) to serve as special purpose school district advisory board members. The superintendent may not participate in the nomination process for the advisory board.
 - (4) The superintendent and advisory board shall ensure information required to be made available to the public is made available on the special purpose school district's website.
 - (5) The university shall develop an advisory board training program that provides the relevant board training required under Texas Education Code (TEC), §11.159, and shall submit to the SBOE the training requirements by September 1 of each odd-numbered year.
- (e) Students who are eligible to enroll in a Texas independent or common school district are eligible to enroll in a special purpose school district, and each special purpose school district:
 - (1) shall establish an initial enrollment window for each academic semester that uses a lottery to fill open spots not filled by previously enrolled students. After the initial enrollment window closes, enrollment may be based on a first come first served basis;
 - (2) shall develop an outreach program targeted at underserved student populations;
 - (3) may admit students at least 21 years of age and under 26 years of age for the purpose of completing the requirements for a high school diploma in accordance with TEC, §25.001. For purposes of TEC, §25.001(b-2), the term "classroom setting" does not include a virtual classroom that has no physical proximity; and
 - (4) is neither required nor prohibited from providing a student with home computer equipment or internet access.

- (f) Except as provided elsewhere in this section, each special purpose school district operates as a public school of Texas, and the laws applicable to Texas public schools, per TEC, §11.352(c), apply, including:
- (1) providing for equal education opportunity, in accordance with the TEC and constitutions of Texas and the United States;
 - (2) charging fees, holding funding in trust for the education of students, and spending funding to achieve the educational purposes listed in this section;
 - (3) complying with student records retention, transmission, and other related requirements;
 - (4) having access to other school resources such as regional education service centers under TEC, Chapter 8 and §11.003; commissioner of education waiver authority under TEC, §7.056; school immunity under TEC, Chapter 22, Subchapter B; and relevant grant programs;
 - (5) certification requirements under TEC, §§21.003, 21.055, and 21.057, and continuing education requirements under TEC, §21.054, with employment practices to include provisions substantially similar to TEC, §21.0031 and §21.058;
 - (6) complying with the health, safety, and welfare provisions such as reporting of misconduct under TEC, §§21.006, 21.0061, 21.009, 21.057, 21.058, 21.0581, and 21.062, and background checks under TEC, Chapter 22, Subchapters C and C-1;
 - (7) parental and student rights such as those provided for in TEC, Chapter 26.
 - (A) The special purpose school district shall establish a grievance process for complaints.
 - (B) If the special purpose school district determines that releasing a copy of an assessment would jeopardize the security of the assessment because it has not been published and is not publicly available, in place of releasing a copy of the assessment, the special purpose school district shall provide information regarding the standards and concepts for which the student failed to demonstrate proficiency or, using appropriate security protocols, make the assessment available for personal review by the student and parent without releasing a copy;
 - (8) creditable years of service;
 - (9) curriculum and graduation requirements under TEC, Chapter 28;
 - (10) the instructional materials allotment and the provisions of TEC, Chapter 31; and
 - (11) accreditation, assessment of academic skills, academic accountability, and interventions and sanctions under TEC, §11.001 and Chapters 39 and 39A.
- (g) Each special purpose school district shall develop a policy regarding when a student is deemed absent and has excessive absences under its program.
- (1) If the student has excessive absences under the policy, the special purpose school district shall notify both the student and the school district the student would otherwise be entitled to attend that the student has been disenrolled from the special purpose school district.
 - (2) By September 1 of each odd-numbered school year, the special purpose school district shall submit its absence policy to the SBOE, including any modifications made since the previous submission.
- (h) If a special purpose school district seeks a waiver under commissioner authority for more than three consecutive years, the special purpose school district shall submit the issue to the SBOE for consideration as a possible permanent exemption.
- (i) As a special purpose school district is designed to provide education statewide through digital learning methodologies, the following special requirements and modifications are in effect.
- (1) TEC, Chapter 12A, does not apply.
 - (2) TEC, Chapter 22, Subchapter A, does not apply.

- (3) The superintendent shall make personnel decisions for the special purpose school district.
 - (A) Employee grievances shall be covered by the parent university's human resources practices.
 - (B) The parent university's human resources requirements and practices shall apply to employees, unless otherwise indicated by law or rule.
- (4) The special purpose school district shall operate in the time and accounting manner necessary to comply with the funding model established by the commissioner for access to Foundation School Program (FSP) funds.
- (5) The special purpose school district shall adopt a student code of conduct that aligns with the provisions of TEC, Chapter 37, but is not required to include the use of disciplinary alternative education programs or juvenile justice alternative education programs.
- (6) The special purpose school district shall annually submit to the SBOE a report on disciplinary actions made to the district and a report on complaints made to the special purpose school district.
- (7) TEC, §§11.1542, 11.1543, and 11.155, do not apply.
- (8) The special purpose school district is not required to have the membership compositions for committees under TEC, §§11.251, 11.252, 11.253, or 11.255, but must develop plans and policies that comply with those provisions.
- (9) Educator contract requirements under TEC, Chapter 21, Subchapters C, D, E, F, and G; appraisal system requirements under TEC, Chapter 21, Subchapter H; duties and benefits requirements under TEC, Chapter 21, Subchapter I; and staff development requirements under TEC, Chapter 21, Subchapter J, do not apply, and the special purpose school district shall develop an appraisal system that contains the items in TEC, §21.351(a).
- (10) TEC, §§25.08111 and 25.111-25.114, do not apply.
- (11) The requirements of TEC, §28.004, to have a school health advisory council do not apply, but the special purpose school district shall:
 - (A) comply with the provisions of TEC, §28.004, with regard to the parameters of health education and curriculum materials; posting, notice, and grievance provisions; and consideration of related issues; and
 - (B) require that the advisory board solicit community and parental input and develop recommendations regarding the subject matter of TEC, §28.004(c)(1), (2)(A) and (D)-(H), and (3)-(6).
- (12) Financial accountability and fiscal management under TEC, Chapters 39 and 44, shall apply as if the special purpose school district were a university charter school, and the special purpose school district's public funds must be maintained in a manner that allows auditing of the public funds separate from other funds.
- (j) The provisions of this section apply to each special purpose school district's operation for educating students eligible for enrollment in Texas public schools who enroll in the state-funded special purpose school district. This section does not apply to a tuition-based program operated in tandem with the state-funded program. However, the school operations that include Texas students are subject to subsection (l) of this section.
 - (1) A parent of a Texas student may voluntarily decide to enroll a student in the tuition-based program.
 - (2) The special purpose school district shall biannually report student attendance in its state-funded school and Texas student attendance in its tuition-supported school. Information shall be provided to ensure that student participation does not disadvantage any student group from access to the state-funded school.

- (k) Each special purpose school district shall submit to the SBOE by September 1 of each odd-numbered year an updated list by section of the TEC, Title I and Title II, with recommendations regarding which sections of the code should apply or not apply to the operations of its schools. The submission must compare the recommendations to the list last provided to the SBOE.
- (l) If the special purpose school district declines FSP payment, the special purpose school district is authorized to charge tuition and is subject to:

 - (1) accreditation, academic assessment, academic and financial accountability, and interventions under TEC, Chapters 39 and 39A; and
 - (2) reporting requirements imposed by the Texas Education Agency.
- (m) The parent university of each special purpose school district shall submit nominations for and establish an advisory board as soon as practicable, and the provisions of this section that require the special purpose school district to develop a policy apply beginning with the 2021-2022 school year.

Approval of *Proclamation 2022* Questions and Answers

September 2, 2020

COMMITTEE OF THE FULL BOARD: ACTION
STATE BOARD OF EDUCATION: ACTION

SUMMARY: *Proclamation 2022*, issued by the State Board of Education (SBOE) in April 2020, calls for health education instructional materials and teachers-edition physical education instructional materials. Publishers and other stakeholders were given an opportunity to ask questions at a *Proclamation 2022* introduction meeting held in March 2020 and encouraged to submit additional questions through email. Questions from publishers were added to existing questions common to all proclamations, and the resulting question and answer document for *Proclamation 2022* is presented for SBOE approval.

STATUTORY AUTHORITY: Texas Education Code (TEC), §31.022.

TEC, §31.022, requires the SBOE to adopt rules to provide for a full and complete investigation of instructional materials for each subject in the foundation curriculum and for each subject in the enrichment curriculum.

The full text of statutory citations can be found in the statutory authority section of this agenda.

PREVIOUS BOARD ACTION: The SBOE issued *Proclamation 2022* in April 2020.

BACKGROUND INFORMATION AND JUSTIFICATION: Following the adoption of instructional materials in November 1999 under *Proclamation 1997*, the SBOE requested that staff responses to publishers' questions related to interpretation of Texas Essential Knowledge and Skills (TEKS) and the proclamation in general be presented to the SBOE for approval. Subsequently, the SBOE has approved staff responses to publishers' questions for each proclamation beginning with *Proclamation 1998*.

MOTION TO BE CONSIDERED: The State Board of Education:

Approve *Proclamation 2022* Questions and Answers

Staff Members Responsible:

Melissa Lautenschlager, Director, Instructional Materials and Implementation
Amie Williams, Director, Review and Adoption

Separate Exhibit:

Proclamation 2022 Questions and Answers

Discussion of Transition to Electronic Administration of Assessment Instruments

September 1, 2020

COMMITTEE OF THE FULL BOARD: DISCUSSION STATE BOARD OF EDUCATION: NO ACTION

SUMMARY: House Bill 3906, passed by the 86th Texas Legislature, 2019, requires the Texas Education Agency (TEA), in consultation with the State Board of Education (SBOE), to develop a transition plan to administer all state assessments electronically beginning not later than the 2022-2023 school year. This item provides the opportunity for staff to present an update on and for the SBOE to discuss the development of the transition plan.

STATUTORY AUTHORITY: Texas Education Code (TEC), §39.02341.

TEC, §39.02341, requires TEA, in consultation with the SBOE, to develop a transition plan to administer all state assessments electronically beginning not later than the 2022-2023 school year.

The full text of statutory citations can be found in the statutory authority section of this agenda.

PREVIOUS BOARD ACTION: None.

BACKGROUND INFORMATION AND JUSTIFICATION: House Bill 3906, passed by the 86th Texas Legislature, 2019, requires the Texas Education Agency (TEA), in consultation with the State Board of Education (SBOE), to develop a transition plan to administer all state assessments electronically beginning not later than the 2022-2023 school year. The plan must evaluate the availability of Internet access for each school district in Texas; identify changes to state law or policy necessary to improve the availability of Internet access; evaluate the state's experience with administering online assessment instruments, including the occurrence or effects of power outages or other types of disruptions of Internet service, and actions taken by the state to mitigate the occurrence and effect of those disruptions; and identify and evaluate actions taken by the state to improve the administration of online assessment instruments. Not later than December 1, 2020, the agency must submit to the governor, the lieutenant governor, and the members of the legislature a report on the plan. The report must include information from school districts assessing the needs of those districts in transitioning to electronic administration; any recommended changes to state law to assist in the transition; and a recommended timeline for statewide implementation of electronic administration. This item provides the opportunity for staff to present an update on and for the SBOE to discuss the development of the transition plan.

Staff Members Responsible:

Iris Tian, Division Director, Student Assessment

Discussion of Pending Litigation

September 1, 2020

COMMITTEE OF THE FULL BOARD: DISCUSSION STATE BOARD OF EDUCATION: NO ACTION

SUMMARY: The State Board of Education (SBOE) may enter executive session in accordance with the Texas Government Code, §551.071(1)(A), to discuss pending and contemplated litigation with the general counsel, legal staff, and, if necessary, attorney(s) from the Attorney General's Office. The Committee of the Full Board will meet virtually to discuss this item.

Cases to be discussed may include:

Tribune Company, No. 08-13141; *The Official Committee of Unsecured Creditors of Tribune Company v. Fitzsimmons, Adv. Pro.* No. 10-54010 (*Bankr. D. Del.*);

Deutsche Bank v Bank of America, No. 3:11-CV-01175-F (*N. D. Tex., Dallas Div.*) and *Deutsche Bank v. Employees Retirement Fund of the City of Dallas*, No. 3:11-CV-1167-F; (*N. D. Tex. Dallas Div.) CONSOLIDATED in: In re: Tribune Company Fraudulent Conveyance Litigation*; No. 11-MD-2296 *Consolidated Multidistrict Action (S.D.N.Y.)*; and

any other litigation arising after the date of posting or reasonably contemplated as of the date of the board meeting.

BOARD RESPONSE: Board may advise and comment.

BACKGROUND INFORMATION AND JUSTIFICATION: At every regularly scheduled meeting, the SBOE has the opportunity to be apprised of pending litigation as the need arises. The SBOE may also receive continued briefing on procedural developments.

Staff Member Responsible:

Von Byer, General Counsel, Legal Services

COMMITTEE ON INSTRUCTION

**Proposed Amendments to 19 TAC Chapter 74, Curriculum Requirements, Subchapter A, Required Curriculum, §74.1, Essential Knowledge and Skills, and §74.3, Description of a Required Secondary Curriculum
(Second Reading and Final Adoption)**

September 2, 2020

COMMITTEE ON INSTRUCTION: ACTION
STATE BOARD OF EDUCATION: ACTION

SUMMARY: This item presents for second reading and final adoption proposed amendments to 19 Texas Administrative Code (TAC) Chapter 74, Curriculum Requirements, Subchapter A, Required Curriculum, §74.1, Essential Knowledge and Skills, and §74.3, Description of a Required Secondary Curriculum. The proposed amendments would update the rules to align with recent legislation and with changes to the technology applications and career and technical education (CTE) Texas Essential Knowledge and Skills (TEKS).

STATUTORY AUTHORITY: Texas Education Code (TEC), §7.102(c)(4); and §28.002(a), as amended by Senate Bill (SB) 11 and House Bill (HB) 18, 86th Texas Legislature, 2019.

TEC, §7.102(c)(4), requires the State Board of Education (SBOE) to establish curriculum and graduation requirements.

TEC, §28.002(a), as amended by SB 11 and HB 18, 86th Texas Legislature, 2019, identifies the subjects of the required curriculum.

The full text of statutory citations can be found in the statutory authority section of this agenda.

EFFECTIVE DATE: The proposed effective date of the proposed amendments is 20 days after filing as adopted with the Texas Register. Under TEC, §7.102(f), the SBOE must approve the rule action at second reading and final adoption by a vote of two-thirds of its members to specify an effective date earlier than the beginning of the 2021-2022 school year. The earlier effective date would align the rules with legislation and updates to technology applications and CTE courses as soon as possible.

PREVIOUS BOARD ACTION: The SBOE adopted 19 TAC Chapter 74, Subchapter A, effective September 1, 1996. Section 74.1 was last amended effective June 18, 2014. Section 74.3 was last amended effective October 23, 2016. A discussion item regarding Chapter 74, Subchapter A, was included on the agenda for the Committee on Instruction during the January 2020 SBOE meeting. The board approved the proposed amendments to 19 TAC §74.1 and §74.3 for first reading and filing authorization at the June-July 2020 SBOE meeting.

BACKGROUND INFORMATION AND JUSTIFICATION: The 86th Texas Legislature, 2019, passed HB 963, which required the SBOE no later than March 1, 2020, to amend its rules in order to consolidate the TEKS for high school for technology application courses with the TEKS for CTE courses and to eliminate duplicative courses. A discussion item regarding proposed revisions to 19 TAC Chapter 126, Texas Essential Knowledge and Skills for Technology Applications, and Chapter 130, Texas Essential Knowledge and Skills for Career and Technical Education, was presented to the Committee of the Full Board at the November 2019 SBOE meeting, and at the January 2020 meeting the board

approved the proposed revisions for first reading and filing authorization. At the April 2020 SBOE meeting, the board approved the proposed revisions for second reading and final adoption. With the update to the courses for technology applications and the addition of a new CTE career cluster in energy, the SBOE will need to align the courses that districts and charter schools are required to make available to students.

Additionally, SB 11 and HB 18, 86th Texas Legislature, 2019, amended the required curriculum in TEC, §28.002, to add suicide prevention to the topics included in health education. The statutory changes also clarify that health education must include physical health, including the importance of proper nutrition and exercise, and mental health, including instruction about mental health conditions, substance abuse, skills to manage emotions, establishing and maintaining positive relationships, and responsible decision-making.

At the January 2020 meeting, a discussion item on proposed amendments to 19 TAC §74.1 and §74.3 was presented to the Committee on Instruction. The committee requested that Texas Education Agency (TEA) staff prepare proposed amendments for consideration by the SBOE at its April 2020 meeting and indicated that districts should no longer be required to offer specific technology applications courses since they will be included in CTE. This item was not presented at the April 2020 meeting because the meeting agenda was streamlined to accommodate a remote format due to disruptions resulting from the COVID-19 pandemic.

The proposed amendments would align the required secondary curriculum with the changes to the technology applications and CTE TEKS and reflect recent legislation.

The attachment to this item reflects the text of proposed amendments to 19 TAC §74.1 and §74.3 for consideration by the SBOE for second reading and final adoption.

Since approved for first reading, changes are recommended in §74.3(b)(2)(G) to clarify that the student enrollment numbers listed in clauses (i)-(vi) reflect the number of students enrolled in high school. The changes would better align the language with the new CTE Perkins State Plan.

FISCAL IMPACT: No changes have been made to this section since published as proposed.

TEA has determined that there are no additional costs to state or local government required to comply with the proposal.

LOCAL EMPLOYMENT IMPACT: No changes have been made to this section since published as proposed.

The proposal has no effect on local economy; therefore, no local employment impact statement is required under Texas Government Code, §2001.022.

SMALL BUSINESS, MICROBUSINESS, AND RURAL COMMUNITY IMPACT: No changes have been made to this section since published as proposed.

The proposal has no direct adverse economic impact for small businesses, microbusinesses, or rural communities; therefore, no regulatory flexibility analysis specified in Texas Government Code, §2006.002, is required.

COST INCREASE TO REGULATED PERSONS: No changes have been made to this section since published as proposed.

The proposal does not impose a cost on regulated persons, another state agency, a special district, or a local government and, therefore, is not subject to Texas Government Code, §2001.0045.

TAKINGS IMPACT ASSESSMENT: No changes have been made to this section since published as proposed.

The proposal does not impose a burden on private real property and, therefore, does not constitute a taking under Texas Government Code, §2007.043.

GOVERNMENT GROWTH IMPACT: No changes have been made to this section since published as proposed.

TEA staff prepared a Government Growth Impact Statement assessment for this proposed rulemaking. The proposed rulemaking would expand and limit existing regulations by revising the high school courses required to be offered by school districts and charter schools and eliminating certain technology applications courses from the list of high school courses required to be offered.

The proposed rulemaking would not create or eliminate a government program; would not require the creation of new employee positions or elimination of existing employee positions; would not require an increase or decrease in future legislative appropriations to the agency; would not require an increase or decrease in fees paid to the agency; would not create a new regulation; would not repeal an existing regulation; would not increase or decrease the number of individuals subject to its applicability; and would not positively or adversely affect the state's economy.

PUBLIC BENEFIT AND COST TO PERSONS: No changes have been made to this section since published as proposed.

The proposal would update and clarify the rules regarding secondary courses required to be offered in order to avoid confusion for districts and schools. There is no anticipated economic cost to persons who are required to comply with the proposal.

DATA AND REPORTING IMPACT: No changes have been made to this section since published as proposed.

The proposal would have no new data and reporting impact.

PRINCIPAL AND CLASSROOM TEACHER PAPERWORK REQUIREMENTS: No changes have been made to this section since published as proposed.

TEA has determined that the proposal would not require a written report or other paperwork to be completed by a principal or classroom teacher.

PUBLIC COMMENTS: Following the June-July 2020 SBOE meeting, notice of the proposed amendments to 19 TAC §74.1 and §74.3 was filed with the Texas Register, initiating the public comment period. The public comment period on the proposal began July 31, 2020, and ended August 31, 2020. The August 31, 2020 end date reflects a correction to allow the SBOE to consider this proposal for second reading and final adoption at its September 1-2, 2020 meeting. No comments had been received at the time this item was prepared. A summary of any public comments received regarding the proposal will be

provided to the SBOE prior to and during the September 2020 meeting. The SBOE will take registered oral and written comments on the proposal at the appropriate committee meeting in September 2020 in accordance with the SBOE board operating policies and procedures.

MOTION TO BE CONSIDERED: The State Board of Education:

Suspend the board operating procedures in accordance with §2.13 to allow consideration for second reading and final adoption;

Approve for second reading and final adoption the proposed amendments to 19 TAC Chapter 74, Curriculum Requirements, Subchapter A, Required Curriculum, §74.1, Essential Knowledge and Skills, and §74.3, Description of a Required Secondary Curriculum; and

Make an affirmative finding that immediate adoption of 19 TAC Chapter 74, Curriculum Requirements, Subchapter A, Required Curriculum, §74.1, Essential Knowledge and Skills, and §74.3, Description of a Required Secondary Curriculum, is necessary and shall have an effective date of 20 days after filing as adopted with the Texas Register. *(Per TEC, §7.102(f), a vote of two-thirds of the members of the board is necessary for an earlier effective date.)*

Staff Members Responsible:

Monica Martinez, Associate Commissioner, Standards and Support Services
Shelly Ramos, Senior Director, Curriculum Standards and Student Support

Attachment:

Text of Proposed Amendments to 19 TAC Chapter 74, Curriculum Requirements, Subchapter A, Required Curriculum, §74.1, Essential Knowledge and Skills, and §74.3, Description of a Required Secondary Curriculum

ATTACHMENT
Text of Proposed Amendments to 19 TAC
Chapter 74. Curriculum Requirements
Subchapter A. Required Curriculum

§74.1. Essential Knowledge and Skills.

- (a) A school district that offers kindergarten through Grade 12 must offer the following as a required curriculum:
- (1) a foundation curriculum that includes:
 - (A) English language arts;
 - (B) mathematics;
 - (C) science; and
 - (D) social studies, consisting of Texas, United States and world history, government, geography, and economics, with emphasis on the free enterprise system and its benefits; and
 - (2) an enrichment curriculum that includes:
 - (A) to the extent possible, languages other than English;
 - (B) health, with emphasis on : ~~[the importance of proper nutrition and exercise;]~~
 - (i) physical health, including the importance of proper nutrition and exercise;
 - (ii) mental health, including instruction about mental health conditions, substance abuse, skills to manage emotions, establishing and maintaining positive relationships, and responsible decision-making; and
 - (iii) suicide prevention, including recognizing suicide-related risk factors and warning signs;
 - (C) physical education;
 - (D) fine arts;
 - (E) career and technical education;
 - (F) technology applications;
 - (G) religious literature, including the Hebrew Scriptures (Old Testament) and New Testament, and its impact on history and literature; and
 - (H) personal financial literacy.
- (b) A school district must provide instruction in the essential knowledge and skills of the appropriate grade levels in the foundation and enrichment curriculum as specified in paragraphs (1)-(12) ~~[(1)-(13)]~~ of this subsection. A school district may add elements at its discretion but must not delete or omit instruction in the foundation and enrichment curriculum specified in subsection (a) of this section.
- (1) Chapter 110 of this title (relating to Texas Essential Knowledge and Skills for English Language Arts and Reading) ; ~~[(1)]~~
 - (2) Chapter 111 of this title (relating to Texas Essential Knowledge and Skills for Mathematics) ; ~~[(2)]~~
 - (3) Chapter 112 of this title (relating to Texas Essential Knowledge and Skills for Science) ; ~~[(3)]~~
 - (4) Chapter 113 of this title (relating to Texas Essential Knowledge and Skills for Social Studies) ; ~~[(4)]~~

- (5) Chapter 114 of this title (relating to Texas Essential Knowledge and Skills for Languages Other Than English) . [§]
- (6) Chapter 115 of this title (relating to Texas Essential Knowledge and Skills for Health Education) . [§]
- (7) Chapter 116 of this title (relating to Texas Essential Knowledge and Skills for Physical Education) . [§]
- (8) Chapter 117 of this title (relating to Texas Essential Knowledge and Skills for Fine Arts) . [§]
- ~~(9) Chapter 118 of this title (relating to Texas Essential Knowledge and Skills for Economics with Emphasis on the Free Enterprise System and Its Benefits);~~
- (9) ~~(10)~~ Chapter 126 of this title (relating to Texas Essential Knowledge and Skills for Technology Applications) . [§]
- (10) ~~(11)~~ Chapter 127 of this title (relating to Texas Essential Knowledge and Skills for Career Development) . [§]
- (11) ~~(12)~~ Chapter 128 of this title (relating to Texas Essential Knowledge and Skills for Spanish Language Arts and English as a Second Language) . [~~and~~]
- (12) ~~(13)~~ Chapter 130 of this title (relating to Texas Essential Knowledge and Skills for Career and Technical Education).

§74.3. Description of a Required Secondary Curriculum.

- (a) (No change.)
- (b) Secondary Grades 9-12.
 - (1) A school district that offers Grades 9-12 must provide instruction in the required curriculum as specified in §74.1 of this title. The district must ensure that sufficient time is provided for teachers to teach and for students to learn the subjects in the required curriculum. The school district may provide instruction in a variety of arrangements and settings, including mixed-age programs designed to permit flexible learning arrangements for developmentally appropriate instruction for all student populations to support student attainment of course and grade level standards.
 - (2) The school district must offer the courses listed in this paragraph and maintain evidence that students have the opportunity to take these courses:
 - (A) English language arts--English I, II, III, and IV and at least one additional advanced English course;
 - (B) mathematics--Algebra I, Algebra II, Geometry, Precalculus, and Mathematical Models with Applications;
 - (C) science--Integrated Physics and Chemistry, Biology, Chemistry, Physics, and at least two additional science courses selected from Aquatic Science, Astronomy, Earth and Space Science, Environmental Systems, Advanced Animal Science, Advanced Biotechnology, Advanced Plant and Soil Science, Anatomy and Physiology, Engineering Design and Problem Solving, Food Science, Forensic Science, Medical Microbiology, Pathophysiology, Scientific Research and Design, and Principles of Engineering. The requirement to offer two additional courses may be reduced to one by the commissioner of education upon application of a school district with a total high school enrollment of less than 500 students. Science courses shall include at least 40% hands-on laboratory investigations and field work using appropriate scientific inquiry;
 - (D) social studies--United States History Studies Since 1877, World History Studies, United States Government, World Geography Studies, Personal Financial Literacy, and Economics with Emphasis on the Free Enterprise System and Its Benefits;

- (E) physical education--at least two courses selected from Foundations of Personal Fitness, Adventure/Outdoor Education, Aerobic Activities, or Team or Individual Sports;
- (F) fine arts--courses selected from at least two of the four fine arts areas (art, music, theatre, and dance)--Art I, II, III, IV; Music I, II, III, IV; Theatre I, II, III, IV; or Dance I, II, III, IV;
- (G) career and technical education-- three or more career and technical education courses for four or more credits with at least one advanced course aligned with a specified number of Texas Education Agency-designated programs of study determined by enrollment as follows [coherent sequences of courses selected from at least three of the following seventeen [sixteen] career clusters] :
- (i) one program of study for a district with fewer than 500 students enrolled in high school ;
 - (ii) two programs of study for a district with 501-1,000 students enrolled in high school ;
 - (iii) three programs of study for a district with 1,001-2,000 students enrolled in high school ;
 - (iv) four programs of study for a district with 1,001-5,000 students enrolled in high school ;
 - (v) five programs of study for a district with 5,001-10,000 students enrolled in high school ; and
 - (vi) six programs of study for a district with more than 10,000 students enrolled in high school .
- ~~[(i) — Agriculture, Food, and Natural Resources;]~~
 - ~~[(ii) — Architecture and Construction;]~~
 - ~~[(iii) — Arts, Audio/Video Technology, and Communications;]~~
 - ~~[(iv) — Business Management and Administration;]~~
 - ~~[(v) — Education and Training;]~~
 - ~~[(vi) — Finance;]~~
 - ~~[(vii) — Government and Public Administration;]~~
 - ~~[(viii) — Health Science;]~~
 - ~~[(ix) — Hospitality and Tourism;]~~
 - ~~[(x) — Human Services;]~~
 - ~~[(xi) — Information Technology;]~~
 - ~~[(xii) — Law, Public Safety, Corrections, and Security;]~~
 - ~~[(xiii) — Manufacturing;]~~
 - ~~[(xiv) — Marketing;]~~
 - ~~[(xv) — Science, Technology, Engineering, and Mathematics; and]~~
 - ~~[(xvi) — Transportation, Distribution, and Logistics;]~~
- (H) languages other than English--Levels I, II, and III or higher of the same language;
- (I) computer science--one course selected from Fundamentals of Computer Science, Computer Science I, or Advanced Placement (AP) Computer Science Principles; and

~~[(I) technology applications—Computer Science I and Computer Science II or Advanced Placement (AP) Computer Science and at least two courses selected from Computer Science III, Digital Art and Animation, Digital Communications in the 21st Century, Digital Design and Media Production, Digital Forensics, Digital Video and Audio Design, Discrete Mathematics for Computer Science, Fundamentals of Computer Science, Game Programming and Design, Independent Study in Evolving/Emerging Technologies, Independent Study in Technology Applications, Mobile Application Development, Robotics Programming and Design, 3-D Modeling and Animation, Web Communications, Web Design, and Web Game Development; and]~~

(J) speech--Communication Applications.

- (3) Districts may offer additional courses from the complete list of courses approved by the State Board of Education to satisfy graduation requirements as referenced in this chapter.
- (4) The school district must provide each student the opportunity to participate in all courses listed in subsection (b)(2) of this section. The district must provide students the opportunity each year to select courses in which they intend to participate from a list that includes all courses required to be offered in subsection (b)(2) of this section. If the school district will not offer the required courses every year, but intends to offer particular courses only every other year, it must notify all enrolled students of that fact. A school district must teach a course that is specifically required for high school graduation at least once in any two consecutive school years. For a subject that has an end-of-course assessment, the district must either teach the course every year or employ options described in Subchapter C of this chapter (relating to Other Provisions) to enable students to earn credit for the course and must maintain evidence that it is employing those options.
- (5) For students entering Grade 9 beginning with the 2007-2008 school year, districts must ensure that one or more courses offered in the required curriculum for the recommended and advanced high school programs include a research writing component.

(c) (No change.)

**Proposed New 19 TAC Chapter 120, Other Essential Knowledge and Skills,
Subchapter A, Character Traits
(Second Reading and Final Adoption)**

September 2, 2020

**COMMITTEE ON INSTRUCTION: ACTION
STATE BOARD OF EDUCATION: ACTION**

SUMMARY: This item presents for second reading and final adoption proposed new 19 Texas Administrative Code (TAC) Chapter 120, Other Essential Knowledge and Skills, Subchapter A, Character Traits. The proposed new subchapter would add new Texas Essential Knowledge and Skills (TEKS) for positive character traits for Kindergarten-Grade 12 in accordance with House Bill (HB) 1026, 86th Texas Legislature, 2019. No changes are recommended since approved for first reading.

STATUTORY AUTHORITY: Texas Education Code (TEC), §§7.102(c)(4); 28.002(a) and (c); and 29.906, as amended by HB 1026, 86th Texas Legislature, 2019.

TEC, §7.102(c)(4), requires the State Board of Education (SBOE) to establish curriculum and graduation requirements.

TEC, §28.002(a), identifies the subjects of the required curriculum.

TEC, §28.002(c), requires the SBOE to by rule identify the essential knowledge and skills of each subject in the required curriculum that all students should be able to demonstrate and that will be used in evaluating instructional materials and addressed on the state assessment instruments.

TEC, §29.906, as amended by HB 1026, 86th Texas Legislature, 2019, requires the SBOE to integrate positive character traits into the essential knowledge and skills adopted for Kindergarten-Grade 12, as appropriate.

The full text of statutory citations can be found in the statutory authority section of this agenda.

EFFECTIVE DATE: The proposed effective date of the proposed new sections is August 1, 2021. Under TEC, §7.102(f), the SBOE must approve the rule action at second reading and final adoption by a vote of two-thirds of its members to specify an effective date earlier than the beginning of the 2021-2022 school year. The earlier effective date will allow districts of innovation that begin school prior to the statutorily required start date to implement the proposed rulemaking when they begin their school year.

PREVIOUS BOARD ACTION: A discussion item on character traits instruction was presented to the Committee of the Full Board at the January 2020 SBOE meeting. The board approved proposed new 19 TAC Chapter 120, Subchapter A, for first reading and filing authorization at the June-July 2020 SBOE meeting.

BACKGROUND INFORMATION AND JUSTIFICATION: In 2019, the 86th Texas Legislature passed HB 1026, requiring the SBOE to integrate positive character traits into the essential knowledge and skills adopted for Kindergarten-Grade 12, as appropriate. The legislation requires the SBOE to include the following positive character education traits in the standards: courage; trustworthiness, including honesty,

reliability, punctuality, and loyalty; integrity; respect and courtesy; responsibility, including accountability, diligence, perseverance, and self-control; fairness, including justice and freedom from prejudice; caring, including kindness, empathy, compassion, consideration, patience, generosity, and charity; good citizenship, including patriotism, concern for the common good and the community, and respect for authority and the law; school pride; and gratitude. The legislation also requires school districts and open-enrollment charter schools to adopt a character education program that includes the required positive character traits.

At the January 2020 SBOE meeting, a discussion item on character traits instruction was presented to the Committee of the Full Board. The committee requested that staff prepare a proposal to add essential knowledge and skills for positive character traits as a new chapter in the TAC. First reading and filing authorization of this item was delayed from April 2020 because the meeting agenda was streamlined to accommodate a remote format due to disruptions resulting from the COVID-19 pandemic. Due to the delay in this rulemaking, an implementation date of the 2021-2022 school year is recommended.

The proposed new sections would implement HB 1026, 86th Texas Legislature, 2019, by establishing TEKS for positive character traits for Kindergarten-Grade 12. The standards would address requirements by grade bands, including Kindergarten-Grade 2, Grades 3-5, Grades 6-8, and Grades 9-12. A proposed new section on implementation would also be added to specify the required frequency of the instruction and how the instruction may be provided.

The attachment to this item reflects the text of proposed new 19 TAC Chapter 120, Subchapter A, for consideration by the SBOE for second reading and final adoption.

No changes are recommended since approved for first reading.

FISCAL IMPACT: No changes have been made to this section since published as proposed.

The Texas Education Agency (TEA) has determined that there are no additional costs to state or local government required to comply with the proposal.

LOCAL EMPLOYMENT IMPACT: No changes have been made to this section since published as proposed.

The proposal has no effect on local economy; therefore, no local employment impact statement is required under Texas Government Code, §2001.022.

SMALL BUSINESS, MICROBUSINESS, AND RURAL COMMUNITY IMPACT: No changes have been made to this section since published as proposed.

The proposal has no direct adverse economic impact for small businesses, microbusinesses, or rural communities; therefore, no regulatory flexibility analysis specified in Texas Government Code, §2006.002, is required.

COST INCREASE TO REGULATED PERSONS: No changes have been made to this section since published as proposed.

The proposal does not impose a cost on regulated persons, another state agency, a special district, or a local government and, therefore, is not subject to Texas Government Code, §2001.0045.

TAKINGS IMPACT ASSESSMENT: No changes have been made to this section since published as proposed.

The proposal does not impose a burden on private real property and, therefore, does not constitute a taking under Texas Government Code, §2007.043.

GOVERNMENT GROWTH IMPACT: No changes have been made to this section since published as proposed.

TEA staff prepared a Government Growth Impact Statement assessment for this proposed rulemaking. The proposed rulemaking would create a new regulation by adding essential knowledge and skills for positive character traits as a new chapter in the TAC.

The proposed rulemaking would not create or eliminate a government program; would not require the creation of new employee positions or elimination of existing employee positions; would not require an increase or decrease in future legislative appropriations to the agency; would not require an increase or decrease in fees paid to the agency; would not expand, limit, or repeal an existing regulation; would not increase or decrease the number of individuals subject to its applicability; and would not positively or adversely affect the state's economy.

PUBLIC BENEFIT AND COST TO PERSONS: No changes have been made to this section since published as proposed.

The proposed new rules would identify essential knowledge and skills in positive character traits for Kindergarten-Grade 12 in accordance with HB 1026, 86th Texas Legislature, 2019. There is no anticipated economic cost to persons who are required to comply with the proposal.

DATA AND REPORTING IMPACT: No changes have been made to this section since published as proposed.

The proposal would have no data and reporting impact.

PRINCIPAL AND CLASSROOM TEACHER PAPERWORK REQUIREMENTS: No changes have been made to this section since published as proposed.

TEA has determined that the proposal would not require a written report or other paperwork to be completed by a principal or classroom teacher.

PUBLIC COMMENTS: Following the June-July 2020 SBOE meeting, notice of proposed new 19 TAC Chapter 120, Subchapter A, was filed with the Texas Register, initiating the public comment period. The public comment period on the proposal began July 31, 2020, and ended August 31, 2020. The August 31, 2020 end date reflects a correction to allow the SBOE to consider this proposal for second reading and final adoption at its September 1-2, 2020 meeting. No comments had been received at the time this item was prepared. A summary of any public comments received regarding the proposal will be provided to the SBOE prior to and during the September 2020 meeting. The SBOE will take registered oral and written comments on the proposal at the appropriate committee meeting in September 2020 in accordance with the SBOE board operating policies and procedures.

MOTION TO BE CONSIDERED: The State Board of Education:

Suspend the board operating procedures in accordance with §2.13 to allow consideration for second reading and final adoption;

Approve for second reading and final adoption proposed new 19 TAC Chapter 120, Other Essential Knowledge and Skills, Subchapter A, Character Traits; and

Make an affirmative finding that immediate adoption of 19 TAC Chapter 120, Other Essential Knowledge and Skills, Subchapter A, Character Traits, is necessary and shall have an effective date of August 1, 2021. *(Per TEC, §7.102(f), a vote of two-thirds of the members of the board is necessary for an earlier effective date.)*

Staff Members Responsible:

Monica Martinez, Associate Commissioner, Standards and Support Services
Shelly Ramos, Senior Director, Curriculum Standards and Student Support

Attachment:

Text of Proposed New 19 TAC Chapter 120, Other Essential Knowledge and Skills, Subchapter A, Character Traits

ATTACHMENT
Text of Proposed New 19 TAC

Chapter 120. Other Texas Essential Knowledge and Skills

Subchapter A. Character Traits

§120.1. Implementation of Texas Essential Knowledge and Skills for Positive Character Traits.

- (a) The provisions of this subchapter shall be implemented by school districts beginning with the 2021-2022 school year.
- (b) School districts and open-enrollment charter schools are required to provide instruction in the essential knowledge and skills for positive character traits outlined in this subchapter at least once in the following grade bands: Kindergarten-Grade 2, Grades 3-5, Grades 6-8, and Grades 9-12.
- (c) School districts may provide the required instruction in a variety of arrangements, including through a stand-alone course or by integrating the positive character traits standards in the essential knowledge and skills for one or more courses or subject areas at the appropriate grade levels.

§120.3. Texas Essential Knowledge and Skills for Positive Character Traits, Kindergarten-Grade 2, Adopted 2020.

- (a) Introduction.
 - (1) Character education introduces students to character traits that empower them to be good citizens who are trustworthy, responsible, and caring. The character traits reflect positive beliefs, attitudes, and mindsets; provide opportunities for self-reflection; and permit students to apply effective strategies to make decisions, solve problems, and behave responsibly.
 - (2) The standards for positive character traits are comprised of four strands: trustworthiness, responsibility, caring, and citizenship. Each strand consists of the following character traits.
 - (A) Trustworthiness: loyalty, integrity, reliability, and punctuality.
 - (B) Responsibility: accountability, perseverance, diligence, and self-control.
 - (C) Caring: kindness, empathy, charity, generosity, patience, consideration, and compassion.
 - (D) Citizenship: respect, courtesy, concern for the common good and the community, fairness, freedom from prejudice, justice, patriotism, school pride, respect for authority and law, and gratitude.
 - (3) Students are expected to develop an awareness of self-identity as well as recognize multiple perspectives, difference and diversity, biases, and the social and cultural context in which they live.
 - (4) The knowledge and skills for positive character traits are organized in the following grade bands: Kindergarten-Grade 2, Grades 3-5, Grades 6-8, and Grades 9-12. However, due to the complexity of the concepts, student expectations and knowledge and skills statements cannot be taught, discussed, or viewed in isolation.
 - (5) Statements that contain the word "including" reference content that must be mastered, while those containing the phrase "such as" are intended as possible illustrative examples.
- (b) Knowledge and skills.
 - (1) Trustworthiness. The student understands how personal choices and actions relate to character building. The student is expected to:
 - (A) describe how personal choices lead to personal actions;
 - (B) explain what it means to be trustworthy; and

- (C) identify personal actions that build trustworthiness, including being honest and punctual.
- (2) Responsibility. The student understands the concept of responsibility and how personal actions demonstrate responsibility. The student is expected to:
 - (A) describe and give examples of how feelings and beliefs influence personal actions;
 - (B) describe how to make personal choices before speaking and acting; and
 - (C) define self-control and identify instances in which self-control is important.
- (3) Caring. The student understands how personal actions demonstrate characteristics of caring. The student is expected to:
 - (A) define patience and identify actions that demonstrate patience; and
 - (B) explain and identify examples of how actions can demonstrate kindness to others.
- (4) Citizenship. The student understands how personal actions can demonstrate good citizenship. The student is expected to:
 - (A) define fairness and identify examples of fairness in a variety of situations;
 - (B) define and identify examples of patriotism;
 - (C) explain what it means to demonstrate respect and courtesy and why it is important to demonstrate respect and courtesy to others; and
 - (D) define good citizenship.

§120.5. Texas Essential Knowledge and Skills for Positive Character Traits, Grades 3-5, Adopted 2020.

- (a) Introduction.
 - (1) Character education introduces students to character traits that empower them to be good citizens who are trustworthy, responsible, and caring. The character traits reflect positive beliefs, attitudes, and mindsets; provide opportunities for self-reflection; and permit students to apply effective strategies to make decisions, solve problems, and behave responsibly.
 - (2) The standards for positive character traits are comprised of four strands: trustworthiness, responsibility, caring, and citizenship. Each strand consists of the following character traits.
 - (A) Trustworthiness: loyalty, integrity, reliability, and punctuality.
 - (B) Responsibility: accountability, perseverance, diligence, and self-control.
 - (C) Caring: kindness, empathy, charity, generosity, patience, consideration, and compassion.
 - (D) Citizenship: respect, courtesy, concern for the common good and the community, fairness, freedom from prejudice, justice, patriotism, school pride, respect for authority and law, and gratitude.
 - (3) Students are expected to develop an awareness of self-identity as well as recognize multiple perspectives, difference and diversity, biases, and the social and cultural context in which they live.
 - (4) The knowledge and skills for positive character traits are organized in the following grade bands: Kindergarten-Grade 2, Grades 3-5, Grades 6-8, and Grades 9-12. However, due to the complexity of the concepts, student expectations and knowledge and skills statements cannot be taught, discussed, or viewed in isolation.
 - (5) Statements that contain the word "including" reference content that must be mastered, while those containing the phrase "such as" are intended as possible illustrative examples.
- (b) Knowledge and skills.

- (1) Trustworthiness. The student understands how personal responsibility relates to being trustworthy. The student is expected to:
 - (A) identify and define traits of trustworthiness, including reliability and loyalty;
 - (B) identify and practice strategies for being honest and punctual; and
 - (C) define and identify examples of unethical behavior.
- (2) Responsibility. The student understands how personal choices are associated with responsibility. The student is expected to:
 - (A) explain what it means to be responsible for personal decisions and actions;
 - (B) describe positive and negative consequences of personal decisions and actions;
 - (C) identify and demonstrate ways to practice self-control; and
 - (D) describe the relationship between being responsible and being accountable.
- (3) Caring. The student understands how personal actions demonstrate characteristics of caring. The student is expected to:
 - (A) describe how feelings impact decision making and behaviors;
 - (B) explain how one can show patience, consideration, and compassion; and
 - (C) define empathy and discuss the connection between empathy and charity.
- (4) Citizenship. The student understands that personal responsibility is associated with citizenship. The student is expected to:
 - (A) describe the differences and similarities among gratitude, respect, and courtesy;
 - (B) compare fairness and justice; and
 - (C) discuss the importance of obeying laws and rules.

§120.7. Texas Essential Knowledge and Skills for Positive Character Traits, Grades 6-8, Adopted 2020.

(a) Introduction.

- (1) Character education introduces students to character traits that empower them to be good citizens who are trustworthy, responsible, and caring. The character traits reflect positive beliefs, attitudes, and mindsets; provide opportunities for self-reflection; and permit students to apply effective strategies to make decisions, solve problems, and behave responsibly.
- (2) The standards for positive character traits are comprised of four strands: trustworthiness, responsibility, caring, and citizenship. Each strand consists of the following character traits.
 - (A) Trustworthiness: loyalty, integrity, reliability, and punctuality.
 - (B) Responsibility: accountability, perseverance, diligence, and self-control.
 - (C) Caring: kindness, empathy, charity, generosity, patience, consideration, and compassion.
 - (D) Citizenship: respect, courtesy, concern for the common good and the community, fairness, freedom from prejudice, justice, patriotism, school pride, respect for authority and law, and gratitude.
- (3) Students are expected to develop an awareness of self-identity as well as recognize multiple perspectives, difference and diversity, biases, and the social and cultural context in which they live.
- (4) The knowledge and skills for positive character traits are organized in the following grade bands: Kindergarten-Grade 2, Grades 3-5, Grades 6-8, and Grades 9-12. However, due to the complexity of the concepts, student expectations and knowledge and skills statements cannot be taught, discussed, or viewed in isolation.

- (5) Statements that contain the word "including" reference content that must be mastered, while those containing the phrase "such as" are intended as possible illustrative examples.
- (b) Knowledge and skills.
- (1) Trustworthiness. The student understands how personal choices and actions build trustworthiness. The student is expected to:
- (A) describe what it means to be reliable and loyal;
 - (B) define and give examples of integrity;
 - (C) examine the benefits of being trustworthy; and
 - (D) describe personal actions that demonstrate trustworthiness at school, home, with peers, and within the community.
- (2) Responsibility. The student understands how personal beliefs and feelings influence our sense of responsibility. The student is expected to:
- (A) examine how personal beliefs, thoughts, and feelings about self can build responsibility;
 - (B) identify and describe personal role models who demonstrate what it means to be accountable for words and actions;
 - (C) discuss the benefits of practicing self-control; and
 - (D) compare the benefits of responsible behavior with the consequences of irresponsible behavior.
- (3) Caring. The student understands how characteristics of caring impact personal relationships. The student is expected to:
- (A) evaluate one's personal attitudes and mindsets about self and others;
 - (B) discuss how feelings, decision making, and personal behaviors can influence relationships with others; and
 - (C) explain and identify examples of how a person can demonstrate empathy through kindness, charity, generosity, and courtesy.
- (4) Citizenship. The student understands how the character trait of citizenship impacts personal relationships. The student is expected to:
- (A) discuss the roles and responsibilities of citizens;
 - (B) explain how one's personal actions can impact the perception of others;
 - (C) describe how justice, fairness, and freedom are related; and
 - (D) identify and practice a variety of conflict-resolution skills and strategies.

§120.9. Texas Essential Knowledge and Skills for Positive Character Traits, Grades 9-12, Adopted 2020.

- (a) Introduction.
- (1) Character education introduces students to character traits that empower them to be good citizens who are trustworthy, responsible, and caring. The character traits reflect positive beliefs, attitudes, and mindsets; provide opportunities for self-reflection; and permit students to apply effective strategies to make decisions, solve problems, and behave responsibly.
- (2) The standards for positive character traits are comprised of four strands: trustworthiness, responsibility, caring, and citizenship. Each strand consists of the following character traits.
- (A) Trustworthiness: loyalty, integrity, reliability, and punctuality.
 - (B) Responsibility: accountability, perseverance, diligence, and self-control.

- (C) Caring: kindness, empathy, charity, generosity, patience, consideration, and compassion.
 - (D) Citizenship: respect, courtesy, concern for the common good and the community, fairness, freedom from prejudice, justice, patriotism, school pride, respect for authority and law, and gratitude.
- (3) Students are expected to develop an awareness of self-identity as well as recognize multiple perspectives, difference and diversity, biases, and the social and cultural context in which they live.
 - (4) The knowledge and skills for positive character traits are organized in the following grade bands: Kindergarten-Grade 2, Grades 3-5, Grades 6-8, and Grades 9-12. However, due to the complexity of the concepts, student expectations and knowledge and skills statements cannot be taught, discussed, or viewed in isolation.
 - (5) Statements that contain the word "including" reference content that must be mastered, while those containing the phrase "such as" are intended as possible illustrative examples.
- (b) Knowledge and skills.
- (1) Trustworthiness. The student understands how trustworthiness is viewed in society, politics, and the local and global community. The student is expected to:
 - (A) examine how the power to make decisions relates to personal actions;
 - (B) analyze how the decisions and actions of leaders in society, politics, and the local and global community demonstrate integrity; and
 - (C) examine the legal and social consequences of unethical behavior.
 - (2) Responsibility. The student understands how leaders demonstrate responsibility in relationships, families, societies, politics, and the global community. The student is expected to:
 - (A) identify and describe personal role models who demonstrate what it means to be accountable for words and actions;
 - (B) identify and discuss real-world examples of taking personal responsibility for one's words and actions;
 - (C) identify and evaluate strategies for practicing self-control in a variety of situations; and
 - (D) define perseverance and identify strategies for demonstrating perseverance.
 - (3) Caring. The student understands how characteristics of caring influence society and impact the global community. The student is expected to:
 - (A) evaluate one's personal attitudes and mindsets about self and others;
 - (B) discuss how feelings, decision making, and personal behaviors impact relationships within society; and
 - (C) identify strategies for how a person can show empathy through one's actions.
 - (4) Citizenship. The student understands how character traits of citizenship influence our personal view of society and the local and global community. The student is expected to:
 - (A) explain the impact of personal actions on the family, school, and local and global community;
 - (B) practice the roles and responsibilities of citizenship in a variety of settings;
 - (C) apply conflict resolutions skills; and
 - (D) participate in constructive dialogues with those of differing viewpoints.

Report from the Commissioner of Education Regarding Updated TEKS Alignment for Adopted Instructional Materials

September 2, 2020

COMMITTEE ON INSTRUCTION: ACTION
STATE BOARD OF EDUCATION: ACTION

SUMMARY: This item provides the opportunity for the State Board of Education (SBOE) to approve the updated Texas Essential Knowledge and Skills (TEKS) coverage percentage on materials submitted for the TEKS update review. In November 2019, the board adopted revisions to 19 Texas Administrative Code (TAC) Chapter 66, to provide an opportunity for publishers to submit updated content and new correlations to the content to update the product’s official TEKS or Texas Prekindergarten Guidelines (TPG) coverage percentage. Products submitted with TEKS updates were reviewed in the summer of 2020. This item presents the final report from the commissioner of education regarding the updated coverage of the TEKS and alleged factual errors.

STATUTORY AUTHORITY: Texas Education Code (TEC), §31.023 and §31.024.

TEC, §31.023(a), requires the SBOE to adopt a list of instructional materials that meet applicable physical specifications and contain material covering at least half of the applicable TEKS in the student version and in the teacher version.

TEC, §31.023(b), requires that each instructional material on the list must be free from factual errors, suitable for the subject and grade level for which the instructional material was submitted, and reviewed by academic experts in the subject and grade level for which the instructional material was submitted,

TEC §31.024, requires the SBOE to make decisions to place material on the adopted list or reject material by majority vote and to provide a list of adopted materials no later than December 1 of the year prior to the year the materials are expected to be in classrooms.

The full text of statutory citations can be found in the statutory authority section of this agenda.

PREVIOUS BOARD ACTION: In November 2019, the board adopted revisions to 19 TAC Chapter 66, to provide an opportunity for publishers to submit updated content and new correlations to the content to update the product’s official TEKS or TPG coverage percentage.

BACKGROUND INFORMATION AND JUSTIFICATION: Products eligible for the first TEKS update review were English Language Arts and Reading K–8; Spanish Language Arts and Reading K–5; and high school English Language Arts and Reading.

MOTION TO BE CONSIDERED: The State Board of Education:

Require that all publishers make corrections listed in the TEKS Update *Report of Required Corrections and the Report of Editorial Changes*;

Approve changes and corrections submitted in response to written comments and public testimony; and

Update the official TEKS percentage for instructional materials reviewed for TEKS Updates on the *Instructional Materials Current Adoption Bulletin*.

Staff Members Responsible:

Melissa Lautenschlager, Director, Instructional Materials and Implementation

Amie Williams, Director, Review and Adoption

Attachment I:

July 2020 TEKS Update Report

Separate Exhibit I:

July 2020 TEKS Update Report of Required Corrections

Separate Exhibit II:

July 2020 TEKS Update Report of Editorial Changes

July 2020 TEKS Update Report

Publisher	Subject Area, Course	Title	Adopted TEKS Student %:	Adopted TEKS Teacher %:	New TEKS Student %:	New TEKS Teacher %:
EDUSPARK, INC.	Spanish language arts and reading, grade K	<i>Lengua, Ritmo y Cultura Kindergarten KIT</i>	67.86%	67.86%	100.00%	100.00%
EDUSPARK, INC.	Spanish language arts and reading, grade 1	<i>Lengua, Ritmo y Cultura 1 KIT</i>	58.33%	58.33%	100.00%	100.00%
EDUSPARK, INC.	Spanish language arts and reading, grade 4	<i>Lengua, Ritmo y Cultura 4 KIT</i>	68.75%	68.75%	100.00%	100.00%
EDUSPARK, INC.	Spanish language arts and reading, grade 5	<i>Lengua, Ritmo y Cultura 5 KIT</i>	78.13%	78.13%	98.44%	98.44%
Imagination Station, Inc./istation	Spanish language arts and reading, grade 3	<i>Istation Reading en Espanol</i>	51.52%	51.52%	78.79%	78.79%
Learning A-Z, LLC	English language arts and reading, grade K	<i>Raz-Plus ELL Edition</i>	89.29%	89.29%	92.86%	92.86%
Learning A-Z, LLC	English language arts and reading, grade 1	<i>Raz-Plus ELL Edition</i>	85.00%	85.00%	98.33%	98.33%
Learning A-Z, LLC	English language arts and reading, grade 2	<i>Raz-Plus ELL Edition</i>	82.26%	82.26%	100.00%	100.00%
Learning A-Z, LLC	English language arts and reading, grade 3	<i>Raz-Plus ELL Edition</i>	64.62%	64.26%	67.69%	67.69%
Learning A-Z, LLC	English language arts and reading, grade 4	<i>Raz-Plus ELL Edition</i>	71.43%	71.43%	93.65%	93.65%
Learning A-Z, LLC	English language arts and reading, grade 5	<i>Raz-Plus ELL Edition</i>	74.60%	74.60%	85.71%	85.71%
Ramsey Education (Lampo Group)	Social Studies, Personal Financial Literacy	<i>Foundations in Personal Finance: High School Edition Foundations (Digital Site and Print)</i>	86.67%	86.67%	100.00%	100.00%

Approval of Update to Instructional Materials for Learning A–Z

September 2, 2020

COMMITTEE ON INSTRUCTION: ACTION
STATE BOARD OF EDUCATION: ACTION

SUMMARY: Learning A–Z is requesting approval to update content in six of its adopted products *Raz Plus ELL Texas Edition*, Kindergarten; *Raz Plus ELL Texas Edition*, grade 1; and *Raz Plus ELL Texas Edition*, grade 2. The updated content has been reviewed by curriculum subject-area specialists and determined to address the pertinent student expectations in a manner equal to the content initially reviewed and approved by the state review panel.

STATUTORY AUTHORITY: Texas Education Code (TEC), §31.003 and §31.022.

TEC, §31.003, permits the State Board of Education (SBOE) to adopt rules for the adoption, requisition, distribution, care, use, and disposal of instructional materials.

TEC, §31.022(b), requires the SBOE to adopt rules to provide for a full and complete investigation of instructional materials for each subject in the foundation curriculum and for each subject in the enrichment curriculum.

The full text of statutory citations can be found in the statutory authority section of this agenda.

PREVIOUS BOARD ACTION: English Language Arts and Reading materials from Learning A–Z were adopted in November 2018.

BACKGROUND INFORMATION AND JUSTIFICATION: Texas Administrative Code §66.75 permits a publisher to submit a request for approval to substitute an updated edition of state-adopted instructional materials. This section also requires that all requests for updates involving content in state-adopted instructional materials be approved by the SBOE prior to their introduction into state-adopted instructional materials.

MOTION TO BE CONSIDERED: The State Board of Education:

Approve the request from Learning A–Z to update content in three of its adopted products *Raz Plus ELL Texas Edition*, Kindergarten; *Raz Plus ELL Texas Edition*, grade 1; and *Raz Plus ELL Texas Edition*, grade 2.

Staff Members Responsible:

Melissa Lautenschlager, Director, Instructional Materials and Implementation
Amie Williams, Director, Review and Adoption

Separate Exhibit:

Learning A–Z Update Request

**Proposed Amendment to 19 TAC Chapter 66, State Adoption and Distribution of Instructional Materials, Subchapter A, General Provisions, §66.15, Administrative Penalty
(First Reading and Filing Authorization)**

September 2, 2020

**COMMITTEE ON INSTRUCTION: ACTION
STATE BOARD OF EDUCATION: ACTION**

SUMMARY: This item presents for first reading and filing authorization a proposed amendment to 19 Texas Administrative Code (TAC) Chapter 66, State Adoption and Distribution of Instructional Materials, Subchapter A, General Provisions, §66.15, Administrative Penalty. The proposed amendment would address penalties for failure to comply with state law and rule governing review and adoption of instructional materials.

STATUTORY AUTHORITY: Texas Education Code (TEC), §§31.002, 31.003, 31.023, 31.035, and 31.151(b).

TEC, §31.002, defines open education resource instructional material.

TEC, §31.003, authorizes the State Board of Education (SBOE) to adopt rules for the adoption, requisition, distribution, care, use, and disposal of instructional materials.

TEC, §31.023, requires the SBOE to adopt a list of instructional materials that meet applicable physical specifications, contain material covering at least half of the applicable Texas Essential Knowledge and Skills (TEKS) in the student version and in the teacher version, are suitable for the subject and grade level for which the instructional material was submitted, and have been reviewed by academic experts in the subject and grade level for which the instructional material was submitted.

TEC, §31.035, allows the SBOE to adopt supplemental instructional materials that are not on the adopted list if the material covers one or more primary focal points or topics of a subject in the required curriculum, is not designed to serve as the only instructional material for the course, meets applicable physical specifications, is free from factual errors, is suitable for the subject and grade level for which the instructional material was submitted, and has been reviewed by academic experts in the subject and grade level for which the instructional material was submitted. The statute requires the SBOE to identify the TEKS that are covered by the supplemental instructional material and requires the material to comply with the review and adoption cycle provisions.

TEC, §31.151(b), authorizes the SBOE to impose a reasonable administrative penalty against a publisher who knowingly violates a requirement imposed on a publisher or manufacturer of instructional materials by TEC, §31.151(a), and ensure the penalty is of sufficient amount to deter a future violation.

The full text of statutory citations can be found in the statutory authority section of this agenda.

EFFECTIVE DATE: The proposed effective date of the proposed amendment is 20 days after filing as adopted with the Texas Register. Under TEC, §7.102(f), the SBOE must approve the rule action at second reading and final adoption by a vote of two-thirds of its members to specify an effective date earlier than the beginning of the 2021-2022 school year. The earlier effective date will enable the amended rule to apply to publishers immediately and will support higher quality instructional materials for students.

PREVIOUS BOARD ACTION: At the June-July 2020 SBOE meeting, the Committee on Instruction discussed possible amendments to Chapter 66 related to administrative penalties.

BACKGROUND INFORMATION AND JUSTIFICATION: Rules in 19 TAC Chapter 66, Subchapter A, address the requirement for registers, procedures governing violations of statutes, and administrative penalties.

At the April 2020 SBOE meeting, SBOE members expressed concern about publishers making changes to adopted products without obtaining SBOE approval and asked staff to provide options to address this concern. At the June-July 2020 SBOE meeting, the Committee on Instruction discussed possible amendments to rules in Chapter 66 related to administrative penalties to address this issue.

The proposed amendment would add new §66.15(f)(3) to impose stricter penalties for instructional materials containing factual errors if the errors occur due to updates to instructional materials if the publisher did not submit the proposed updates for review in accordance with requirements imposed by the SBOE.

The attachment to this item reflects the text of the proposed amendment to §66.15 for consideration by the SBOE for first reading and filing authorization.

FISCAL IMPACT: The Texas Education Agency (TEA) has determined that there are no additional costs to state or local government required to comply with the proposal.

LOCAL EMPLOYMENT IMPACT: The proposal has no effect on local economy; therefore, no local employment impact statement is required under Texas Government Code, §2001.022.

SMALL BUSINESS, MICROBUSINESS, AND RURAL COMMUNITY IMPACT: The proposal has no direct adverse economic impact for small businesses, microbusinesses, or rural communities; therefore, no regulatory flexibility analysis specified in Texas Government Code, §2006.002, is required.

COST INCREASE TO REGULATED PERSONS: The proposal does not impose a cost on regulated persons, another state agency, a special district, or a local government and, therefore, is not subject to Texas Government Code, §2001.0045.

TAKINGS IMPACT ASSESSMENT: The proposal does not impose a burden on private real property and, therefore, does not constitute a taking under Texas Government Code, §2007.043.

GOVERNMENT GROWTH IMPACT: TEA staff prepared a Government Growth Impact Statement assessment for this proposed rulemaking. During the first five years the proposed rulemaking would be in effect, it would expand an existing regulation related to administrative penalties for failure to comply with state law and rule governing review and adoption of instructional materials.

The proposed rulemaking would not create or eliminate a government program; would not require the creation of new employee positions or elimination of existing employee positions; would not require an increase or decrease in future legislative appropriations to the agency; would not require an increase or decrease in fees paid to the agency; would not create a new regulation; would not limit or repeal an existing regulation; would not increase or decrease the number of individuals subject to its applicability; and would not positively or adversely affect the state's economy.

PUBLIC BENEFIT AND COST TO PERSONS: The proposal would ensure adopted instructional materials continue to be appropriately aligned to the TEKS prior to use by Texas teachers and students. There is no anticipated economic cost to persons who are required to comply with the proposal.

DATA AND REPORTING IMPACT: The proposal would have no new data and reporting impact.

PRINCIPAL AND CLASSROOM TEACHER PAPERWORK REQUIREMENTS: TEA has determined that the proposal would not require a written report or other paperwork to be completed by a principal or classroom teacher.

PUBLIC COMMENTS: The public comment period on the proposal begins October 9, 2020, and ends November 13, 2020. The SBOE will take registered oral and written comments on the proposal at the appropriate committee meeting in November 2020 in accordance with the SBOE board operating policies and procedures. A request for a public hearing on the proposal submitted under the Administrative Procedure Act must be received by the commissioner of education not more than 14 calendar days after notice of the proposal has been published in the *Texas Register* on October 9, 2020.

MOTION TO BE CONSIDERED: The State Board of Education:

Approve for first reading and filing authorization the proposed amendment to 19 TAC Chapter 66, State Adoption and Distribution of Instructional Materials, Subchapter A, General Provisions, §66.15, Administrative Penalty.

Staff Members Responsible:

Melissa Lautenschlager, Director, Instructional Materials and Implementation
Amie Williams, Director, Review and Adoption

Attachment:

Text of Proposed Amendment to 19 TAC Chapter 66, State Adoption and Distribution of Instructional Materials, Subchapter A, General Provisions, §66.15, Administrative Penalty

ATTACHMENT
Text of Proposed Amendment to 19 TAC

Chapter 66. State Adoption and Distribution of Instructional Materials

Subchapter A. General Provisions

§66.15. Administrative Penalty.

- (a) Under the Texas Education Code (TEC), §31.151(b), the State Board of Education (SBOE) may assess a reasonable administrative penalty against a publisher or manufacturer found in violation of a provision of the TEC, §31.151(a). The SBOE shall assess an administrative penalty under this section only for a violation based upon an instructional material adopted by the SBOE. An administrative penalty shall be assessed only after the SBOE has granted the publisher or manufacturer a hearing in accordance with the TEC, §31.151; the Administrative Procedure Act; Chapter 157, Subchapter A, of this title (relating to General Provisions for Hearings Before the State Board of Education); and this chapter.
- (b) The SBOE may assess an administrative penalty against a publisher or manufacturer who violates the TEC, §31.151(a)(1), or a rule implementing that provision, including assessing an administrative penalty against a publisher or manufacturer who offers an instructional material in this state at a higher price than that offered to any other state, public school, or school district in the United States. A publisher or manufacturer does not violate this provision if within 60 days of the sale at a higher price, the publisher or manufacturer provides a refund in the incremental amount of the lower price compared to the purchase price to all Texas public schools that previously purchased the same instructional material at a higher price and enters into a written agreement with the Texas Education Agency (TEA) to offer the instructional material at the lower price to any Texas public school. An action under this subsection may only be taken for differential pricing that occurs between the time when a public school may start entering orders for a particular school year until the time when a public school may start entering orders for the subsequent school year.
- (c) The SBOE may assess an administrative penalty against a publisher or manufacturer who violates the TEC, §31.151(a)(2), or a rule implementing that provision. A publisher or manufacturer does not violate this provision if within 60 days of the sale at a lower price, the publisher or manufacturer provides a refund in the incremental amount of the lower price compared to the original purchase price to all Texas public schools that previously purchased the same instructional material. An action under this subsection may only be taken for differential pricing that occurs between the time when a public school may start entering orders for a particular school year until the time when a public school may start entering orders for the subsequent school year.
- (d) The SBOE may assess an administrative penalty against a publisher or manufacturer who violates the TEC, §31.151(a)(3), or a rule implementing that provision. A publisher or manufacturer does not violate this provision if within 60 days of dissemination of instructional materials or ancillary items free of charge, the publisher or manufacturer provides a refund of the purchase to all Texas public schools that previously purchased the same instructional material and enters into a written agreement with the TEA that the ancillary items will be provided free of charge if any Texas public school buys the instructional material at issue.
- (e) The SBOE may assess an administrative penalty against a publisher or manufacturer who violates the TEC, §31.151(a)(4), or a rule implementing that provision. A publisher or manufacturer does not violate this provision if within 60 days of dissemination of instructional materials of higher quality, the publisher or manufacturer provides new copies of the higher quality instructional material at no charge or, with the public school consent, a refund equivalent to the price of the lower quality material to all Texas public schools that previously purchased the same instructional material.
- (f) The SBOE may assess an administrative penalty against a publisher or manufacturer who violates the TEC, §31.151(a)(4) or (9), or a rule implementing those provisions, including:
 - (1) an administrative penalty for selling instructional materials with factual errors. The SBOE may assess an administrative penalty against a publisher or manufacturer of instructional materials who sells instructional materials that have been adopted by the SBOE and contain factual errors unless,

within 60 days of knowledge of the factual error, the publisher or manufacturer corrects the factual error, including revising web-based instructional materials, providing corrective materials to public schools that have received material containing the factual error, and ensuring no further distribution of materials occurs without correction of the error; or

- (2) an administrative penalty for failure to correct factual errors. The SBOE may assess an administrative penalty against a publisher or manufacturer who fails to correct a factual error, including:
 - (A) failure to correct a factual error identified in the list of corrections submitted by a publisher under §66.28(c)(11) of this title (relating to Requirements for Publisher Participation);
 - (B) failure to correct a factual error identified in the report of the commissioner of education under §66.63(e) of this title (relating to Report of the Commissioner of Education) and required by the SBOE; or
 - (C) failure to correct a factual error identified and required by the SBOE prior to the adoption of the instructional material.
- (3) an administrative penalty for a factual error in an instructional material that occurs through updates to the materials by the publisher when the updates did not comply with requirements for updating materials, including the requirements under §66.75 of this title (relating to Updates to Adopted Instructional Materials) and §66.76 of this title (relating to New Editions of Adopted Instructional Materials). Penalties imposed under this paragraph shall:
 - (A) not be subject to penalty limitations imposed by subsection (h) of this section or any other section of this title;
 - (B) be of a sufficient amount to deter future violations; and
 - (C) be based on a timeframe beginning at the time the factual error first appeared in instructional materials delivered to a public school, unless mitigating circumstances suggest otherwise.
- (g) For purposes of this section:
 - (1) a factual error shall be defined as a verified error of fact or any error that would interfere with student learning. The context, including the intended student audience and grade level appropriateness, shall be considered;
 - (2) a factual error repeated in a single item or contained in both the student and teacher components of instructional material shall be counted once for the purpose of determining penalties. An identical error in materials with multiple components and formats shall be counted as one error; and
 - (3) a penalty may be assessed for failure to correct a factual error identified in the list of corrections submitted by a publisher under §66.28(c)(11) of this title or for failure to correct a factual error identified in the report of the commissioner of education under §66.63(a) of this title and required by the SBOE. The publisher shall identify errata in an appropriate manner.
- (h) For purposes of subsection (f)(2) of this section, a penalty of \$5,000 shall be assessed for each failure to correct a factual error:
 - (1) after the deadline established in the proclamation by which publishers must have submitted corrected samples of adopted instructional materials for violations of subsection (f)(2)(A) of this section; or
 - (2) prior to distribution to public schools after the SBOE has identified the factual error for violations of subsection (f)(2)(B) and (C) of this section.
- (i) The SBOE may assess an administrative penalty against a publisher or manufacturer who violates the TEC, §31.151(a)(5), or a rule implementing those provisions.

- (j) The SBOE may assess an administrative penalty against a publisher or manufacturer who violates the TEC, §31.151(a)(6), (7), or (8), or a rule implementing those provisions, including:
 - (1) a penalty for failure to deliver adopted instructional materials, including teacher components, in a timely manner or in the quantities the school district or open-enrollment charter school is eligible to receive as specified in the publisher's bid; and
 - (2) a penalty for failure to deliver adopted instructional materials, including teacher components, in accordance with provisions in the contracts if the failure extends beyond 45 days.
- (k) The SBOE may assess an administrative penalty against a publisher or manufacturer who fails to maintain a website or provide a suitable alternative for conveying the information in the website, or who otherwise fails to meet the requirements of §66.29 of this title (relating to Websites in State-Adopted Instructional Materials).
- (l) The SBOE may, if circumstances warrant, waive or vary penalties contained in this section for first or subsequent violations based on the seriousness of the violation, any history of a previous violation or violations, the amount necessary to deter a future violation, any effort to correct the violation, and any other matter justice requires.
- (m) Each affected publisher shall issue credit to the TEA in the amount of any penalty imposed under the provisions of this section. When circumstances warrant it, the TEA is authorized to require payment of penalties in cash within ten days. Each affected publisher who pays a fine for failure to deliver adopted instructional materials in a timely manner will not be subject to the liquidated damages provision in the publisher's contract for the same failure to deliver adopted instructional materials in a timely manner.
- (n) All administrative penalties shall be credited to the public schools instructional materials allotment funds under the TEC, §31.0212.

**Discussion of Annual Audit Reports for Credit by Examination from Texas Tech University and
The University of Texas at Austin**

September 1, 2020

**COMMITTEE ON INSTRUCTION: DISCUSSION
STATE BOARD OF EDUCATION: NO ACTION**

SUMMARY: This item provides an opportunity for the committee to discuss the annual audit reports submitted by Texas Tech University and The University of Texas at Austin regarding examinations used for credit by examination.

STATUTORY AUTHORITY: Texas Education Code (TEC), §28.023.

TEC, §28.023 establishes that districts must develop or select for review examinations for acceleration for each primary school grade level and for credit for secondary school academic subjects based on guidelines established by the SBOE. As a result, the SBOE established a process for the regular review and audit of examinations provided by Texas Tech University and The University of Texas at Austin for credit by examination and acceleration by examination.

The full text of statutory citations can be found in the statutory authority section of this agenda.

BACKGROUND INFORMATION AND SIGNIFICANT ISSUES: General provisions in 19 TAC §74.24 include the option for school districts to administer examinations developed by Texas Tech University or The University of Texas at Austin for credit for secondary school academic subjects.

During the February 2007 meeting of the Committee on Instruction, the committee chair instructed agency staff to request that the two institutions provide the information necessary for review of each of their examinations used for credit by examination. Correspondence was sent to the institutions requesting the review. Staff members from both universities responded that the process for aligning the examinations with the Texas Essential Knowledge and Skills (TEKS) was under way for some examinations and completed for others.

During the July 2007 committee meeting, public testimony raised additional concerns regarding the examinations. The committee chair asked staff to investigate the possibility of a third-party review of the updated examinations. During the September 2007 meeting, the committee instructed staff to draft proposed changes to the rule for action at the November 2007 meeting that would require an annual report by an outside auditor to confirm TEKS alignment of the examinations developed by Texas Tech University and The University of Texas at Austin.

During the January 2008 meeting, the SBOE adopted a proposed amendment to 19 TAC §74.24 that added language in subsection (a)(2) specifying that these two entities must ensure that their assessments are aligned with the TEKS, arrange for a third-party audit of 20% of their assessments annually, and report the results of each audit to TEA by May 31 of each year. In July 2009, TEA staff presented the first audit results. Audit results have been presented to the SBOE for discussion annually since 2009. This item presents the annual audit results that were due to the agency May 31, 2020.

Staff Members Responsible:

Monica Martinez, Associate Commissioner, Standards and Support Services
Shelly Ramos, Senior Director, Curriculum Standards and Student Support

Attachment I:

Text of Current 19 TAC §74.24, Credit by Examination

Attachment II:

Audit Summary from Texas Tech University

Attachment III:

Audit Summary from The University of Texas at Austin

**ATTACHMENT
Text of 19 TAC**

Chapter 74. Curriculum Requirements

Subchapter C. Other Provisions

§74.24. Credit by Examination.

- (a) General provisions.
 - (1) A school district must provide at least one window to test between January 1 and March 31, one window to test between April 1 and June 30, one window to test between July 1 and September 30, and one window to test between October 1 and December 31 annually when each examination for acceleration for each primary school grade level and for credit for secondary school academic subjects required under Texas Education Code, §28.023, shall be administered in Grades 1-12 unless the examination has an administration date that is established by an entity other than the school district. A student may take a specific examination only once during each window. The testing window must be designed to meet the needs of all students. The dates must be publicized in the community.
 - (2) A school district shall provide opportunities for a student who is homeless or in substitute care who transfers to the district after the start of the school year to be administered credit by examination at any point during the school year.
 - (3) A school district shall not charge for an examination for acceleration for each primary school grade level or for credit for secondary school academic subjects. If a parent requests an alternative examination, the district may administer and recognize results of a test purchased by the parent or student from Texas Tech University or The University of Texas at Austin.
 - (A) For each grade level or course, Texas Tech University and The University of Texas at Austin shall ensure that the assessments they provide for the purposes of this section are aligned to and address all assessable Texas Essential Knowledge and Skills (TEKS) at the appropriate level of rigor.
 - (B) Texas Tech University and The University of Texas at Austin shall arrange for a third party to conduct an audit, on a rotating basis, of at least 20% of the assessments they provide for the purposes of this section. The audit shall be conducted annually.
 - (C) The results of each audit shall be provided to the Texas Education Agency in the form of a report to be delivered no later than May 31 of each year.
 - (4) A school district must have the approval of the school district board of trustees for the development and use of its own tests or to purchase examinations that thoroughly test the essential knowledge and skills in the applicable grade level or subject area.
 - (5) A school district may allow a student to accelerate at a time other than one required in paragraph (1) of this subsection by developing a cost-free option approved by the school district board of trustees that allows students to demonstrate academic achievement or proficiency in a subject or grade level.
- (b) Assessment for acceleration in kindergarten through Grade 5.
 - (1) A school district must develop procedures for kindergarten acceleration that are approved by the school district board of trustees. The board of trustees shall approve an audit process to be completed for assessments for acceleration.
 - (2) A student in any of Grades 1-5 must be accelerated one grade if he or she meets the following requirements:

- (A) the student scores 80% on a criterion-referenced test for the grade level he or she wants to skip in each of the following areas: language arts, mathematics, science, and social studies;
 - (B) a school district representative recommends that the student be accelerated; and
 - (C) the student's parent or guardian gives written approval for the acceleration.
- (c) Assessment for course credit in Grades 6-12.
- (1) A school district board of trustees shall approve for each high school course, to the extent available, at least four examinations. The board of trustees shall approve an audit process to be completed for examinations under subparagraph (B)(iii) of this paragraph.
 - (A) The examinations shall include the following, which are not subject to the requirements in paragraphs (2)-(7) of this subsection:
 - (i) College Board advanced placement examinations; and
 - (ii) examinations administered through the College-Level Examination Program.
 - (B) The examinations may include examinations developed by:
 - (i) Texas Tech University;
 - (ii) The University of Texas at Austin;
 - (iii) the school district; and
 - (iv) another entity if the assessment meets all of the requirements in paragraph (2) of this subsection.
 - (2) In order for a school district to administer an examination for credit, prior to the first administration, the school district or the provider of the assessment must certify that the examination:
 - (A) is aligned to all assessable TEKS for the course;
 - (B) has not been published and is not publicly available;
 - (C) will only be administered in a secure environment under standardized conditions by a school district or institution of higher education; and
 - (D) has been evaluated to ensure:
 - (i) test scores can be interpreted as indicators of what the test is intended to measure; and
 - (ii) consistency of test results across testing conditions.
 - (3) A school district or the provider of the assessment must make public an annual report, including:
 - (A) the test development process;
 - (B) a statement certifying that the examination meets the criteria in paragraph (2)(D) of this subsection;
 - (C) the number of students who took each examination;
 - (D) the number of students who scored 70% or above on each examination;
 - (E) the number of students who scored 80% or above on each examination; and
 - (F) the average score for all students who took the examination for each examination.
 - (4) In order for a school district to administer an examination for credit for a course that has a state end-of-course assessment instrument, the school district or the provider of the assessment must certify, prior to the first administration, that the examination:

- (A) meets the requirements of paragraph (2) of this subsection;
 - (B) has been externally validated and determined to:
 - (i) align to and appropriately address all assessable TEKS for the course;
 - (ii) assess the appropriate level of rigor for each student expectation; and
 - (iii) yield comparable distribution of results across tested subgroups.
- (5) If the number of students who take an examination in a given year is not sufficient to determine comparable results among subgroups, the provider may obtain approval from the State Board of Education to demonstrate comparable results over a specified number of years. Approval may authorize use of the assessment, if the assessment meets all other criteria, during the period authorized by the SBOE to achieve comparable results.
- (6) For an examination that is validated in accordance with paragraph (4) of this subsection, a school district or the provider of the assessment must make public:
- (A) the annual report required by paragraph (3) of this subsection;
 - (B) all relevant test development specifications; and
 - (C) a statement certifying that the examination meets the criteria in paragraph (4)(B) of this subsection.
 - (D) results for all tested subgroups disaggregated by students who receive prior instruction and students with no prior instruction and including descriptive data for small subgroups.
- (7) Examinations for courses that do not have a state end-of-course assessment shall meet all requirements in paragraph (2) of this subsection no later than the 2019-2020 school year.
- (8) A student in any of Grades 6-12 must be given credit for an academic subject in which he or she has had no prior instruction if the student scores:
- (A) a three or higher on a College Board advanced placement examination that has been approved by the school district board of trustees for the applicable course;
 - (B) a scaled score of 50 or higher on an examination administered through the College-Level Examination Program and approved by the school district board of trustees for the applicable course; or
 - (C) 80% on any other criterion-referenced test approved by the school district board of trustees for the applicable course.
- (9) A student may not attempt to earn credit by examination for a specific high school course more than two times.
- (10) If a student fails to earn credit by examination for a specific high school course before the beginning of the school year in which the student would ordinarily be required to enroll in that course in accordance with the school district's prescribed course sequence, the student must satisfactorily complete the course to receive credit.
- (11) If a student is given credit in accordance with paragraph (8) of this subsection in a subject on the basis of an examination on which the student scored 80% or higher, the school district must enter the examination score on the student's transcript, and the student is not required to take an applicable end-of-course assessment instrument for the course.
- (12) In accordance with local school district policy, a student in any of Grades 6-12 may be given credit for an academic subject in which he or she had some prior instruction if the student scores 70% on a criterion-referenced test approved by the school district board of trustees for the applicable course.



May 29, 2020

Chelaine Marion, M. Ed.
Director of Foundation Education
Curriculum Standards and Student Support Division
Texas Education Agency
1701 N. Congress
Austin, TX 78701

RE: 2020 Credit by Examination Audit

Please find attached a list of the most recent Credit by Examination (CBE) audits for May 2020. There are 26 CBEs included in this audit, and these represent 20% of our currently active examinations. This is the twelfth year of the audit and thus the second year of the current five-year cycle. This year's selections focused on science (kindergarten through high school) and social studies (high school only). Where indicated, we have passed auditor feedback to our curriculum department for author review and revision.

As in previous years, our auditors are all Texas-certified instructors who are not otherwise affiliated with Texas Tech University Independent School District (TTUISD / TTU K-12). Heather Finley Abel audited the kindergarten science exams. The middle school science exams were audited by Sarah Burleson, and the high school science exams were audited by Jason Bair and Micaela Brown. The high school social studies exams were audited by Burt Montgomery.

The audit was well underway when the COVID-19 transition to remote teaching occurred, and the audit process was not directly affected by this unexpected event. As our auditors are independent evaluators, they routinely conduct their reviews asynchronously and off-site. However, all of our auditors were personally or professionally challenged by the situation; many of them have teaching positions in local ISDs and faced the same work/life issues that we all have encountered. To that end, all were given as much additional time as they needed to fully complete their assigned reviews.

If you have any questions regarding these CBEs or our audit process, please don't hesitate to contact me at (806) 742-7227 or by email at Justin.Louder@ttu.edu.

We greatly appreciate your support.

Justin R Louder, EdD
Associate Vice Provost
Interim Superintendent, TTU K-12
Texas Tech University



Detailed Results of the 2019 CBE Audit for TTUISD

CBE Title	Results	Detailed Summary of Auditor Responses	Action Taken
KIND SCI K - Science, Kindergarten	<ul style="list-style-type: none"> -Aligned with TEKS -Contains appropriate breadth of coverage of TEKS with changes specified -Contains appropriate level of rigor for TEKS covered with changes specified 	<p>General comments provided. Specific comments provided for the following questions: 26, 32.</p> <p>TEKS not assessed: 3A, 6C, 7A, 10C.</p>	Referred to Curriculum for author review/revision.
ELEM SCI 1 - Science, Grade 1	<ul style="list-style-type: none"> -Aligned with TEKS -Contains appropriate breadth of coverage of TEKS with changes specified -Contains appropriate level of rigor for TEKS covered with changes specified 	<p>General comments provided. Specific comments provided for the following questions: 24, 49, 57.</p> <p>TEKS not assessed: 2D, 3A, 4B, 5C.</p>	Referred to Curriculum for author review/revision.
ELEM SCI 2 - Science, Grade 2	<ul style="list-style-type: none"> -Aligned with TEKS -Contains appropriate breadth of coverage of TEKS -Contains appropriate level of rigor for TEKS covered 	<p>General comments provided. Specific comments provided for the following questions: 48, 54-57, 60.</p> <p>TEKS not assessed: 2D, 2F, 3A, 3C, 5C, 5D.</p>	Referred to Curriculum for author review/revision.
ELEM SCI 3 - Science, Grade 3	<ul style="list-style-type: none"> -Aligned with TEKS -Contains appropriate breadth of coverage of TEKS -Contains appropriate level of rigor for TEKS covered 	TEKS not assessed: 5D, 6C, 7C.	None.

MID SCI 6A - Science 6, first semester	<ul style="list-style-type: none"> -Aligned with TEKS with changes specified -Contains appropriate breadth of coverage of TEKS with changes specified -Contains appropriate level of rigor for TEKS covered with changes specified 	<p>General comments provided. Specific comments provided for the following questions: 8, 9, 14, 18, 19, 24, 27, 28, 36.</p> <p>TEKS lacking adequate coverage (for SCI 6A and 6B combined): 6A, 8B, 8E, 9C, 12A.</p>	Referred to Curriculum for author review/revision.
MID SCI 6B - Science 6, second semester	<ul style="list-style-type: none"> -Aligned with TEKS with changes specified -Contains appropriate breadth of coverage of TEKS with changes specified -Contains appropriate level of rigor for TEKS covered with changes specified 	<p>General comments provided. Specific comments provided for the following questions: 3, 9, 12, 17, 28.</p> <p>TEKS lacking adequate coverage (for SCI 6A and 6B combined): 6A, 8B, 8E, 9C, 12A.</p>	Referred to Curriculum for author review/revision.
MID SCI 7A - Science 7, first semester	<ul style="list-style-type: none"> -Aligned with TEKS with changes specified -Contains appropriate breadth of coverage of TEKS with changes specified -Contains appropriate level of rigor for TEKS covered with changes specified 	<p>General comments provided. Specific comments provided for the following questions: 13-19, 24, 26, 27, 32, 34, 46, 49, 50.</p> <p>TEKS lacking adequate coverage (for SCI 7A and 7B combined): 8C, 9B, 10A, 10C, 11A, 11B, 11C, 12F, 13B.</p> <p>TEKS not assessed (for SCI 7A and 7B combined): 7B, 10B, 12E, 13A.</p>	Referred to Curriculum for author review/revision.

<p>MID SCI 7B - Science 7, second semester</p>	<p>-Aligned with TEKS with changes specified -Contains appropriate breadth of coverage of TEKS with changes specified -Contains appropriate level of rigor for TEKS covered with changes specified</p>	<p>General comments provided. Specific comments provided for the following questions: 2, 3, 6, 9, 10, 12, 13, 14, 22, 23, 24, 25, 26-28, 29-38, 39, 46, 47, 48, 50, 51, 54.</p> <p>TEKS lacking adequate coverage (for SCI 7A and 7B combined): 8C, 9B, 10A, 10C, 11A, 11B, 11C, 12F, 13B.</p> <p>TEKS not assessed (for SCI 7A and 7B combined): 7B, 10B, 12E, 13A.</p>	<p>Referred to Curriculum for author review/revision.</p>
<p>MID SCI 8A - Science 8, first semester</p>	<p>-Aligned with TEKS with changes specified -Contains appropriate breadth of coverage of TEKS with changes specified -Contains appropriate level of rigor for TEKS covered with changes specified</p>	<p>General comments provided. Specific comments provided for the following questions: 1, 2, 3, 5, 7, 8, 11, 14, 20-28, 29, 30, 31, 32, 34, 37.</p> <p>TEKS lacking adequate coverage (for SCI 8A and 8B combined): 5B, 5E, 6C, 9C.</p> <p>TEKS not assessed (for SCI 8A and 8B combined): 8D, 10B, 11B.</p>	<p>Referred to Curriculum for author review/revision.</p>

<p>MID SCI 8B - Science 8, second semester</p>	<p>-Aligned with TEKS with changes specified -Contains appropriate breadth of coverage of TEKS with changes specified -Contains appropriate level of rigor for TEKS covered with changes specified</p>	<p>General comments provided. Specific comments provided for the following questions: 4, 5, 7, 8, 13, 14, 16, 19, 28-37, 38, 47, 52, 53, 54, 55, 56.</p> <p>TEKS lacking adequate coverage (for SCI 8A and 8B combined): 5B, 5E, 6C, 9C.</p> <p>TEKS not assessed (for SCI 8A and 8B combined): 8D, 10B, 11B.</p>	<p>Referred to Curriculum for author review/revision.</p>
<p>HIGH ASTR 1A - Astronomy 1, first semester</p>	<p>-Aligned with TEKS with changes specified -Contains appropriate breadth of coverage of TEKS with changes specified -Contains appropriate level of rigor for TEKS covered with changes specified</p>	<p>General comments provided. Specific comments provided for the following questions: 23, 33, 39, 49.</p> <p>TEKS lacking adequate coverage (for ASTR 1A and 1B combined): 4A, 8B, 8C, 10D, 14A.</p>	<p>Referred to Curriculum for author review/revision.</p>
<p>HIGH ASTR 1B - Astronomy 1, second semester</p>	<p>-Aligned with TEKS with changes specified -Contains appropriate breadth of coverage of TEKS with changes specified -Contains appropriate level of rigor for TEKS covered with changes specified</p>	<p>General comments provided. Specific comments provided for the following questions: 10, 11, 15, 28.</p> <p>TEKS lacking adequate coverage (for ASTR 1A and 1B combined): 4A, 8B, 8C, 10D, 14A.</p>	<p>Referred to Curriculum for author review/revision.</p>
<p>HIGH BIO 1A – Biology, first semester</p>	<p>-Aligned with TEKS -Contains appropriate breadth of coverage of TEKS -Contains appropriate level of rigor for TEKS covered with changes specified</p>	<p>General comments provided.</p> <p>TEKS lacking adequate coverage (for BIO 1A and 1B combined): 9A, 9B.</p>	<p>Referred to Curriculum for author review/revision.</p>

HIGH BIO 1B – Biology, second semester	-Aligned with TEKS -Contains appropriate breadth of coverage of TEKS -Contains appropriate level of rigor for TEKS covered with changes specified	General comments provided. TEKS lacking adequate coverage (for BIO 1A and 1B combined): 9A, 9B.	Referred to Curriculum for author review/revision.
HIGH CHEM 1A – Chemistry, first semester	-Aligned with TEKS -Contains appropriate breadth of coverage of TEKS -Contains appropriate level of rigor for TEKS covered	General comments provided. Specific comments provided for the following questions: 1, 2, 3, 5, 6, 7, 8, 10, 45.	Referred to Curriculum for author review/revision.
HIGH CHEM 1B – Chemistry, second semester	-Aligned with TEKS -Contains appropriate breadth of coverage of TEKS -Contains appropriate level of rigor for TEKS covered	General comments provided. Specific comments provided for the following questions: 11, 12, 13, 14, 15, 16, 25, 26, 38, 40-43, 44, 46-49.	Referred to Curriculum for author review/revision.
HIGH ENVIR 1A - Environmental Systems, first semester	-Aligned with TEKS -Contains appropriate breadth of coverage of TEKS -Contains appropriate level of rigor for TEKS covered	General comments provided. Specific comments provided for the following questions: 12, 15, 27, 32, 40, 44, 61, 65, 68.	Referred to Curriculum for author review/revision.
HIGH ENVIR 1B - Environmental Systems, second semester	-Aligned with TEKS -Contains appropriate breadth of coverage of TEKS -Contains appropriate level of rigor for TEKS covered	General comments provided. Specific comments provided for the following questions: 7, 23, 26, 47, 49, 60, 61, 66.	Referred to Curriculum for author review/revision.
HIGH IPC 1A - Integrated Physics and Chemistry, first semester	-Aligned with TEKS -Contains appropriate breadth of coverage of TEKS -Contains appropriate level of rigor for TEKS covered	General comments provided. Specific comments provided for the following questions: 3, 8, 16, 18, 26, 31, 56, 60, 63, 65, 66, 68, 70, 71, 74, 75, 82, 83, 85.	Referred to Curriculum for author review/revision.

HIGH IPC 1B - Integrated Physics and Chemistry, second semester	-Aligned with TEKS -Contains appropriate breadth of coverage of TEKS -Contains appropriate level of rigor for TEKS covered	General comments provided. Specific comments provided for the following questions: 12, 33, 36, 46, 55, 57, 85.	Referred to Curriculum for author review/revision.
HIGH USHIS 1A - United States History Studies Since 1877, first semester	-Aligned with TEKS -Contains appropriate breadth of coverage of TEKS -Contains appropriate level of rigor for TEKS covered	General comments provided. Specific comments provided for the following questions: 7, 13, 29, 41-50.	Referred to Curriculum for author review/revision.
HIGH USHIS 1B - United States History Studies Since 1877, second semester	-Aligned with TEKS -Contains appropriate breadth of coverage of TEKS -Contains appropriate level of rigor for TEKS covered	General comments provided. Specific comments provided for the following questions: 26, 38.	Referred to Curriculum for author review/revision.
HIGH WGEO 1A - World Geography Studies, first semester	-Aligned with TEKS -Contains appropriate breadth of coverage of TEKS -Contains appropriate level of rigor for TEKS covered with changes specified	General comments provided. Specific comments provided for the following questions: 2, 3, 4, 5, 10, 11, 14, 21-29, 31, 32, 34, 35, 37, 38, 42, 49, 59, 60.	Referred to Curriculum for author review/revision.
HIGH WGEO 1B - World Geography Studies, second semester	-Aligned with TEKS -Contains appropriate breadth of coverage of TEKS -Contains appropriate level of rigor for TEKS covered	General comments provided. Specific comments provided for the following question: 16.	Referred to Curriculum for author review/revision.
HIGH WHIST 1A - World History Studies, first semester	-Aligned with TEKS -Contains appropriate breadth of coverage of TEKS -Contains appropriate level of rigor for TEKS covered	General comments provided.	Referred to Curriculum for author review/revision.

HIGH WHIST 1B - World History Studies, second semester	-Aligned with TEKS -Contains appropriate breadth of coverage of TEKS -Contains appropriate level of rigor for TEKS covered	General comments provided.	Referred to Curriculum for author review/revision.
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Notes on TEKS Not Assessed (by course)

KIND SCI K - Science, Kindergarten

TEKS not assessed: 3A, 6C, 7A, 10C.

Auditor response for all: "is not assessable on a standard CBE due to the nature of the item (not conventionally testable); exam still has appropriate breadth of TEKS coverage."

For reference:

3A: "The student knows that information and critical thinking are used in scientific problem solving. The student is expected to:" **"identify and explain a problem such as the impact of littering and propose a solution"**

6C: "The student knows that energy, force, and motion are related and are a part of their everyday life. The student is expected to:" **"observe and describe the location of an object in relation to another such as above, below, behind, in front of, and beside"**

7A: "The student knows that the natural world includes earth materials. The student is expected to:" **"observe, describe, and sort rocks by size, shape, color, and texture"**

10C: "The student knows that organisms resemble their parents and have structures and processes that help them survive within their environments. The student is expected to:" **"identify ways that young plants resemble the parent plant"**

ELEM SCI 1 - Science, Grade 1

TEKS not assessed: 2D, 3A, 4B, 5C.

Auditor response for all: "is not assessable on a standard CBE due to the nature of the item (not conventionally testable); exam still has appropriate breadth of TEKS coverage."

For reference:

2D: "The student develops abilities to ask questions and seek answers in classroom and outdoor investigations. The student is expected to:" **"record and organize data using pictures, numbers, and words"**

3A: "The student knows that information and critical thinking are used in scientific problem solving. The student is expected to:" **"identify and explain a problem and propose a solution"**

4B: "The student uses age-appropriate tools and models to investigate the natural world. The student is expected to:" **"measure and compare organisms and objects using non-standard units"**

5C: "The student knows that objects have properties and patterns. The student is expected to:" **"classify objects by the materials from which they are made"**

ELEM SCI 2 - Science, Grade 2

TEKS not assessed: 2D, 2F, 3A, 3C, 5C, 5D.

Auditor response for all: "is not assessable on a standard CBE due to the nature of the item (not conventionally testable); exam still has appropriate breadth of TEKS coverage."

For reference:

2D: "The student develops abilities necessary to do scientific inquiry in classroom and outdoor investigations. The student is expected to:" **"record and organize data using pictures, numbers, and words"**

2F: "The student develops abilities necessary to do scientific inquiry in classroom and outdoor investigations. The student is expected to:" **"compare results of investigations with what students and scientists know about the world"**

3A: "The student knows that information and critical thinking, scientific problem solving, and the contributions of scientists are used in making decisions. The student is expected to:" **"identify and explain a problem and propose a task and solution for the problem"**

3C: "The student knows that information and critical thinking, scientific problem solving, and the contributions of scientists are used in making decisions. The student is expected to:" **"identify what a scientist is and explore what different scientists do"**

5C: "The student knows that matter has physical properties and those properties determine how it is described, classified, changed, and used. The student is expected to:" **"demonstrate that things can be done to materials such as cutting, folding, sanding, and melting to change their physical properties"**

5D: "The student knows that matter has physical properties and those properties determine how it is described, classified, changed, and used. The student is expected to:" **"combine materials that when put together can do things that they cannot do by themselves such as building a tower or a bridge and justify the selection of those materials based on their physical properties"**

ELEM SCI 3 - Science, Grade 3

TEKS not assessed: 5D, 6C, 7C.

Auditor response for all: “is not assessable on a standard CBE due to the nature of the item (not conventionally testable); exam still has appropriate breadth of TEKS coverage.”

For reference:

5D: “The student knows that matter has measurable physical properties and those properties determine how matter is classified, changed, and used. The student is expected to:” **“explore and recognize that a mixture is created when two materials are combined such as gravel and sand or metal and plastic paper clips”**

6C: “The student knows that forces cause change and that energy exists in many forms. The student is expected to:” **“observe forces such as magnetism and gravity acting on objects”**

7C: “The student knows that Earth consists of natural resources and its surface is constantly changing. The student is expected to:” **“explore the characteristics of natural resources that make them useful in products and materials such as clothing and furniture and how resources may be conserved”**

MID Science 6A and 6B – Science 6

TEKS lacking adequate coverage: 6A, 8B, 8E, 9C, 12A.

Auditor response for all: can be assessed using the suggestions provided.

MID Science 7A and 7B – Science 7

TEKS lacking adequate coverage: 8C, 9B, 10A, 10C, 11A, 11B, 11C, 12F, 13B.

TEKS not assessed: 7B, 10B, 12E, 13A.

Auditor response for all: can be assessed using the suggestions provided.

MID Science 8A and 8B – Science 8

TEKS lacking adequate coverage: 5B, 5E, 6C, 9C.

TEKS not assessed: 8D, 10B, 11B.

Auditor response for 5B, 5E, 6C, 9C, 10B, & 11B: can be assessed using the suggestions provided.

Auditor response for 8D: “is not assessable on a standard CBE due to the nature of the item (not conventionally testable); exam still has appropriate breadth of TEKS coverage.”

For reference:

8D: "The student knows characteristics of the universe. The student is expected to:"
"research how scientific data are used as evidence to develop scientific theories to describe the origin of the universe"

HIGH ASTR 1A and 1B – Astronomy

TEKS lacking adequate coverage: 4A, 8B, 8C, 10D, 14A.

Auditor response for all: can be assessed using the suggestions provided.

HIGH BIO 1A and 1B – Biology

TEKS lacking adequate coverage: 9A, 9B.

Auditor response for all: can be assessed using the suggestions provided.



The University of Texas at Austin UT High School

Chelaine Marion
Director of English Language Arts and Reading
Curriculum Standards and Student Support Division
Texas Education Agency
1701 N. Congress Ave.
Austin, TX 78701

RE: 2019-20 Credit by Examination Audit

Please find attached a list of the most recent Credit by Examination (CBE) audits for the 2019-20 school year. There are 19 CBEs included in this audit, which represent about 20% of our active examinations. Our selections focused on recently rewritten examinations that have not been audited in the past four years.

Monica Garcia, Robin Long, Jennifer Seale, Kim Nguyen, Sophie Nah, Hiroko Fukuhara Karch, and Karen Paige Reynolds, all Texas-certified instructors and highly qualified in their area of audit, performed this year's audits. None are employees of the University of Texas at Austin High School.

All changes suggested by auditors to better meet the Texas Essential Knowledge and Skills were considered and implemented in these Credit by Exams. Ongoing dialogue occurred regularly between curriculum developers and auditors to ensure complete coverage while maintaining the integrity and rigor of the exams.

If you have any questions regarding these CBEs or our audit process, please do not hesitate to contact me at (512) 232-8328 or by email at kristina.huff@austin.utexas.edu.

Thank you,

Kristina Huff
Curriculum Coordinator
kristina.huff@austin.utexas.edu
512-232-8328



The University of Texas at Austin UT High School

Credit by Exam Audit Five-Year Plan

Updated: 10/2/18

2019	2020	2021	2022	2023
German 1 (2 semesters) German 2 (2 semesters) Integrated Physics and Chemistry (2 semesters) Biology (2 semesters) Chemistry (2 semesters) Physics (2 semesters) Environmental Systems (2 semesters) K-8 Math (9 exams)	K-8 Social Studies (9 exams) Japanese 1 (full year) Japanese 2 (full year) Korean 1 (full year) Korean 2 (full year) Vietnamese 1 (2 semesters) Vietnamese 2 (2 semesters) Art 1 (2 semesters)	Health 1 (One Semester) Foundations of Personal Fitness (One Semester) PE 1B (One Semester, total 6 exams) Algebra 1 (2 semesters) Algebra 2 (2 semesters) Geometry (2 semesters) Precalculus (2 semesters) US History (2 semesters) Economics (1 semester) US Government (1 semester) World Geography (2 semesters) World History (2 semesters)	K-8 Science (9 exams) K-8 English (9 exams) Spanish 1 (2 semesters) Spanish 2 (2 semesters) Spanish 3 (2 semesters)	Business Information Management (2 semesters) French 1 (2 semesters) French 2 (2 semesters) Chinese 1, traditional (full year) Chinese 1, simplified (full year) Chinese 2, traditional (full year) Chinese 2, simplified (full year) Communication Applications (1 semester) 9-12 English (8 semesters)
23	19	24	24	19



**UT High School Credit by Exam Audit
 2019-2020**

CBE Title	Results	Detailed Summary of Auditor Responses
K Social Studies, Form A	-Aligned with TEKS -Contains appropriate breadth of coverage of TEKS with changes	Revised question 26 to fully meet the TEKS.
K Social Studies, Form B	-Aligned with TEKS -Contains appropriate breadth of coverage of TEKS with changes	Revised question 1 to fully meet the TEKS.
1 st Social Studies, Form A	-Aligned with TEKS -Contains appropriate breadth of coverage of TEKS with changes	Revised question 19 to fully meet the TEKS.
1 st Social Studies, Form B	-Aligned with TEKS -Contains appropriate breadth of coverage of TEKS with changes	Revised questions 5 and 12 to fully meet the TEKS.
2 nd Social Studies, Form A	-Aligned with TEKS -Contains appropriate breadth of coverage of TEKS with changes	Revised questions 16, 28, and 39 to fully meet the TEKS.
2 nd Social Studies, Form B	-Aligned with TEKS -Contains appropriate breadth of coverage of TEKS with changes	Revised question 16, 28, and 43 to fully meet the TEKS.
3 rd Social Studies, Form A	-Aligned with TEKS -Contains appropriate breadth of coverage of TEKS with changes	Revised questions 1, 17, 18, 47, and 53 to fully meet the TEKS.
3 rd Social Studies, Form B	-Aligned with TEKS -Contains appropriate breadth of coverage of TEKS with changes	Revised questions 17, 48, and 53 to fully meet the TEKS.
4 th Social Studies, Form A	-Aligned with TEKS -Contains appropriate breadth of coverage of TEKS with changes	Revised questions 9, 17, 18, 23, 27, 41, 46, 50, 56, and 59 to fully meet the TEKS.
4 th Social Studies, Form B	-Aligned with TEKS -Contains appropriate breadth of coverage of TEKS with changes	Revised questions 2, 13, 14, 24, 48, 52, 54, and 59 to fully meet the TEKS.



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5 th Social Studies, Form A	-Aligned with TEKS -Contains appropriate breadth of coverage of TEKS with changes	Revised questions 5, 27, 54, 55, and 62 to fully meet the TEKS.
5 th Social Studies, Form B	-Aligned with TEKS -Contains appropriate breadth of coverage of TEKS with changes	Revised questions 30, 44, and 54 to fully meet the TEKS.
6 th Social Studies, Form A	-Aligned with TEKS -Contains appropriate breadth of coverage of TEKS with changes	Revised questions 11, 17, 18, 20, 22, 34, 35, 61, and 65 to fully meet the TEKS.
6 th Social Studies, Form B	-Aligned with TEKS -Contains appropriate breadth of coverage of TEKS with changes	Revised questions 6, 11, 22, 24, 29, 35, 36, 37, 51, 62, and 65 to fully meet the TEKS.
7 th Social Studies, Form A	-Aligned with TEKS -Contains appropriate breadth of coverage of TEKS with changes	Revised questions 7, 13, 19, 31, 36, 47, 48, 50, 52, 58, 60, 62, 63, 64, 67, 68, 72, and 73 to fully meet the TEKS.
7 th Social Studies, Form B	-Aligned with TEKS -Contains appropriate breadth of coverage of TEKS with changes	Revised questions 4, 5, 6, 8, 9, 11, 16, 17, 21, 30, 38, 43, 55, 57, 58, 61, 62, 63, 64, 65, 67, 69, 70, 73, 74, and 75 to fully meet the TEKS.
8 th Social Studies, Form A	-Aligned with TEKS -Contains appropriate breadth of coverage of TEKS with changes	Revised questions 6, 8, 23, 26, 28, 30, 31, 32, 34, 35, 40, 43, 47, 54, 59, 64, 65, 70, 71, 78, 89, 91, 95, and 97 to fully meet the TEKS.
8 th Social Studies, Form B	-Aligned with TEKS -Contains appropriate breadth of coverage of TEKS with changes	Revised questions 7, 25, 48, 50, 59, 82, 83, 84, 87, 93, and 95 to fully meet the TEKS.
Vietnamese 1A, Form A	-Aligned with TEKS -Contains appropriate breadth of coverage of TEKS with changes	Revised questions 1, 31, 41, and 45 to fully meet the TEKS.
Vietnamese 1A, Form B	-Aligned with TEKS -Contains appropriate breadth of coverage of TEKS with changes	Revised questions S1, 18, 42, and 45 to fully meet the TEKS.
Vietnamese 1B, Form A	-Aligned with TEKS -Contains appropriate breadth of coverage of TEKS with changes	Revised questions S1, S5, 41, 43, and 44 to fully meet the TEKS.
Vietnamese 1B, Form B	-Aligned with TEKS -Contains appropriate breadth of coverage	Revised question S4, 1, 31, 39, 42, and 43 to fully meet the TEKS.



	of TEKS with changes	
Vietnamese 2A, Form A	-Aligned with TEKS -Contains appropriate breadth of coverage of TEKS with changes	Revised questions 11, 16, 27, and 29 to fully meet the TEKS.
Vietnamese 2A, Form B	-Aligned with TEKS -Contains appropriate breadth of coverage of TEKS with changes	Revised question 16, 22, 31, 34, 41, and 44 to fully meet the TEKS.
Vietnamese 2B, Form A	-Aligned with TEKS -Contains appropriate breadth of coverage of TEKS with changes	Revised question S2, 19, 26, 27, and 44 to fully meet the TEKS.
Vietnamese 2B, Form B	-Aligned with TEKS -Contains appropriate breadth of coverage of TEKS with changes	Revised question 2, 3, and 38 to fully meet the TEKS.
Korean 1, Form A	-Aligned with TEKS -Contains appropriate breadth of coverage of TEKS with changes	Revised questions S4, 34, and 40 to fully meet the TEKS.
Korean 1, Form B	-Aligned with TEKS -Contains appropriate breadth of coverage of TEKS with changes	Revised questions 5, 15, 35, 41, and 42 to fully meet the TEKS.
Korean 2, Form A	-Aligned with TEKS -Contains appropriate breadth of coverage of TEKS with changes	Revised questions 9, 22, 42, and 43 to fully meet the TEKS.
Korean 2, Form B	-Aligned with TEKS -Contains appropriate breadth of coverage of TEKS with changes	Revised questions S3, 8, 9, 28, and 29 to fully meet the TEKS.
Japanese 1, Form A	-Aligned with TEKS -Contains appropriate breadth of coverage of TEKS with changes	Revised questions S1, S2, S3, S4, S5, 7, 8, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 41, 42, 43, 44, and 45 to fully meet the TEKS.
Japanese 1, Form B	-Aligned with TEKS -Contains appropriate breadth of coverage of TEKS with changes	Revised questions S1, S2, S3, S4, S5, 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 41, 42, 43, 44, and 45 to fully meet the TEKS.
Japanese 2, Form A	-Aligned with TEKS -Contains appropriate breadth of coverage of TEKS with changes	Revised question S1, S2, S3, S4, S5, 4, 5, 9, 11, 17, 19, 20, 21, 23, 25, 27, 29, 41, 42, 43, and 44 to fully meet the TEKS.



The University of Texas at Austin
UT High School

Japanese 2, Form B	-Aligned with TEKS -Contains appropriate breadth of coverage of TEKS with changes	Revised questions S1, S2, S3, S4, S5, 4, 5, 6, 9, 11, 12, 19, 20, 21, 22, 23, 25, 27, 39, 41, 42, 43, 44, and 45 to fully meet the TEKS.
Art 1A, Form A	-Aligned with TEKS -Contains appropriate breadth of coverage of TEKS with changes	Revised questions 02, 03, and 05 to fully meet the TEKS.
Art 1A, Form B	-Aligned with TEKS -Contains appropriate breadth of coverage of TEKS with changes	Revised questions 6 and 8 to fully meet the TEKS.
Art 1B, Form A	-Aligned with TEKS -Contains appropriate breadth of coverage of TEKS with changes	No revisions required.
Art 1B, Form B	-Aligned with TEKS -Contains appropriate breadth of coverage of TEKS with changes	Revised questions 02, 03, and 17 to fully meet the TEKS.

**Texas Essential Knowledge and Skills
Kindergarten Social Studies Credit by Examination
Final Report from Auditor**

I, Monica Garcia, confirm that I have thoroughly reviewed the Kindergarten Social Studies Credit by Examination and affirm that the exams align with the Texas Essential Knowledge and Skills for Kindergarten Social Studies as detailed in the Texas Administration Code, Chapter 113, Subchapter A, §113.11 (b), 1A – 16B.

Summary of Changes:

I recommend revisions to the following questions to better align TEKS to the content or to better balance overall TEKS coverage:

Kindergarten Social Studies, Form A, question 26

Kindergarten Social Studies, Form B, question 1

Signature: _____

Monica Garcia

Date: _____

2/12/2020

Texas Essential Knowledge and Skills
First Grade Social Studies Credit by Examination
Final Report from Auditor

I, Monica Garcia, confirm that I have thoroughly reviewed the First Grade Social Studies Credit by Examination and affirm that the exams align with the Texas Essential Knowledge and Skills for First Grade Social Studies as detailed in the Texas Administration Code, Chapter 113, Subchapter A, §113.12 (b), 1A – 19B.

Summary of Changes:

I recommend revisions to the following questions to better align TEKS to the content or to better balance overall TEKS coverage:

First Grade Social Studies, Form A, question 19

First Grade Social Studies, Form B, questions 5, 12

Signature: _____

Monica Garcia

Date: _____

2/12/2020

Texas Essential Knowledge and Skills
Second Grade Social Studies Credit by Examination
Final Report from Auditor

I, Monica Garcia, confirm that I have thoroughly reviewed the Second Grade Social Studies Credit by Examination and affirm that the exams align with the Texas Essential Knowledge and Skills for Second Grade Social Studies as detailed in the Texas Administration Code, Chapter 113, Subchapter A, §113.13 (b), 1A – 20B.

Summary of Changes:

I recommend revisions to the following questions to better align TEKS to the content or to better balance overall TEKS coverage:

Second Grade Social Studies, Form A, questions 16, 28, 39

Second Grade Social Studies, Form B, questions 16, 28, 43

Signature: _____

Monica Garcia

Date: _____

2/12/2020



Texas Essential Knowledge and Skills
Third Grade Social Studies Credit by Examination
Final Report from Auditor

I, Robin Long, confirm that I have thoroughly reviewed the Third Grade Social Studies Credit by Examination and affirm that the exams align with the Texas Essential Knowledge and Skills for Third Grade Social Studies as detailed in the Texas Administration Code, Chapter 113, Subchapter A, §113.14 (b), 1A – 19B.

Summary of Changes:

I recommend revisions to the following questions to better align TEKS to the content or to better balance overall TEKS coverage:

Third Grade Social Studies, Form A, questions 1, 17, 18, 47, 53

Third Grade Social Studies, Form B, questions 17, 48, 53

Signature: 

Date: 2.24.20

Texas Essential Knowledge and Skills
Fourth Grade Social Studies Credit by Examination
Final Report from Auditor

I, Robin Long, confirm that I have thoroughly reviewed the Fourth Grade Social Studies Credit by Examination and affirm that the exams align with the Texas Essential Knowledge and Skills for Fourth Grade Social Studies as detailed in the Texas Administration Code, Chapter 113, Subchapter A, §113.15 (b), 1A – 23B.

Summary of Changes:

I recommend revisions to the following questions to better align TEKS to the content or to better balance overall TEKS coverage:

Fourth Grade Social Studies, Form A, questions 9, 17, 18, 23, 27, 41, 46, 50, 56, 59

Fourth Grade Social Studies, Form B, questions 2, 13, 14, 24, 48, 52, 54, 59

Signature: _____

R. Long

Date: _____

2-24-20

Texas Essential Knowledge and Skills
Fifth Grade Social Studies Credit by Examination
Final Report from Auditor

I, Robin Long, confirm that I have thoroughly reviewed the Fifth Grade Social Studies Credit by Examination and affirm that the exams align with the Texas Essential Knowledge and Skills for Fifth Grade Social Studies as detailed in the Texas Administration Code, Chapter 113, Subchapter A, §113.16 (b), 1A – 26B.

Summary of Changes:

I recommend revisions to the following questions to better align TEKS to the content or to better balance overall TEKS coverage:

Fifth Grade Social Studies, Form A, questions 5, 27, 54, 55, 62

Fifth Grade Social Studies, Form B, questions 30, 44, 54

Signature: 

Date: 2-24-20

Texas Essential Knowledge and Skills
Sixth Grade Social Studies Credit by Examination
Final Report from Auditor

I, Jennifer Seale, confirm that I have thoroughly reviewed the Sixth Grade Social Studies Credit by Examination and affirm that the exams align with the Texas Essential Knowledge and Skills for Sixth Grade Social Studies as detailed in the Texas Administration Code, Chapter 113, Subchapter B, §113.18 (b), 1A – 22.

Summary of Changes:

I recommend revisions to the following questions to better align TEKS to the content or to better balance overall TEKS coverage:

Sixth Grade Social Studies, Form A, questions 11, 17, 18, 20, 22, 34, 35, 61, 65

Sixth Grade Social Studies, Form B, questions 6, 11, 22, 24, 29, 35, 36, 37, 51, 62, 65

Signature: _____
Date: _____

Jennifer Seale
2/28/20

Texas Essential Knowledge and Skills
Seventh Grade Social Studies Credit by Examination
Final Report from Auditor

I, Jennifer Seale, confirm that I have thoroughly reviewed the Seventh Grade Social Studies Credit by Examination and affirm that the exams align with the Texas Essential Knowledge and Skills for Seventh Grade Social Studies as detailed in the Texas Administration Code, Chapter 113, Subchapter B, §113.19 (b), 1A – 23.

Summary of Changes:

I recommend revisions to the following questions to better align TEKS to the content or to better balance overall TEKS coverage:

Seventh Grade Social Studies, Form A, questions 7, 13, 19, 31, 36, 47, 48, 50, 52, 58, 60, 62, 63, 64, 67, 68, 72,
73

Seventh Grade Social Studies, Form B, questions 4, 5, 8, 6, 9, 11, 16, 17, 21, 30, 38, 43, 55, 57, 58, 61, 62, 63,
64, 65, 67, 69, 70, 73, 74, 75

Signature: _____

Jennifer Seale

Date: _____

2/28/20

Texas Essential Knowledge and Skills
Eighth Grade Social Studies Credit by Examination
Final Report from Auditor

I, Jennifer Seale, confirm that I have thoroughly reviewed the Eighth Grade Social Studies Credit by Examination and affirm that the exams align with the Texas Essential Knowledge and Skills for Eighth Grade Social Studies as detailed in the Texas Administration Code, Chapter 113, Subchapter B, §113.20 (b), 1A – 31.

Summary of Changes:

I recommend revisions to the following questions to better align TEKS to the content or to better balance overall TEKS coverage:

*Eighth Grade Social Studies, Form A, questions 6, 8, 23, 26, 28, 30, 31, 32, 34, 35, 40, 43, 47, 54, 59, 64, 65, 70,
71, 78, 89, 91, 95, 97*

Eighth Grade Social Studies, Form B, questions 7, 25, 48, 50, 59, 82, 83, 84, 87, 93, 95

Signature: _____ *Jennifer Seale*
Date: _____ *2/28/20*



**Texas Essential Knowledge and Skills
Vietnamese I Credit by Examination
Final Report from Auditor**

I, Kim Nguyen, confirm that I have thoroughly reviewed Vietnamese I, Semesters A and B, Credit by Examination and affirm that the exams align with the Texas Essential Knowledge and Skills for Languages Other Than English as detailed in the Texas Administration Code, Chapter 114, Subchapter C, §114.39. Level I, Novice Mid to Novice High Proficiency (c), 1A – 3B.

Summary of Changes:

I recommend revisions to the following questions to better align TEKS to the content or to better balance overall TEKS coverage:

Vietnamese 1 A, Form A, questions 1, 31, 41, 45

Vietnamese 1 A, Form B, questions S1, 18, 42, 45

Vietnamese 1 B, Form A, questions S1, S5, 41, 43, 44

Vietnamese 1 B, Form B, questions S4, 1, 31, 39, 42, 43

Signature:

Kim Nguyen

Date:

2/24/2020



**Texas Essential Knowledge and Skills
Vietnamese II Credit by Examination
Final Report from Auditor**

I, Kim Nguyen, confirm that I have thoroughly reviewed Vietnamese II, Semesters A and B, Credit by Examination and affirm that the exams align with the Texas Essential Knowledge and Skills for Languages Other Than English as detailed in the Texas Administration Code, Chapter 114, Subchapter C, §114.39. Level II, Novice Mid to Novice High Proficiency (c), 1A – 3B.

Summary of Changes:

I recommend revisions to the following questions to better align TEKS to the content or to better balance overall TEKS coverage:

Vietnamese II A, Form A, questions 11, 16, 27, 29

Vietnamese II A, Form B, questions 16, 22, 31, 34, 41, 44

Vietnamese II B, Form A, questions S2, 19, 26, 27, 44

Vietnamese II B, Form B, questions 2, 3, 38

Signature: _____

Kim Nguyen

Date: _____

2/24/2020

Texas Essential Knowledge and Skills
Korean I Credit by Examination
Final Report from Auditor

I, Sophie Nah, confirm that I have thoroughly reviewed Korean I Credit by Examination and affirm that the exams align with the Texas Essential Knowledge and Skills for Languages Other Than English as detailed in the Texas Administration Code, Chapter 114, Subchapter C, §114.39. Level I, Novice Mid to Novice High Proficiency (c), 1A – 3B.

Summary of Changes:

I recommend revisions to the following questions to better align TEKS to the content or to better balance overall TEKS coverage:

Korean 1, Form A, questions 54, 34, 40

Korean 1, Form B, questions 5, 15, 35, 41, 42

Signature: _____ *Sophie Nah* _____

Date: _____ 02/14/20 _____

Texas Essential Knowledge and Skills
Korean II Credit by Examination
Final Report from Auditor

I, Sophie Nah, confirm that I have thoroughly reviewed Korean II Credit by Examination and affirm that the exams align with the Texas Essential Knowledge and Skills for Languages Other Than English as detailed in the Texas Administration Code, Chapter 114, Subchapter C, §114.39. Level II, Novice Mid to Novice High Proficiency (c), 1A – 3B.

Summary of Changes:

I recommend revisions to the following questions to better align TEKS to the content or to better balance overall TEKS coverage:

Korean II, Form A, questions 9, 22, 42, 43

Korean II, Form B, questions S3, 8, 9, 28, 29

Signature: _____ *Sophie Nah* _____

Date: _____ 02/14/20 _____

Texas Essential Knowledge and Skills
Japanese I Credit by Examination
Final Report from Auditor

I, Hiroko Fukuhara Karch, confirm that I have thoroughly reviewed Japanese I Credit by Examination and affirm that the exams align with the Texas Essential Knowledge and Skills for Languages Other Than English as detailed in the Texas Administration Code, Chapter 114, Subchapter C, §114.39. Level I, Novice Mid to Novice High Proficiency (c), 1A – 3B.

Summary of Changes:

I recommend revisions to the following questions to better align TEKS to the content or to better balance overall TEKS coverage:

Japanese 1, Form A, questions S1, S2, S3, S4, S5, 7, 8, 10, 11-30, 41, 42, 43, 44, 45

Japanese 1, Form B, questions S1, S2, S3, S4, S5, 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11-30, 41, 42, 43, 44, 45

Signature: _____ Hiroko D. Karch

Date: _____ 02/26/2020

Texas Essential Knowledge and Skills
Japanese II Credit by Examination
Final Report from Auditor

I, Hiroko Fukuhara Karch, confirm that I have thoroughly reviewed Japanese II Credit by Examination and affirm that the exams align with the Texas Essential Knowledge and Skills for Languages Other Than English as detailed in the Texas Administration Code, Chapter 114, Subchapter C, §114.39. Level II, Novice Mid to Novice High Proficiency (c), 1A – 3B.

Summary of Changes:

I recommend revisions to the following questions to better align TEKS to the content or to better balance overall TEKS coverage:

Japanese II, Form A, questions S1, S2, S3, S4, S5, 4, 5, 9, 11, 17, 19, 20, 21, 23, 25, 27, 29, 41, 42, 43, 44

Japanese II, Form B, questions S1, S2, S3, S4, S5, 4, 5, 6, 9, 11, 12, 19, 20, 21, 22, 23, 25, 27, 39, 41, 42, 43, 44,

45

Signature: _____ Hiroko J. Karch

Date: _____ 02/26/2020

Texas Essential Knowledge and Skills

Art Level I Credit by Examination

Final Report from Auditor

I, Karen Paige Reynolds, confirm that I have thoroughly reviewed the Art Level I Credit by Examination and affirm that the exams align with the Texas Essential Knowledge and Skills for Art Level I as detailed in the Texas Administration Code, Chapter 117, Subchapter A, §117.302 (c), 1A – 4D.

Summary of Changes:

I recommend revisions to the following questions to better align TEKS to the content or to better balance overall TEKS coverage:

Art Level I, Semester A, Form A, questions O2, O3, O5

Art Level I, Semester A, Form B, questions 6, 8

Art Level I, Semester B, Form B, questions O2, O3, and 17

Signature: _____ Karen Paige Reynolds _____

Date: _____ 2/21/2020 _____

**COMMITTEE ON SCHOOL FINANCE/
PERMANENT SCHOOL FUND**

Per Capita Apportionment Rate for the 2020-2021 School Year

September 1, 2020

COMMITTEE ON SCHOOL FINANCE/PERMANENT SCHOOL FUND: DISCUSSION STATE BOARD OF EDUCATION: NO ACTION

SUMMARY: A per capita apportionment rate for each school year is set by the commissioner of education based on an estimate of the amount available for expenditure from the Available School Fund (ASF). Agency staff members will provide an update on the recommended rate for the 2020-2021 school year at the September 2020 meeting of the Committee on School Finance/Permanent School Fund.

STATUTORY AUTHORITY: Texas Education Code (TEC), §§48.004; 48.251(c); and 43.001(b).

TEC, §48.004, requires the commissioner to implement and administer the Foundation School Program.

TEC, §48.251(c), requires the Foundation School Program (FSP) to be financed with state ASF distributed in accordance with the law.

TEC, §43.001(b), describes the appropriations that make up the ASF.

The full text of statutory citations can be found in the statutory authority section of this agenda.

PREVIOUS BOARD ACTION: None

BACKGROUND INFORMATION AND SIGNIFICANT ISSUES: House Bill 1, the General Appropriations Bill enacted by the 86th Texas Legislature, 2019, contains an estimate of the amount that will be available for expenditures from the ASF for the 2020-2021 school year. The per capita apportionment will include distributions from the Permanent School Fund and funds from state occupation taxes and from the Motor Fuels Tax. The preliminary per capita apportionment rate set by the commissioner is based on an estimate of the funds available for expenditure. A final rate is established later in the school year by the commissioner based on actual funds available for expenditure.

FISCAL IMPACT: The per capita apportionment rate finances part of the cost of the FSP. State aid comes from the ASF and the Foundation School Fund (FSF). The per capita apportionment rate determines how much of each district's total state aid is paid from the ASF. The part that is not financed by the ASF must be paid from the FSF. State aid for the FSP is partially funded by the ASF per capita apportionment. If this source of funds were not available, the shortfall would have to be made up from the General Revenue Fund.

Staff Members Responsible:

Leo Lopez, Associate Commissioner, School Finance
Amy Copeland, Director, State Funding

Separate Exhibit:

2020-2021 Preliminary Per Capita Apportionment Rate

**Review of the Study of the Permanent School Fund Distributions as defined in House Bill 4388,
86th Legislature, 2019**

September 1, 2020

**COMMITTEE ON SCHOOL FINANCE/PERMANENT SCHOOL FUND: DISCUSSION
STATE BOARD OF EDUCATION: NO ACTION**

SUMMARY: This item provides an opportunity for the board to discuss the study on the Permanent School Fund (PSF) Distributions as defined in House Bill (HB) 4388, 86th Legislature, 2019.

STATUTORY AUTHORITY: House Bill [\(HB\) 4388, Section 5\(b\)](#), 86th Legislature, 2019.

HB 4388, 86th Legislature, requires that the Texas Education Agency (TEA) in consultation with the General Land Office, conduct a study regarding distributions from the PSF to the Available School Fund. Section 5 provides certain items that the study must consider and allows the TEA to contract for investment management expertise for the purpose of preparing and completing the study. Section 5 further provides that no later than June 1, 2020, the TEA shall prepare and submit a report regarding the results of the study to the Governor, the State Board of Education, the Legislative Budget Board, the Lieutenant Governor, the Speaker of the House of the Representatives, and each legislative standing committee with primary jurisdiction over public education.

The full text of statutory citations can be found in the statutory authority section of this agenda.

PREVIOUS BOARD ACTION: The Committee received a presentation related to the study of the Permanent School Fund Distributions as defined in HB 4388, 86th Legislature, 2019 at the January 2020 meeting.

BACKGROUND INFORMATION AND JUSTIFICATION: HB 4388, Section 5, requires the TEA to conduct a study regarding Permanent School Fund distributions and allows for the agency to contract for investment management expertise for the study. The agency plans to issue a Request for Qualifications for investment advisory services for this purpose.

PUBLIC BENEFIT: Additional information about the distributions of the Permanent School Fund will be available for the public to review.

PUBLIC COMMENTS: None

Staff Members Responsible:

Andrea Winkler, Director of Operational Support, Strategic Initiatives Division

Review of Permanent School Fund Securities Transactions and the Investment Portfolio

September 1, 2020

**COMMITTEE ON SCHOOL FINANCE/PERMANENT SCHOOL FUND: DISCUSSION
STATE BOARD OF EDUCATION: NO ACTION**

SUMMARY: Investment staff will report on the transactions executed during the months of May and June 2020 in the investment portfolio of the Texas Permanent School Fund.

STATUTORY AUTHORITY: Texas Constitution, [Article VII, §2](#) and [§5](#); and 19 Texas Administrative Code (TAC) Chapter 33.

The Texas Constitution, Article VII, §2 and §5 establish the permanent school fund, the assets that comprise the permanent school fund, the bond guarantee program, the available school fund, and authorize the State Board of Education (SBOE) to manage and invest the permanent school fund in accordance with the prudent person standard.

Administrative rules found in 19 TAC Chapter 33 provide a statement of investment objectives, policies, and guidelines of the Texas Permanent School Fund and Bond Guarantee Program as adopted by the SBOE.

The full text of statutory citations can be found in the statutory authority section of this agenda.

BACKGROUND INFORMATION AND JUSTIFICATION: Specific actions that the committee must accomplish are found in 19 TAC Chapter 33, [Statement of Investment Objectives, Policies, and Guidelines of the Texas Permanent School Fund](#).

Staff Members Responsible:

Holland Timmins, Executive Administrator and Chief Investment Officer, Texas Permanent School Fund

**Ratification of the Purchases and Sales of the Investment Portfolio of the Permanent School Fund
for the Months May and June 2020**

September 2, 2020

**COMMITTEE ON SCHOOL FINANCE/PERMANENT SCHOOL FUND: ACTION
STATE BOARD OF EDUCATION: CONSENT**

SUMMARY: This item provides an opportunity for the committee and board to consider approval of the purchases and sales of investments executed in the portfolio of the Permanent School Fund for the months of May and June 2020.

STATUTORY AUTHORITY: Texas Constitution, [Article VII, §2](#) and [§5](#); and 19 Texas Administrative Code (TAC) Chapter 33.

The Texas Constitution, Article VII, §2 and §5 establish the permanent school fund, the assets that comprise the permanent school fund, the bond guarantee program, the available school fund, and authorize the State Board of Education (SBOE) to manage and invest the permanent school fund in accordance with the prudent person standard.

Administrative rules found in 19 TAC Chapter 33 provide a statement of investment objectives, policies, and guidelines of the Texas Permanent School Fund and Bond Guarantee Program as adopted by the SBOE.

The full text of statutory citations can be found in the statutory authority section of this agenda.

PREVIOUS BOARD ACTION: At the July 2020 meeting, the board approved purchases in the amount of \$1,639,971,304 and sales in the amount of \$1,435,989,619 conducted in the investment portfolio of the Permanent School Fund for the months of March and April 2020.

BACKGROUND INFORMATION AND JUSTIFICATION: The purchases and sales of the investment portfolio are reviewed by the staff to ensure compliance with the Investment Guidelines, Policies, and Objectives of the Permanent School Fund. The specific amounts of the purchases and sales for the reporting period will be recommended to the board for ratification upon approval by the Committee on School Finance/Permanent School Fund.

Staff Members Responsible:

Holland Timmins, Executive Administrator and Chief Investment Officer, Texas Permanent School Fund

Second Quarter 2020 Permanent School Fund Performance Report

September 1, 2020

COMMITTEE ON SCHOOL FINANCE/PERMANENT SCHOOL FUND: DISCUSSION STATE BOARD OF EDUCATION: NO ACTION

SUMMARY: The performance measurement consultant to the Permanent School Fund, BNY Mellon Asset Servicing, will report on the investment performance during the second calendar quarter 2020 and cumulative investment performance of the various portfolios of the Fund. This item will allow the committee to discuss in depth various issues related to portfolio management such as risk characteristics of portfolios and portfolio attributes.

STATUTORY AUTHORITY: Texas Constitution, [Article VII, §2](#) and [§5](#); and 19 Texas Administrative Code (TAC), Chapter 33.

The Texas Constitution, Article VII, §2 and §5 establish the permanent school fund, the assets that comprise the permanent school fund, the bond guarantee program, the available school fund, and authorize the State Board of Education (SBOE) to manage and invest the permanent school fund in accordance with the prudent person standard.

Administrative rules found in 19 TAC Chapter 33 provide a statement of investment objectives, policies, and guidelines of the Texas Permanent School Fund and Bond Guarantee Program as adopted by the SBOE.

The full text of statutory citations can be found in the statutory authority section of this agenda.

BACKGROUND INFORMATION AND JUSTIFICATION: An in-depth performance review at the committee level is intended to allow committee members to review not only total return information for each managed portfolio, but to gain a more thorough understanding of the risk characteristics, portfolio attributes, and portfolio structures of each portfolio that all contribute to return.

Staff Members Responsible:

Holland Timmins, Executive Administrator and Chief Investment Officer, Texas Permanent School Fund

Determination as to Whether Transfers May be Made from the Permanent School Fund to the Available School Fund

September 2, 2020

**COMMITTEE ON SCHOOL FINANCE/PERMANENT SCHOOL FUND: ACTION
STATE BOARD OF EDUCATION: CONSENT**

SUMMARY: This item provides an opportunity for the committee and board to review the requirement in Article VII, §5(a)(2) that the total amount distributed over ten years cannot exceed the total return on all investment assets of the Permanent School Fund (PSF) over the same ten-year period. The board will determine whether transfers may be made from the PSF to the Available School Fund (ASF) in fiscal year 2021.

STATUTORY AUTHORITY: Texas Constitution, [Article VII, §2](#) and [§5](#); and 19 Texas Administrative Code (TAC) Chapter 33.

The Texas Constitution, Article VII, §2 and §5 establish the permanent school fund, the assets that comprise the permanent school fund, the bond guarantee program, the available school fund, and authorize the State Board of Education (SBOE) to manage and invest the permanent school fund in accordance with the prudent person standard.

19 TAC Chapter 33 codifies administrative rules that provide a statement of investment objectives, policies, and guidelines of the Texas Permanent School Fund and Bond Guarantee Program as adopted by the SBOE.

The full text of statutory citations can be found in the statutory authority section of this agenda.

PREVIOUS BOARD ACTION: At the September 2019 meeting, the board determined that a distribution for fiscal year 2020 is permitted under Texas Constitution Article VII, Subsection 5(a)(2).

BACKGROUND INFORMATION AND JUSTIFICATION: On November 4, 2008, the chair of the SBOE sought an opinion from the Attorney General regarding the implementation of Texas Constitution, Article VII, §5(a)(2) in limiting transfers from the PSF to the ASF. A supplementary request was made on January 14, 2009. On April 13, 2009, the Attorney General responded to the requests, noting that Article VII, §5(a)(1) and §5(a)(2) require distinct calculations using different methodologies and covering different time periods.

Staff Members Responsible:

Holland Timmins, Executive Administrator and Chief Investment Officer, Texas Permanent School Fund

Discussion of 19 TAC Chapter 33, Statement of Investment Objectives, Policies, and Guidelines of the Texas Permanent School Fund, Subchapter A, State Board of Education Rules

September 1, 2020

**COMMITTEE ON SCHOOL FINANCE/PERMANENT SCHOOL FUND: DISCUSSION
STATE BOARD OF EDUCATION: NO ACTION**

SUMMARY: This item provides the opportunity for the committee to discuss a potential amendment 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.

STATUTORY AUTHORITY: The Texas Constitution, [Article VII, §5\(a\) and \(f\)](#); Texas Education Code (TEC), [§43.001](#) and [§43.0052](#), as added by House Bill (HB) 4388, 86th Texas Legislature, 2019; and Texas Natural Resources Code (TNRC), [§32.012](#), as amended by Senate Bill (SB) 608, 86th Texas Legislature, 2019; [TNRC, §32.0161](#), as added by SB 608, 86th Texas Legislature, 2019; and [TNRC, §32.068](#) and [§51.414](#), as added by HB 4388, 86th Texas Legislature, 2019.

Texas Constitution, Article VII, §5(a), authorizes the State Board of Education (SBOE) to make distributions from the Permanent School Fund (PSF) to the available school fund with certain limits.

Texas Constitution, Article VII, §5(f), authorizes the SBOE to manage and invest the PSF according to the prudent person standard and make investments it deems appropriate.

TEC, §43.001, describes the PSF as a perpetual endowment.

TEC, §43.0052, and TNRC, §32.068 and §51.414, as added by HB 4388, 86th Texas Legislature, 2019, created the Liquid Account within the PSF to be managed by the SBOE and require the SBOE and School Land Board (SLB) to send quarterly investment and financial reports to the other.

TNRC, §32.012, as amended by SB 608, 86th Texas Legislature, 2019, and §32.0161, as added by SB 608, require the SBOE to submit to the governor a list of six nominees for each of two positions on the SLB and requires the SBOE and the SLB to hold a joint annual public meeting to discuss the PSF.

The full text of statutory citations can be found in the statutory authority section of this agenda.

FUTURE ACTION EXPECTED: A proposed amendment 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, may be presented for first reading and filing authorization at the November 2020 SBOE meeting.

BACKGROUND INFORMATION AND JUSTIFICATION: In accordance with statute, the rules in 19 TAC Chapter 33 establish investment objectives, policies, and guidelines for the PSF.

Staff Members Responsible:

Holland Timmins, Executive Administrator and Chief Investment Officer, Texas Permanent School Fund

Attachment:

Text of Current 19 TAC Chapter 33, Statement of Investment Objectives, Policies, and Guidelines of the Texas Permanent School Fund, Subchapter A, State Board of Education Rules

ATTACHMENT
Text of Current 19 TAC

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

Subchapter A. State Board of Education Rules

§33.1. Constitutional Authority and Constitutional Restrictions.

- (a) The Texas Permanent School Fund (PSF) is comprised of the principal of investment assets and the principal arising from the sale of the lands set apart for the PSF, including dividends and other income to the fund. The total amount distributed from the permanent school fund to the available school fund:
- (1) must be an amount that is not more than 6.0% of the average of the market value of the permanent school fund, excluding real property belonging to the fund that is managed, sold, or acquired under the Texas Constitution, Article VII, §4, but including discretionary real assets investments and cash in the state treasury derived from property belonging to the fund, on the last day of each of the 16 state fiscal quarters preceding the regular session of the legislature that begins before that state fiscal biennium, in accordance with the rate adopted by:
 - (A) a vote of two-thirds of the total membership of the State Board of Education, taken before the regular session of the legislature convenes; or
 - (B) the legislature by general law or appropriation, if the State Board of Education does not adopt a rate as provided by subparagraph (A) of this paragraph; and
 - (2) over the 10-year period consisting of the current state fiscal year and the nine preceding state fiscal years, may not exceed the total return on all investment assets of the permanent school fund over the same 10-year period.
- (b) In managing the assets of the PSF, the State Board of Education (SBOE) may acquire, exchange, sell, supervise, manage, or retain, through procedures and subject to restrictions it establishes and in amounts it considers appropriate, any kind of investment, including investments in the Texas Growth Fund created by the Texas Constitution, Article XVI, §70, that persons of ordinary prudence, discretion, and intelligence, exercising the judgment and care under the circumstances then prevailing, acquire or retain for their own account in the management of their affairs, not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable income as well as the probable safety of their capital.

§33.2. Distributions to the Available School Fund.

Each year, the State Board of Education (SBOE) shall determine whether a distribution to the Available School Fund (ASF) shall be made for the current state fiscal year. The SBOE shall determine whether such distribution is permitted under the Texas Constitution, Article VII, §5(a)(2). The annual determination for the current fiscal year shall include a projection of the expected total return of the Permanent School Fund (PSF) at the end of the current fiscal year and the realized returns during the nine preceding state fiscal years. Any one-year distribution to the ASF shall not exceed 6.0% of the average market value of the PSF, excluding real property managed, sold, or acquired under the Texas Constitution, Article VII, §4, as determined under the Texas Constitution, Article VII, §5(a)(1).

§33.5. Code of Ethics.

- (a) General principles. The Texas Permanent School Fund (PSF) is held in public trust for the benefit of the schoolchildren of Texas. All those charged with the management of the PSF will aspire to the highest standards of ethical conduct. The purpose of the PSF code of ethics is to assist and help guide all such persons in the proper discharge of their duties and to assist them in avoiding even the appearance of impropriety.

- (b) Fiduciary responsibility. The members of the State Board of Education (SBOE) serve as fiduciaries of the PSF and are responsible for prudently investing its assets. The SBOE members or anyone acting on their behalf shall comply with the provisions of this section, the Texas Constitution, Texas statutes, and all other applicable provisions governing the responsibilities of a fiduciary.
- (c) Compliance with constitution and code of ethics. The SBOE members are public officials governed by the provisions of the Texas Government Ethics Act, as stated in the Texas Government Code, Chapter 572.
- (d) Definitions. For purposes of this chapter, the following terms shall have the following meanings.
 - (1) SBOE Member, for the purposes of the PSF code of ethics, means a member of the SBOE, and shall be deemed to include the SBOE Member or a person related to the member within the second degree of affinity or consanguinity.
 - (2) Person means any individual, corporation, firm, limited liability company, limited partnership, trust, association, or other legal entity.
 - (3) Investment manager or manager means a Person who manages and invests PSF assets and may be either an internal investment manager or an external investment manager.
 - (4) PSF Service Providers are the following Persons:
 - (A) any Person who is an external investment manager, as described in §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) a member of the Committee of Investment Advisors;
 - (C) any Person who is Investment Counsel as described in §33.20(b)(4) of this title or provides consultant services for compensation regarding the management and investment of the PSF;
 - (D) any Person who provides investment and management advice to an SBOE Member, with or without compensation, if an SBOE Member:
 - (i) gives the Person access to PSF records or information that are identified as confidential; or
 - (ii) asks the Person to interview, meet with, or otherwise confer with a PSF Service Provider, Fund Manager, or TEA staff;
 - (E) any Person who is a member of the PSF staff who is responsible for managing or investing assets of the PSF, executing brokerage transactions, acting as a custodian of the PSF, or providing investment or management advice regarding the investment or management of the PSF to an SBOE Member or PSF staff;
 - (F) any Person who is a member of TEA legal staff who is responsible for providing legal advice regarding the investment or management of the PSF; or
 - (G) any Person who submits a response to a Request for Proposal (RFP) or Request for Qualifications (RFQ), or similar types of solicitations, while such response is pending. An applicant is not required to file reports under this section except as required in the RFP or RFQ process.
 - (5) Expenditure, for purposes of this section, means any expenditure other than an expenditure made on behalf of an employee acting in the scope of their employment.
 - (6) Fund Manager means the Person, except the Texas Education Agency (TEA) or a member of the PSF staff, who controls a non-publicly traded investment fund or other investment vehicle (which, by way of example but without limitation, may include a partnership, a limited liability company, trust, association, or other entity) in which the PSF is invested, such as the Person who acts as the vehicle's sponsor, general partner, managing member, manager, or adviser. For purposes of this

chapter, Fund Managers are not considered to be PSF Service Providers, external investment managers, consultants, or Investment Counsel.

- (e) Assets affected by this section. The provisions of this section apply to all PSF assets, both publicly and nonpublicly traded investments.
- (f) General ethical standards.
 - (1) SBOE Members and PSF Service Providers must comply with all laws applicable to them, which may include one or more of the following statutes: Texas Government Code, Chapter 2263 (Ethics and Disclosure Requirements for Outside Financial Advisors and Service Providers), §572.051 (Standards of Conduct; State Agency Ethics Policy), §552.352 (Distribution or Misuse of Confidential Information), §572.002 (General Definitions), §572.004 (Definition: Regulation), §572.054 (Representation by Former Officer or Employee of Regulatory Agency Restricted; Criminal Offense), §572.058 (Private Interest in Measure or Decision; Disclosure; Removal from Office for Violation), §572.021 (Financial Statement Required), §2252.908 (Disclosure of Interested Parties), and Chapter 305 (Registration of Lobbyists); Texas Penal Code, Chapter 36 (Bribery and Corrupt Influence) and Chapter 39 (Abuse of Office); and Texas Education Code, §43.0031 (Permanent School Fund Ethics Policy), §43.0032 (Conflicts of Interest), and §43.0033 (Reports of Expenditures). The omission of any applicable statute listed in this paragraph does not excuse violation of its provisions. Fund Managers must comply with all applicable laws, including laws governing the investment vehicle, as provided in the governing documents of the investment vehicle.
 - (2) SBOE Members and PSF Service Providers must be honest in the exercise of their duties and must not take actions that will discredit the PSF.
 - (3) SBOE Members and PSF Service Providers shall be loyal to the interests of the PSF to the extent that such loyalty is not in conflict with other duties, which legally have priority. SBOE Members and PSF Service Providers shall avoid personal, employment, or business relationships that create conflicts of interest as defined in subsection (i)(1) of this section. Should an SBOE Member or a PSF Service Provider become aware of any conflict of interest involving himself or herself or another SBOE Member, PSF Service Provider, or Fund Manager, he or she has an affirmative duty to disclose the conflict to the SBOE chair and vice chair and the commissioner within seven days of discovering the conflict and, in the case of a conflict involving himself or herself, to cure the conflict in a manner provided for under this section prior to the next SBOE or committee meeting and such SBOE Member shall take no action nor participate in the RFP or RFQ process, or similar types of solicitations, that concerns the conflict.
 - (4) SBOE Members and PSF Service Providers shall not use nonpublic information gained through their relationship with the PSF to seek or obtain personal gain beyond agreed compensation and/or any properly authorized expense reimbursement. This should not be interpreted to forbid the use of PSF as a reference or the communication to others of the fact that a relationship with PSF exists, provided that no misrepresentation is involved.
 - (5) An SBOE Member shall report in writing the name and address of any PSF Service Provider, as defined by subsection (d)(4)(D) of this section, who provides investment and management advice to that SBOE Member. The SBOE Member shall submit the report to the commissioner of education for distribution to the SBOE within 30 days of the PSF Service Provider first providing investment and management advice to that SBOE Member.
 - (6) SBOE Members and PSF Service Providers shall report in writing any action described by the Texas Education Code, §7.108, to the commissioner of education for distribution to the SBOE within seven days of discovering the violation.
 - (7) A PSF Service Provider or Fund Manager shall not make any gift or donation to a school or other charitable interest on behalf of, at the request of, or in coordination with an SBOE Member. Any PSF Service Provider, Fund Manager, or SBOE Member shall disclose in writing to the commissioner of education any information regarding such a donation.

- (8) A PSF Service Provider or Fund Manager shall disclose in writing to the commissioner of education for dissemination to all SBOE Members any business or financial transaction greater than \$50 in value with an SBOE Member, the commissioner of education, or any member of PSF staff or TEA legal staff who is a PSF Service Provider within 30 days of the transaction. Excluded from this subsection are checking accounts, savings accounts, credit cards, brokerage accounts, mutual funds, or other financial accounts that are provided to the SBOE Member or to a member of the PSF staff or TEA legal staff under the same terms and conditions as they are provided to members of the general public.
- (9) An SBOE Member shall disclose in writing to the commissioner of education on a quarterly basis any business or financial transaction greater than \$50 in value between the SBOE Member, or a business entity in which the SBOE Member has a significant ownership interest, and a PSF Service Provider or Fund Manager. A report shall be filed even if there has not been a business or financial transaction greater than \$50 in value between the SBOE Member, or a business entity in which the SBOE Member has a significant ownership interest, and a PSF Service Provider or Fund Manager. Excluded from this subsection are checking accounts, savings accounts, credit cards, brokerage accounts, mutual funds, or other financial accounts that are provided to an SBOE Member under the same terms and conditions as they are provided to members of the general public. The reports shall be filed on or before January 15, April 15, July 15, and October 15 and shall cover the preceding three calendar months. The first report filed for each SBOE Member shall cover the preceding one-year period. Subsection (u) of this section does not apply to the first report filed. The commissioner of education shall communicate the information included in the disclosure to all SBOE Members.
- (g) Notification of disclosure. In order to preserve the integrity and public trust in the PSF, it is deemed necessary and appropriate to allow all SBOE Members a reasonable time to promptly review and respond to any disclosures or written inquiries made by applicants or made by PSF Service Providers as provided in SBOE operating procedures. In compliance with Texas Government Code, §2156.123, no SBOE Member or PSF Service Provider should publicly disclose any submission materials prior to completion of the RFP or RFQ process. For purposes of this subsection, an RFP or RFQ is completed upon final award of an RFP, or selection of qualified bidders for an RFQ, or closure without any selection. This subsection does not allow an SBOE Member to refrain from publicly disclosing a conflict of interest as required by subsections (f)(3) and (i)(4) of this section and Texas Government Code, §572.058.
- (h) Disclosure.
- (1) If an SBOE Member solicited a specific investment action by the PSF staff or a PSF Service Provider or a Fund Manager, the SBOE Member shall publicly disclose the fact to the SBOE in a public meeting. The disclosure shall be entered into the minutes of the meeting. For purposes of this section, a matter is a prospective directive to the PSF staff or a PSF Service Provider or a Fund Manager to undertake a specific investment or divestiture of securities for the PSF. This term does not include ratification of prior securities transactions performed by the PSF staff or a PSF Service Provider and does not include an action to allocate classes of assets within the PSF.
- (2) In addition, an SBOE Member shall fully disclose any substantial interest in any publicly or nonpublicly traded PSF investment (business entity) on the SBOE Member's annual financial report filed with the Texas Ethics Commission pursuant to Texas Government Code, §572.021. An SBOE Member has a substantial interest if the SBOE Member:
- (A) has a controlling interest in the business entity;
 - (B) owns more than 10% of the voting interest in the business entity;
 - (C) owns more than \$25,000 of the fair market value of the business entity;
 - (D) has a direct or indirect participating interest by shares, stock, or otherwise, regardless of whether voting rights are included, in more than 10% of the profits, proceeds, or capital gains of the business entity;
 - (E) is a member of the board of directors or other governing board of the business entity;

- (F) serves as an elected officer of the business entity; or
- (G) is an employee of the business entity.

(i) Conflicts of interest.

- (1) A conflict of interest exists whenever SBOE Members or PSF Service Providers have business, commercial, or other relationships, including, but not limited to, personal and private relationships, that could reasonably be expected to diminish their independence of judgment in the performance of their duties. For example, a person's independence of judgment is diminished when the person is in a position to take action or not take action with respect to PSF and such act or failure to act is, may be, or reasonably appears to be influenced by considerations of personal gain or benefit rather than motivated by the interests of the PSF. Conflicts include, but are not limited to, beneficial interests in securities, corporate directorships, trustee positions, familial relationships, or other special relationships that could reasonably be considered a conflict of interest with the duties to the PSF. Further, Texas Education Code, §43.0032, requires disclosure and no participation, unless a waiver is granted, when an SBOE Member or a PSF Service Provider has a business, commercial, or other relationship that could reasonably be expected to diminish a person's independence of judgment in the performance of the person's responsibilities relating to the management or investment of the PSF. Such business, commercial, or other relationship is defined to be a relationship that is prohibited under Texas Government Code, §572.051, or that would require public disclosure under Texas Government Code, §572.058, or a relationship that does not rise to this level but that is determined by the SBOE to create an unacceptable risk to the integrity and reputation of the PSF investment program.
- (2) Any SBOE Member or PSF Service Provider who has a possible conflict of interest as defined in paragraph (1) of this subsection shall disclose the possible conflict to the commissioner of education and the chair and vice chair of the SBOE on the disclosure form. The disclosure form is provided in this paragraph entitled "Potential Conflict of Interest Disclosure Form."

Figure: 19 TAC §33.5(i)(2)
- (3) A person who files a statement under paragraph (2) of this subsection disclosing a possible conflict of interest may not give advice or make decisions about a matter affected by the possible conflict of interest unless the SBOE, after consultation with the general counsel of the TEA, expressly waives this prohibition. The SBOE may delegate the authority to waive this prohibition. If a waiver is not granted by the SBOE or its delegate to an SBOE Member or a PSF Service Provider for a possible conflict of interest, the SBOE Member or PSF Service Provider may request an opinion from the Texas Ethics Commission as to a determination of whether a conflict of interest exists. An SBOE Member will be given the assistance of the TEA ethics advisor to help draft a request for an opinion, if such assistance is requested. When the SBOE Member or PSF Service Provider receives the opinion of the Texas Ethics Commission and if a waiver is still sought, the SBOE Member or PSF Service Provider shall forward the opinion to the SBOE chair and vice chair and the commissioner. An opinion of the Texas Ethics Commission that determines a conflict exists is final and the SBOE may not waive the conflict of interest. An opinion of the Texas Ethics Commission that determines that no conflict exists will automatically result in an SBOE waiver.
- (4) If an SBOE Member believes he or she has a conflict of interest based on the existence of certain relationships described in Texas Government Code, §572.058, the SBOE Member shall publicly disclose the conflict at an SBOE meeting or committee meeting and the SBOE Member shall not vote or otherwise participate in any decision involving the conflict. In accordance with Texas Government Code, §572.058, the SBOE may not waive the prohibition under this paragraph. This requirement is in addition to the requirement of filing a disclosure under paragraph (2) of this subsection.
- (5) Texas Government Code, §572.051, establishes standards of conduct for state officers and employees. SBOE Members and TEA employees shall abide by these standards.

(j) Prohibited transactions and interests.

- (1) For purposes of this section, the term "direct placement" (with respect to investments that are not publicly traded) is defined as a direct sale of fixed income securities, generally to institutional investors, with or without the use of brokers or underwriters, primarily offered to Qualified Institutional Buyers (QIBs) and not registered by the Securities and Exchange Commission. The term does not include offerings or sales of interests in investment funds or investment vehicles.
 - (2) For the purposes of this section, the term "placement agent" is defined as any third party, whether or not affiliated with a PSF Service Provider or Fund Manager, that is a party to an agreement or arrangement (whether written or oral) with a PSF Service Provider or Fund Manager for direct or indirect payment of a fee in connection with a PSF investment.
 - (3) No SBOE Member or PSF Service Provider shall:
 - (A) have a financial interest in a direct placement investment of the PSF;
 - (B) serve as an officer, director, or employee of an entity in which a direct placement investment is made by the PSF; or
 - (C) serve as a consultant to, or receive any fee, commission or payment from, an entity in which a direct placement investment is made by the PSF.
 - (4) No SBOE Member shall:
 - (A) act as a representative or agent of a third party in dealing with a PSF investment manager, Investment Counsel, or consultant in connection with a PSF investment; or
 - (B) be employed for two years after the end of his or her term on the SBOE with an organization in which the PSF invested, unless the organization's stock or other evidence of ownership is traded on the public stock or bond exchanges.
 - (5) A PSF Service Provider shall
not act as a representative or agent of a third party in dealing with a PSF investment manager, Investment Counsel, or consultant in connection with a PSF investment.
 - (6) A PSF Service Provider or Fund Manager shall, except as approved by the SBOE, not use a placement agent in connection with a PSF investment unless:
 - (A) the relationship of the PSF Service Provider or Fund Manager with the placement agent, any compensation, and a description of the services provided by the placement agent in connection with a PSF investment are disclosed in writing to PSF staff;
 - (B) the placement agent is registered with the Securities and Exchange Commission (SEC) or the Financial Industry Regulatory Authority (FINRA) or, if not required to register with the SEC or FINRA, is registered with an applicable regulatory body;
 - (C) such placement agent does not share any fees with a non-registered person or entity; and
 - (D) in executed closing documents for the PSF investment, the PSF Service Provider or Fund Manager contractually represents and warrants that the information provided about the placement agent is true, correct, and complete in all material respects, provided that information provided by the placement agent is, to the knowledge of the PSF Service Provider or Fund Manager, true, correct, and complete in all material respects.
 - (7) A placement agent shall file campaign contribution reports in the same manner as does a PSF Service Provider under subsection (o)(1) of this section for the period during which the placement agent provides services in connection with a PSF investment.
- (k) Solicitation of support. No SBOE Member shall solicit or receive a campaign contribution on behalf of any political candidate, political party, or political committee from a PSF Service Provider or Fund Manager. The PSF Service Provider or Fund Manager shall report any such incident in writing to the commissioner of education for distribution to the SBOE.

- (l) Hiring external professionals. The SBOE may contract with investment managers to make or assist with PSF investments. The SBOE has the authority and responsibility to hire other external professionals, including custodians, Investment Counsel, or consultants. The SBOE shall select each professional based on merit and cost and subject to the provisions of §33.55 of this title (relating to Standards for Selecting Consultants, Investment Managers, Custodians, and Other Professionals To Provide Outside Expertise for the Fund).
- (m) Responsibilities of PSF Service Providers and Fund Managers. The PSF Service Providers and Fund Managers shall be notified in writing of the code of ethics contained in this section. Any existing contracts for investment and any future investment shall strictly conform to this code of ethics. The PSF Service Provider or Fund Manager shall report in writing any suggestion or offer by an SBOE Member to deviate from the provisions of this section to the commissioner of education for distribution to the SBOE within 30 days of the PSF Service Provider or Fund Manager discovering the violation. The PSF Service Provider or Fund Manager shall report in writing any violation of this code of ethics committed by another PSF Service Provider or Fund Manager to the commissioner of education for distribution to the SBOE within 30 days of the PSF Service Provider or Fund Manager discovering the violation. A PSF Service Provider or other person retained in a fiduciary capacity must comply with the provisions of this section.
- (n) Gifts and entertainment.
 - (1) Bribery. SBOE Members are prohibited from soliciting, offering, or accepting gifts, payments, and other items of value in exchange for an official act, including a vote, recommendation, or any other exercise of official discretion pursuant to Texas Penal Code, §36.02.
 - (2) Acceptance of gifts.
 - (A) An SBOE Member may not accept gifts, favors, services, or benefits that may reasonably tend to influence the SBOE Member's official conduct or that the SBOE Member knows or should know are intended to influence the SBOE Member's official conduct. For purposes of this paragraph, a gift does not include an item with a value of less than \$50, excluding cash, checks, loans, direct deposit, or negotiable instruments.
 - (B) An SBOE Member may not accept a gift, favor, service, or benefit from a Person that the SBOE Member knows is interested or is likely to become interested in a charter, contract, purchase, payment, claim, or other pecuniary transaction over which the SBOE has discretion.
 - (C) An SBOE Member may not accept a gift, favor, service, or benefit from a Person that the SBOE Member knows to be subject to the regulation, inspection, or investigation of the SBOE or the TEA.
 - (D) An SBOE Member may not solicit, accept, or agree to accept a gift, favor, service, or benefit from a Person with whom the SBOE Member knows that civil or criminal litigation is pending or contemplated by the SBOE or the TEA.
 - (E) Except as prohibited in subparagraphs (A)-(D) of this paragraph and subject to the requirements for PSF Service Providers, Fund Managers, and lobbyists in subparagraph (F) of this paragraph, an SBOE Member may accept a gift, favor, service, or benefit if it fits into one of the following categories:
 - (i) items worth less than \$50, but may not be cash, checks, loans, or negotiable instruments;
 - (ii) item is given in the context of a relationship, such as kinship, or a personal, professional, or business relationship that is independent of the SBOE Member's official capacity;
 - (iii) fees for services rendered outside the SBOE Member's official capacity;
 - (iv) government property issued by a governmental entity that allows the use of the property; or

- (v) food, lodging, entertainment, and transportation, if accepted as a guest and the donor is present.
- (F) In addition to the requirements of subparagraph (E) of this paragraph, the following provisions govern the disposition of an individual who is a PSF Service Provider or Fund Manager or who is both a lobbyist registered with the Texas Ethics Commission and who represents a person subject to the SBOE's or the TEA's regulation, inspection, or investigation. A gift, favor, service, or benefit from a PSF Service Provider or Fund Manager or lobbyist will not be considered a violation of the prohibition set forth in subparagraph (C) of this paragraph.
- (i) An SBOE Member may not accept the following from a PSF Service Provider or Fund Manager or lobbyist, even if otherwise permitted under subparagraph (E) of this paragraph:
 - (I) loans, cash, checks, direct deposits, or negotiable instruments;
 - (II) transportation or lodging for a pleasure trip;
 - (III) transportation or lodging in connection with a fact-finding trip or to a seminar or conference at which the SBOE Member does not provide services;
 - (IV) entertainment worth more than \$250 in a calendar year;
 - (V) gifts, other than awards and mementos, that combined are worth more than \$250 in value for a calendar year. Gifts do not include food, entertainment, lodging, and transportation if accepted as a guest and the PSF Service Provider or Fund Manager or lobbyist is present; or
 - (VI) individual awards and mementos worth more than \$250 each if from a lobbyist or worth \$50 or more each if from a PSF Service Provider or Fund Manager.
 - (ii) An SBOE Member may accept food and beverages as a guest if the PSF Service Provider or Fund Manager or lobbyist is present.
- (G) An SBOE Member may not solicit, agree to accept, or accept an honorarium in consideration for services that the SBOE Member would not have been asked to provide but for the SBOE Member's official position. An SBOE Member may accept food, transportation, and lodging in connection with a speech performed as a result of the SBOE Member's position in accordance with the rulings with the Texas Ethics Commission, which may place limitations on the type of entity that may fund such travel. An SBOE Member must report the food, lodging, or transportation accepted under this subparagraph in the SBOE Member's annual personal financial statement.
- (H) Under no circumstances shall an SBOE Member accept a prohibited gift if the source of the gift is not identified or if the SBOE Member knows or has reason to know that the gift is being offered through an intermediary.
- (I) If an unsolicited prohibited gift is received by an SBOE Member, he or she should return the gift to its source. If that is not possible or feasible, the gift should be donated to charity. The SBOE Member shall report the return of the gift or the donation of the gift to the commissioner of education.
- (J) A PSF Service Provider or Fund Manager shall file a report annually with the TEA's PSF office, in the format specified by the PSF staff, on or before January 31 of each year. The report shall be for the time period beginning on January 1 and ending on December 31 of the previous year. The expenditure report must describe in detail any expenditure of more than \$50 made by the Person on behalf of:
- (i) an SBOE Member;

- (ii) the commissioner of education; or
 - (iii) an employee of the TEA or of a nonprofit corporation created under the Texas Education Code, §43.006.
- (K) A PSF Service Provider or Fund Manager shall file a report annually with the TEA's PSF office, in the format specified by the PSF staff, on or before January 31 of each year. The report will be deemed to be filed when it is actually received. The report shall be for the time period beginning on January 1 and ending on December 31 of the previous year. It shall list any individuals who served in any of the following capacities at any time during the reporting period:
 - (i) all members of the governing body of the PSF Service Provider or Fund Manager;
 - (ii) the officers of the PSF Service Provider or Fund Manager;
 - (iii) any broker who conducts transactions with PSF funds;
 - (iv) all members of the governing body of the firm of a broker who conducts transactions with PSF funds; and
 - (v) all officers of the firm of a broker who conducts transactions with PSF funds.
- (L) This subsection does not apply to campaign contributions.
- (M) Each SBOE Member and each PSF Service Provider and Fund Manager shall, no later than April 15, file an annual report affirmatively disclosing any violation of this code of ethics known to that Person during the time period beginning January 1 and ending December 31 of the previous year which has not previously been disclosed in writing to the commissioner of education for distribution to all board members, or affirmatively state that the Person has no knowledge of any such violation. For purposes of this subparagraph only, "SBOE Member" means only the individual elected official.
- (o) Campaign contributions.
 - (1) A PSF Service Provider or Fund Manager shall, no later than January 31 and July 31, file a semi-annual report of each political contribution that the PSF Service Provider or Fund Manager has made to an SBOE Member or a candidate seeking election to the SBOE in writing to the commissioner of education. The report shall be for the six-month time period preceding the reporting dates and include the name of each SBOE Member or candidate seeking election to the SBOE who received a contribution, the amount of each contribution, and date of each contribution. Subsection (u) of this section does not apply to the first report filed. A report shall be filed even if the PSF Service Provider or Fund Manager made no reportable contribution during the reporting period to an SBOE Member or a candidate seeking election to the SBOE. The commissioner of education shall communicate the information included in the disclosure to all SBOE Members.
 - (2) Any person or firm filing a response to an RFP or RFQ relating to the management and investments of the PSF shall disclose in the response whether at any time in the preceding four years from the due date of the response to the RFP or RFQ the person or firm has made a campaign contribution to a candidate for or member of the SBOE.
- (p) Compliance with professional standards.
 - (1) SBOE Members and PSF Service Providers who are members of professional organizations which promulgate standards of conduct must comply with those standards.
 - (2) To the extent applicable to them, PSF Service Providers must comply with the Code of Ethics and Standards of Professional Conduct of the Chartered Financial Analyst Institute.
- (q) Transactions involving PSF Service Providers or Fund Managers.

- (1) A PSF Service Provider or Fund Manager other than a PSF executing broker shall not engage in any transaction involving the assets of the PSF with a Person who is an SBOE Member, Investment Counsel, a consultant to the SBOE or to an SBOE Member, or a member of the PSF staff or TEA legal staff who is responsible for managing or investing assets of the PSF or providing investment or management advice or legal advice regarding the investment or management of the PSF.
 - (2) A PSF Service Provider or Fund Manager other than a PSF executing broker shall report to the SBOE on a quarterly basis all investment transactions or trades and any fees or compensation paid or received in connection with the transactions or trades with a Person who is an SBOE Member, Investment Counsel, a consultant to the SBOE or an SBOE Member, or a member of the PSF staff or TEA legal staff who is responsible for managing or investing assets of the PSF or providing investment or management advice or legal advice regarding the investment or management of the PSF.
- (r) Compliance and enforcement.
- (1) The SBOE will enforce this section through its chair or vice chair or the commissioner of education.
 - (2) Any violation of this section will be reported to the chair and vice chair of the SBOE and the commissioner of education and a recommended action will be presented to the SBOE by the chair or the commissioner. A violation of this section may result in the termination of the contract or a lesser sanction. Repeated minor violations may also result in the termination of the contract. With respect to Fund Managers, the recommended action, if any, shall be limited to a withdrawal or other disposition of the PSF's interest in the investment vehicle, each in accordance with the governing documents of the investment vehicle and laws applicable thereto.
 - (3) The PSF compliance officer under the direction of the TEA confidentiality officer shall act as custodian of all statements, waivers, and reports required under this section for purposes of public disclosure requirements.
 - (4) The ethics advisor of the TEA shall respond to inquiries from the SBOE Members and PSF Service Providers concerning the provisions of this section. The ethics advisor may confer with the general counsel and the executive administrator of the PSF.
 - (5) No payment shall be made to a PSF Service Provider who has failed to timely file a completed report as described by subsection (m) of this section, until a completed report is filed.
- (s) Ethics training. The SBOE shall receive annual training regarding state ethics laws through the Texas Ethics Commission and the TEA's ethics advisor.
- (t) TEA general ethical standards. The commissioner of education and PSF staff shall comply with the General Ethical Standards for the Staff of the Permanent School Fund and the Commissioner of Education.
- (u) Reporting period. A new report required by an amendment to the code of ethics need only concern events after the effective date of the amendment. An amendment to a rule that presently requires a report does not affect the reporting period unless the amendment explicitly changes the reporting period.
- (v) Statutory statement.
- (1) A "statutory financial advisor or service provider" as defined in this subsection shall on or before April 15 file a statement as required by Texas Government Code, §2263.005, with the commissioner of education and the state auditor, for the previous calendar year. The statement will be deemed filed when it is actually received. A statutory financial advisor or service provider shall promptly file a new or amended statement with the commissioner of education and the state auditor whenever there is new information required to be reported under Texas Government Code, §2263.005(a).
 - (2) A "statutory financial advisor or service provider" is a member of the Committee of Investment Advisors or an individual or business entity, including a financial advisor, financial consultant, money or investment manager, or broker, who is not an employee of the TEA, but who provides

financial services or advice to the TEA or the SBOE or an SBOE member in connection with the management and investment of the PSF and who may reasonably be expected to receive, directly or indirectly, more than \$5,000 in compensation from the TEA or the SBOE during a fiscal year.

- (3) An annual statement required to be filed under this subsection will be made using the form developed by the state auditor.

§33.10. Purposes of Texas Permanent School Fund Assets and the Statement of Investment Policy.

- (a) The purpose of the Texas Permanent School Fund (PSF), as defined by the Texas Constitution, shall be to support and maintain an efficient system of public free schools. The State Board of Education (SBOE) views the PSF as a perpetual institution. Consistent with its perpetual nature, the PSF shall be an endowment fund with a long-term investment horizon. The SBOE shall strive to manage the PSF consistently with respect to the following: generating income for the benefit of the public free schools of Texas, the real growth of the corpus of the PSF, protecting capital, and balancing the needs of present and future generations of Texas school children. The PSF will strive to maintain intergenerational equity by attempting to pay out a constant distribution and maintain the value of assets per student after adjusting for inflation.
- (b) The purposes of the investment policy statement are to:
 - (1) specify the investment objectives, policies, and guidelines the SBOE considers appropriate and prudent, considering the needs of the PSF, and to comply with the Texas Constitution by directing PSF assets;
 - (2) establish SBOE performance criteria for an investment manager;
 - (3) communicate the investment objectives, guidelines, and performance criteria to the SBOE, PSF investment staff and managers, and all other parties;
 - (4) guide the ongoing oversight of PSF investment and test compliance with the Texas Constitution and other applicable statutes;
 - (5) document that the SBOE is fulfilling its responsibilities for managing PSF investments solely in the interests of the PSF;
 - (6) document that the SBOE is fulfilling its responsibilities under Texas law; and
 - (7) provide transparency and accountability to the citizens of Texas.

§33.15. Objectives.

- (a) Investment objectives.
 - (1) Investment objectives have been formulated based on the following considerations:
 - (A) the anticipated financial needs of the Texas public free school system in light of expected future contributions to the Texas Permanent School Fund (PSF);
 - (B) the need to preserve capital;
 - (C) the risk tolerance set by the State Board of Education (SBOE) and the need for diversification;
 - (D) observations about historical rates of return on various asset classes;
 - (E) assumptions about current and projected capital market and general economic conditions and expected levels of inflation;
 - (F) the need to maintain liquidity in the PSF Liquid Account;
 - (G) the need to invest according to the prudent person rule; and
 - (H) the need to document investment objectives, guidelines, and performance standards.

- (2) Investment objectives represent desired results and are long-term in nature, covering typical market cycles of three to five years. Any shortfall in meeting the objectives should be explainable in terms of general economic and capital market conditions and asset allocation.
 - (3) The investment objectives are consistent with generally accepted standards of fiduciary responsibility.
 - (4) Under the provisions of this chapter, investment managers shall have discretion and authority to implement security selection and timing.
- (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, in light of the strategic asset allocation plan adopted. To achieve this goal, PSF investment shall be carefully administered at all times.
 - (2) Objectives.
 - (A) The preservation and safety of principal shall be a primary consideration in PSF investment.
 - (B) Fixed income securities shall be purchased at the highest total return consistent with the preservation and safety of principal.
 - (C) To the extent possible, the PSF management shall hedge against inflation.
 - (D) Securities, except investments for cash management purposes, shall be selected for investment on the basis of long-term investment merits rather than short-term gains.
- (c) Investment rate of return and risk objectives.
- (1) Because the education needs of the future generations of Texas school children are long-term in nature, the return objective of the PSF shall also be long-term and focused on fairly balancing the benefits between the current generation and future generations while preserving the real per capita value of the PSF.
 - (2) Investment rates of return shall adhere to the Chartered Financial Analyst (CFA) Institute Global Investment Performance Standards (GIPS) guidelines in calculating and reporting investment performance return information.
 - (3) The overall risk level of PSF assets in terms of potential for price fluctuation shall not be extreme and risk variances shall be acceptable in the context of the overall goals and objectives for the investment of the PSF assets. The primary means of achieving such a risk profile are:
 - (A) a broad diversification among asset classes that react as independently as possible through varying economic and market circumstances;
 - (B) careful control of risk level within each asset class by avoiding over-concentration and not taking extreme positions against the market indices; and
 - (C) a degree of emphasis on stable growth.
 - (4) Over time, the volatility of returns (or risk) for the total fund, as measured by standard deviation of investment returns, should be comparable to investments in market indices in the proportion in which the PSF invests.
 - (5) The rate of return objective of the total PSF fund shall be to earn, over time, an average annual total rate of return that meets or exceeds the rate of return of a composite benchmark index, consisting of representative benchmark indices for the asset classes in which the PSF is invested that are aggregated in proportion to the strategic target asset allocation of the total PSF fund as determined by the SBOE, while maintaining an acceptable risk level compared to that of the composite benchmark index.

- (6) The rate of return objective of each asset class in which the PSF is invested, other than the short-term cash fund, shall be to earn, over time, an average annual average rate of return that meets or exceeds that of a representative benchmark index for such asset class in U.S. dollars, combining dividends, capital appreciation, income, and interest income, as applicable, while maintaining an acceptable risk level compared to that of the representative benchmark index.
 - (7) The objective of the short-term cash fund shall be to provide liquidity for the timely payment of security transactions, while earning a competitive return. The expected return, over time, shall meet or exceed that of the representative benchmark index, while maintaining an acceptable risk level compared to that of the representative benchmark index.
 - (8) The objective of the PSF Liquid Account shall be to maintain liquidity for the needs of the School Land Board while earning a competitive return. The expected return, over time, shall meet or exceed that of the representative benchmark index while maintaining an acceptable risk level compared to that of the representative benchmark index.
 - (9) Notwithstanding the risk parameters specified in paragraphs (4)-(6) of this subsection, consideration shall be given to marginal risk variances exceeding the representative benchmark indices if returns are commensurate with the risk levels of the respective portfolios.
- (d) Asset allocation policy.
- (1) The SBOE shall adopt and implement a strategic asset allocation plan based on a well diversified, balanced investment approach that uses a broad range of asset classes indicated by the following characteristics of the PSF:
 - (A) the long-term nature of the PSF;
 - (B) the spending policy of the PSF;
 - (C) the relatively low liquidity requirements of the PSF;
 - (D) the investment preferences and risk tolerance of the SBOE;
 - (E) the liquidity mandates under the Texas Natural Resources Code, Chapter 51, Subchapter I;
 - (F) the rate of return objectives; and
 - (G) the diversification objectives of the PSF, specified in the Texas Constitution, Article VII, §5(d), the Texas Education Code, Chapter 43, and the provisions of this chapter.
 - (2) The strategic asset allocation plan shall contain guideline percentages, at market value of the total fund's assets, to be invested in various asset classes. The guideline percentages will include both a target percentage and an acceptable strategic range for each asset class, recognizing that the target mix may not be attainable at a specific point in time since actual asset allocation will be dictated by current and anticipated market conditions, as well as the overall directions of the SBOE.
 - (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) domestic equities;
 - (B) international equities;
 - (C) emerging market equities;
 - (D) domestic fixed income;
 - (E) emerging market debt local currency;

- (F) real estate;
 - (G) private equity;
 - (H) absolute return;
 - (I) real return;
 - (J) risk parity;
 - (K) cash; and
 - (L) other asset classes as approved by the SBOE.
- (4) To the extent practicable, investments shall not exceed the strategic ranges the SBOE establishes for each asset class, recognizing the inability to actively reduce allocations to certain asset classes.
 - (5) Periodically, the SBOE shall allocate segments of the total fund to each investment manager and specify guidelines, investment objectives, and standards of performance that apply to those assets.

§33.20. Responsible Parties and Their Duties.

- (a) The Texas Constitution, Article VII, §§1-8, establish the Available School Fund, the Texas Permanent School Fund (PSF), and the State Board of Education (SBOE), and specify the standard of care SBOE members must exercise in managing PSF assets. In addition, the constitution directs the legislature to establish suitable provisions for supporting and maintaining an efficient public free school system, defines the composition of the PSF and the Available School Fund, and requires the SBOE to set aside sufficient funds to provide free instructional materials for the use of children attending the public free schools of this state.
- (b) The Texas Natural Resources Code, Chapter 51, Subchapter I, creates the PSF Liquid Account within the PSF to be invested in liquid assets and managed by the SBOE in the same manner it manages the PSF.
- (c) The SBOE shall be responsible for overseeing all aspects of the PSF and may contract with any of the following parties, whose duties and responsibilities are as follows.
 - (1) An external investment manager is a Person the SBOE retains by contract to manage and invest a portion of the PSF assets under specified guidelines.
 - (2) A custodian is an organization, normally a financial company, the SBOE retains to safe keep, and provide accurate and timely reports of, PSF assets.
 - (3) A consultant is a Person the SBOE retains to advise the SBOE on PSF matters based on professional expertise.
 - (4) Investment Counsel is a Person retained under criteria specified in the PSF Investment Procedures Manual to advise PSF investment staff and the SBOE Committee on School Finance/Permanent School Fund within the policy framework established by the SBOE. Investment Counsel may be assigned such tasks as asset allocation reviews, manager searches, performance analysis, recommendations on spending policy, performance reporting, and benchmarking and research related to the management of PSF assets, with any such assigned tasks to be performed in consultation with PSF staff.
 - (5) A performance measurement consultant is a Person retained to provide the SBOE Committee on School Finance/Permanent School Fund an analysis of the PSF portfolio performance. The outside portfolio performance measurement service firm shall perform the analysis on a quarterly or as-needed basis. Quarterly reports shall be distributed to each member of the SBOE Committee on School Finance/Permanent School Fund and Investment Counsel, and a representative of the firm shall be available as necessary to brief the committee.
 - (6) The State Auditor's Office is an independent state agency that performs an annual financial audit of the Texas Education Agency (TEA) at the direction of the Texas Legislature. The financial audit, conducted according to generally accepted auditing standards, is designed to test compliance with generally accepted accounting principles. The state auditor performs tests of the transactions

of the PSF Investment Office as part of this annual audit, including compliance with governing statutes and SBOE policies and directives. The TEA Internal Audit Division will participate in the audit process by participating in entrance and exit conferences, being provided copies of all reports and management letters furnished by the external auditor, and having access to the external auditor's audit programs and working papers.

- (7) The SBOE may retain independent external auditors to review the PSF accounts annually or on an as-needed basis. The TEA Internal Audit Division will participate in the audit process by participating in entrance and exit conferences, being provided copies of all reports and management letters furnished by the external auditor, and having access to the external auditor's audit programs and working papers.
- (d) The SBOE shall meet on a regular or as-needed basis to conduct the affairs of the PSF.
- (e) In case of emergency or urgent public necessity, the SBOE Committee on School Finance/Permanent School Fund or the SBOE, as appropriate, may hold an emergency meeting under the Texas Government Code, §551.045.
- (f) The SBOE shall have the following exclusive duties:
 - (1) determining the strategic asset allocation mix between asset classes based on the attending economic conditions and the PSF goals and objectives, including determining the separate asset allocation for the PSF Liquid Account based on the specific goals and objectives for investing the PSF Liquid Account;
 - (2) ratifying all investment transactions pertaining to the purchase, sale, or reinvestment of assets by all internal and external investment managers for the current reporting period;
 - (3) appointing members to the SBOE Investment Advisory Committee;
 - (4) approving the selection of, and all contracts with, external investment managers, financial advisors, Investment Counsel, financial or other consultants, or other external professionals retained to help the SBOE invest PSF assets;
 - (5) approving the selection of, and the performance measurement contract with, a well-recognized and reputable firm retained to evaluate and analyze PSF investment results. The service shall compare investment results to the written investment objectives of the SBOE and also compare the investment of the PSF with the investment of other public and private funds against market indices and by managerial style;
 - (6) setting policies, objectives, and guidelines for investing PSF assets;
 - (7) submitting a list of six nominees for any vacant position on the School Land Board to the Texas Governor for consideration; and
 - (8) representing the PSF to the state.
- (g) The SBOE may establish committees to administer the affairs of the PSF. The duties and responsibilities of any committee established shall be specified in the PSF Investment Procedures Manual.
- (h) The PSF shall have an executive administrator, with a staff to be adjusted as necessary, who functions directly with the SBOE through the SBOE Committee on School Finance/Permanent School Fund concerning investment matters, and who functions as part of the internal operation under the commissioner of education. At all times, the PSF executive administrator and staff shall invest PSF assets as directed by the SBOE according to the Texas Constitution and all other applicable Texas statutes, as amended, and SBOE rules governing the operation of the PSF. The PSF staff shall:
 - (1) administer the PSF, including investing and managing assets and contracting in connection therewith, according to SBOE goals and objectives;
 - (2) execute all directives, policies, and procedures from the SBOE and the SBOE Committee on School Finance/Permanent School Fund;

- (3) keep records and provide a continuous and accurate accounting of all PSF transactions, revenues, and expenses and provide reports on the status of the PSF portfolio;
 - (4) advise any officials, investment firms, or other interested parties about the powers, limitations, and prohibitions regarding PSF investments that have been placed on the SBOE or PSF investment staff by statutes, attorney general opinions and court decisions, or by SBOE policies and operating procedures;
 - (5) continuously research all internally managed securities held by the PSF and report to the SBOE Committee on School Finance/Permanent School Fund and the SBOE any information requested, including reports and statistics on the PSF, for the purpose of administering the PSF;
 - (6) establish and maintain a procedures manual that implements this section to be approved by the SBOE;
 - (7) make recommendations regarding investment and policy matters to the SBOE Committee on School Finance/Permanent School Fund and the SBOE, except for formal recommendations for benchmarks for internally managed PSF asset classes, which duties the Committee will assign to an appropriate third party who will present such recommendations after consultation with PSF staff; and
 - (8) establish and maintain accounting policies and internal control procedures concerning all receipts, disbursements and investments of the PSF, according to the procedures adopted by the SBOE.
- (i) The SBOE delegates to the SBOE Committee on School Finance/Permanent School Fund, to which it has delegated certain powers and duties relating to the investment of the PSF, the responsibility of representing the SBOE at the joint annual meeting between the School Land Board and the SBOE under Texas Natural Resources Code, §32.0161. The chairs of the SBOE and the SBOE Committee on School Finance/Permanent School Fund shall be responsible for coordinating the joint annual meeting between the School Land Board and the SBOE.

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

- (a) Permissible investments. Any investment that satisfies the prudence standard, is consistent with the Fund's investment policy and portfolio objectives, and is used in executing investment strategies approved by the State Board of Education (SBOE).
- (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) short sales of any kind except for U.S. Treasury futures for purposes of hedging fixed income portfolios;
 - (2) purchasing letter or restricted stock;
 - (3) buying or selling on margin;
 - (4) engaging in purchasing or writing options or similar transactions;
 - (5) borrowing by pledging or otherwise encumbering PSF assets;
 - (6) purchasing the equity or debt securities of the PSF investment manager's own organization or an affiliated organization;
 - (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;
 - (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;

- (9) engaging in any purchasing transaction, after which the cumulative market value of fixed income securities or cash equivalent securities in a single corporation (excluding the U.S. government, its federal agencies, and government sponsored enterprises) exceeds 2.5% of the PSF total market value or 5.0% of the investment manager's total portfolio market value with the PSF;
 - (10) purchasing tax exempt bonds;
 - (11) purchasing guaranteed investment contracts (GICs) from an insurance company or bank investment contracts (BICs) from a bank not rated at least AAA by Standard & Poor's or Moody's;
 - (12) purchasing any publicly traded fixed income security not rated investment grade by Standard & Poor's (BBB-), Moody's (Baa3), or Fitch (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 short-term money market instruments rated below A-1 by Standard & Poor's or P-1 by Moody's;
 - (14) engaging in any transaction that results in unrelated business taxable income (excluding current holdings);
 - (15) engaging in any transaction considered a "prohibited transaction" under the Internal Revenue Code or the Employee Retirement Income Security Act (ERISA);
 - (16) purchasing precious metals or other commodities;
 - (17) engaging in any transaction that would leverage a manager's position;
 - (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) purchasing fixed income securities without a stated par value amount due at maturity.
- (c) General guidelines for investment managers.
- (1) Each investment manager retained to manage a portion of PSF assets shall be aware of, and operate within, the provisions of this chapter and all applicable Texas statutes.
 - (2) As fiduciaries of the PSF, investment managers shall discharge their duties solely in the interests of the PSF according to the prudent expert rule, engaging in activities that include the following.
 - (A) Diversification. Each manager's portfolio should be appropriately diversified within its applicable asset class.
 - (B) Securities trading.
 - (i) Each manager shall send copies of each transaction record to the PSF investment staff and custodians.
 - (ii) Each manager shall be required to reconcile the accounts under management on a monthly basis with the PSF investment staff and custodians.
 - (iii) Each manager shall be responsible for complying fully with PSF policies for trading securities and selecting brokerage firms, as specified in §33.40 of this title (relating to Trading and Brokerage Policy). In particular, the emphasis of security trading shall be on best execution; that is, the highest proceeds to the PSF and the lowest costs, net of all transaction expenses. Placing orders shall be based on the financial viability of the brokerage firm and the assurance of prompt and efficient execution.

- (iv) The SBOE shall require each external manager to indemnify the PSF for all failed trades not due to the negligence of the PSF or its custodian in instances where the selection of the broker dealer is not in compliance with §33.40 of this title (relating to Trading and Brokerage Policy).
- (C) Acknowledgments in writing.
 - (i) Each external investment manager retained by the PSF must be a person, firm, or corporation registered as an investment adviser under the Investment Adviser Act of 1940, a bank as defined in the Act, or an insurance company qualified to do business in more than one state, and must acknowledge its fiduciary responsibility in writing. A firm registered with the Securities and Exchange Commission (SEC) must annually provide a copy of its Form ADV, Section II.
 - (ii) The SBOE may require each external manager to obtain coverage for errors and omissions in an amount set by the SBOE, but the coverage shall be at least the greater of \$500,000 or 1.0% of the assets managed, not exceeding \$10 million. The coverage should be specific as to the assets of the PSF. The manager shall annually provide evidence in writing of the existence of the coverage.
 - (iii) Each external manager may be required by the SBOE to obtain fidelity bonds, fiduciary liability insurance, or both.
 - (iv) Each manager shall acknowledge in writing receiving a copy of, and agreeing to comply with, the provisions of this chapter.
- (D) Discretionary investment authority. Subject to the provisions of this chapter, any investment manager of marketable securities or other investments, retained by the PSF, shall have full discretionary investment authority over the assets for which the manager is responsible. Specialist advisors and investment managers retained for alternative asset investments may have a varying degree of discretionary authority, which will be outlined in contract documentation.
- (d) Reporting procedures for investment managers. The investment manager shall:
 - (1) prepare a monthly and quarterly report for delivery to the SBOE, the SBOE Committee on School Finance/Permanent School Fund, and the PSF investment staff that shall include, in the appropriate format, items requested by the SBOE. The monthly reports shall briefly cover the firm's economic review; a review of recent and anticipated investment activity; a summary of major changes that have occurred in the investment markets and in the portfolio, particularly since the last report; and a summary of the key characteristics of the PSF portfolio. Quarterly reports shall comprehensively cover the same information as monthly reports but shall also include any changes in the firm's structure, professional team, or product offerings; a detail of the portfolio holdings; and transactions for the period. Periodically, the PSF investment staff shall provide the investment manager a detailed description of, and format for, these reports;
 - (2) when requested by the SBOE Committee on School Finance/Permanent School Fund, make a presentation describing the professionals retained for the PSF, the investment process used for the PSF portfolio under the manager's responsibility, and any related issues;
 - (3) when requested by the PSF investment staff, meet to discuss the management of the portfolio, new developments, and any related matters; and
 - (4) implement a specific investment process for the PSF. The manager shall describe the process and its underlying philosophy in an attachment to its investment management agreement with the PSF and manage according to this process until the PSF and manager agree in writing to any change.

§33.30. Standards of Performance.

- (a) The State Board of Education (SBOE) Committee on School Finance/Permanent School Fund shall set and maintain performance standards for the total Texas Permanent School Fund (PSF) and separately for the

PSF Liquid Account, for each asset class in which the assets of the PSF and the PSF Liquid Account are invested, and for all investment managers based on criteria that include the following:

- (1) time horizon;
 - (2) real rate of return;
 - (3) representative benchmark index;
 - (4) volatility of returns (or risk), as measured by standard deviation; and
 - (5) universe comparison.
- (b) The SBOE Committee on School Finance/Permanent School Fund shall develop and implement the procedures necessary to establish and recommend to the SBOE the performance standards criteria.
- (c) Performance standards shall be included in the PSF Investment Procedures Manual.

§33.35. Guidelines for the Custodian and the Securities Lending Agent.

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) Provide complete custody and depository services for the designated accounts.
 - (B) Provide for investment of any cash on a daily basis to avoid uninvested amounts.
 - (C) Implement the investment actions in a timely and effective manner as directed by the investment managers.
 - (D) Collect all realizable income and principal and properly report the information on the periodic statements to the Texas Permanent School Fund (PSF) investment staff, the investment managers, or other appropriate parties.
 - (E) Provide monthly and annual accounting statements, as well as on-line, real-time accounting, that includes all transactions. Accounting shall be based on accurate security values for cost and market value and provided within a time frame acceptable to the State Board of Education (SBOE).
 - (F) Report to the PSF investment staff situations in which security pricing is either not possible or subject to considerable uncertainty.
 - (G) Distribute all proxy voting materials in a timely manner.
 - (H) Provide research and assistance to the SBOE and the PSF investment staff on all issues related to accounting and administration.
 - (I) Confirm that the depth of resources and personnel associated with the designated funds are comparable to those of the nation's leading custodial banks.
- (2) A securities lending agent for the PSF shall have the following responsibilities.
 - (A) Provide complete transaction reporting for the designated funds.
 - (B) Provide a monthly accounting, as well as on-line, real-time accounting for securities lending transactions, based on accurate security values.
 - (C) Report to the PSF investment staff any irregular situation that is outside the standard of practice for securities lending or inconsistent with the provisions of the securities lending agreement.
 - (D) Implement a securities lending program for the PSF in a manner that does not impair any rights of the PSF by virtue of PSF ownership in securities.

- (E) As requested, provide research and assistance to the SBOE and the PSF investment staff on all issues related to accounting and administration.
- (F) Provide indemnification to the PSF satisfactory to the SBOE in the event of default on securities lending transactions.
- (G) Fully disclose all revenues and other fees associated with the securities lending program.
- (H) Comply with restrictions on types of securities lending transactions or eligible investments of cash collateral or any other restrictions imposed by the SBOE or the PSF investment staff. Unless the SBOE gives its written approval, the following guidelines apply to the PSF Securities Lending Program. Cash collateral reinvestment guidelines must meet the following standards.
 - (i) Permissible investments.
 - (I) U.S. Government and U.S. Agencies, under the following criteria:
 - (-a-) any security issued by or fully guaranteed as to payment of principal and interest by the U.S. Government or a U.S. Government Agency or sponsored Agency, and eligible for transfer via Federal Reserve Bank book entry, Depository Trust Company book entry, and/or Participants Trust Company book entry;
 - (-b-) maximum 397-day maturity on fixed rate;
 - (-c-) maximum three-year maturity on floating rate, with maximum reset period of 94 days and use a standard repricing index such as London InterBank Offered Rate (LIBOR), Federal Funds, Treasury Bills, or commercial paper; and
 - (-d-) no maximum dollar limit.
 - (II) Bank obligations, under the following criteria:
 - (-a-) time deposits with maximum 60-day maturity on fixed rate or three-year maturity for floating rate, with maximum reset period of 60 days and use a standard repricing index such as LIBOR, Federal Funds, Treasury Bills, or commercial paper;
 - (-b-) negotiable Certificates of Deposit with maximum 397-day maturity on fixed rate or three-year maturity for floating rate, with maximum reset period of 94 days and use a standard repricing index such as LIBOR, Federal Funds, Treasury Bills, or commercial paper;
 - (-c-) bank notes with maximum 397-day maturity on fixed rate or three-year maturity on floating rate, with maximum reset period of 94 days and use a standard repricing index such as LIBOR, Federal Funds, Treasury Bills, or commercial paper;
 - (-d-) bankers acceptances with maximum 45-day maturity;
 - (-e-) issued by banks with at least \$25 billion in assets and, for floating rate bank obligations with a maturity greater than 397 days, a long-term rating of AA2 and AA by Moody's Investor Service and Standard & Poor's Corporation at time of purchase; and, for fixed rate or floating rate bank obligations with a remaining maturity of 397 days or less, a short-term rating of "Tier 1" as defined in clause (ii)(IV) of this subparagraph or, for such bank obligations without a short-

term rating, an issuer rating of Tier 1. In addition, placements can be made in branches within the following countries:

- (-1-) Canada;
 - (-2-) France;
 - (-3-) United Kingdom; and
 - (-4-) United States; and
- (-f-) dollar limit maximum per institution of 5.0% of investment portfolio at time of purchase.
- (III) Commercial paper, under the following criteria:
- (-a-) dollar limit maximum per issuer of 5.0% of investment portfolio at time of purchase including any other obligations of that issuer as established in subclause (II)(-d-) of this clause. If backed 100% by bank Letter of Credit, then dollar limit is applied against the issuing bank;
 - (-b-) must be rated "Tier 1" as defined in clause (ii)(IV) of this subparagraph; and
 - (-c-) maximum 397-day maturity.
- (IV) Asset backed commercial paper, under the following criteria:
- (-a-) dollar limit maximum per issuer of 5.0% of investment portfolio;
 - (-b-) must be rated "Tier 1" as defined in clause (ii)(IV) of this subparagraph; and
 - (-c-) maximum 397-day maturity.
- (V) Asset backed securities, under the following criteria:
- (-a-) maximum 397-day weighted average life on fixed rate;
 - (-b-) maximum three-year weighted average life on floating rate, with maximum reset period of 94 days and use a standard repricing index such as LIBOR, Federal Funds, Treasury Bills, or commercial paper; and
 - (-c-) rated Aaa and AAA by Moody's Investor Service and Standard & Poor's Corporation at time of purchase. One AAA rating may suffice if only rated by one Nationally Recognized Securities Rating Organization (NRSRO).
- (VI) Corporate debt (other than commercial paper), under the following criteria:
- (-a-) must be senior debt;
 - (-b-) maximum 397-day maturity on fixed rate;
 - (-c-) maximum three-year maturity on floating rate, with maximum reset period of 94 days and use a standard repricing index such as LIBOR, Federal Funds, Treasury Bills, or commercial paper;
 - (-d-) for floating rate corporate obligations with a maturity greater than 397 days, a long-term rating of AA2 and AA by Moody's Investor Service and Standard & Poor's Corporation at time of

purchase; and, for fixed rate or floating rate corporate obligations with a remaining maturity of 397 days or less, a short-term rating of "Tier 1" as defined in clause (ii)(IV) of this subparagraph or, for such corporate obligations without a short-term rating, an issuer rating of Tier 1; and

- (-e-) dollar limit maximum per issuer of 5.0% of investment portfolio at time of purchase, including any other obligations of that issuer.

(VII) Reverse repurchase agreements, under the following criteria:

- (-a-) counterparty must be "Tier 1" rated as defined in clause (ii)(IV) of this subparagraph for fixed rate and AA2 and AA by Moody's Investor Service and Standard & Poor's Corporation for floating rate or be a "Primary Dealer" in Government Securities as per the New York Federal Reserve Bank;
- (-b-) underlying collateral may be any security permitted for direct investment;
- (-c-) lending agent or a third party custodian must hold collateral under tri-party agreement;
- (-d-) collateral must be marked to market daily and maintained at the following margin levels.
 - (-1-) U.S. Government, U.S. Government Agency, sponsored Agency, International Organization at 100%;
 - (-2-) Certificate of Deposits, Bankers Acceptance, bank notes, commercial paper at 102% under one year to maturity and rated at least "Tier 1" as defined in clause (ii)(IV) of this subparagraph; and
 - (-3-) corporate debt (other than commercial paper) at 105% rated at least AA2/AA or better by Moody's Investor Service and Standard & Poor's Corporation at time of purchase;
- (-e-) due to daily margin maintenance, dollar limits and maturity limits of underlying collateral are waived, except with respect to the maturity limit in subclause (II)(-d-) of this clause;
- (-f-) maximum 180-day maturity; and
- (-g-) dollar limit for total reverse repurchase agreements is the greater of \$300 million or 15% of value of cash collateral portfolio with one counterparty at time of purchase.

(VIII) Foreign sovereign debt, under the following criteria:

- (-a-) any security issued by or fully guaranteed as to payment of principal and interest by a foreign government whose sovereign debt is rated AA2/AA or better by Moody's Investor Service and Standard & Poor's Corporation at time of purchase. Securities must be delivered to Lending Agent or a third party under a Tri-Party agreement;
- (-b-) dollar limit maximum per issuer or guarantor of 2.5% of investment portfolio; and

- (-c-) maximum maturity of 397 days.
- (IX) Short Term Investment Fund (STIF) and/or Registered Mutual Funds, under the following criteria:
 - (-a-) funds must comprise investments similar to those that would otherwise be approved for securities lending investment under the provisions of this subparagraph, not invest in derivatives, and not re-hypothecate assets;
 - (-b-) lender must approve each fund in writing and only upon receipt of offering documents and qualified letter; and
 - (-c-) fund must have an objective of a constant share price of one dollar.
- (ii) Investment parameters.
 - (I) Maximum weighted average maturity of investment portfolio must be 180 days.
 - (II) Maximum weighted average interest rate exposure of investment portfolio must be 60 days.
 - (III) All investments must be U.S. dollar-denominated.
 - (IV) "Tier 1" credit quality is defined as the highest short-term rating category by the following NRSROs:
 - (-a-) Standard & Poor's;
 - (-b-) Moody's Investors Service; and
 - (-c-) Fitch Investors Service.
 - (V) At time of purchase all investments must be rated in the highest short-term numerical category by at least two NRSROs, one of which must be either Standard & Poor's or Moody's Investors Service.
 - (VI) Issuer's ratings cannot be on negative credit watch at the time of purchase.
 - (VII) Interest and principal only (IO, PO) stripped mortgages are not permitted.
 - (VIII) Mortgage backed securities are not permitted.
 - (IX) Complex derivative or structured securities, including, but not limited to the following are not permitted:
 - (-a-) inverse floating rate notes;
 - (-b-) defined range floating rate notes;
 - (-c-) trigger notes; and
 - (-d-) set-up notes.
 - (I) Provide a copy of the investment policy governing the custodian's securities lending program, as amended, to the PSF investment staff.
 - (J) Confirm that the depth of resources and personnel associated with the designated funds are comparable to those of the nation's leading securities lending agents.

§33.40. Trading and Brokerage Policy.

- (a) Security transaction policy.

- (1) The following principles shall guide all Texas Permanent School Fund (PSF) transactions.
 - (A) Each manager shall be responsible for complying fully with PSF policies for trading securities and selecting brokerage firms, as specified in this section. In particular, the emphasis of security trading shall be on best execution; that is, the highest proceeds to the PSF and the lowest costs, net of all transaction expenses. Placing orders shall be based on the financial viability of the brokerage firm and the assurance of prompt and efficient execution.
 - (B) Ongoing efforts must be made to reduce trading costs, in terms of both commissions and market impact, provided the investment returns of the PSF are not jeopardized.
 - (2) The State Board of Education (SBOE) may enter into brokerage commission recapture agreements or soft dollar agreements.
 - (3) The SBOE may evaluate transaction activity annually through a trading cost analysis.
- (b) Directed trades. The SBOE may adopt directed trade procedures for the PSF portfolio according to procedures developed by the SBOE Committee on School Finance/Permanent School Fund.
- (c) Guidelines for selecting a brokerage firm and standards of ethical conduct for brokerage firms.
- (1) Introduction and basic principles.
 - (A) The SBOE intends that any transaction of publicly traded security occur through a brokerage firm or automated trading system, regardless of location, to obtain the lowest transaction cost consistent with best execution.
 - (B) Each investment manager shall be responsible for selecting brokerage firms or automated trading systems through which PSF trading shall be completed. The selections must meet PSF guidelines and be for the exclusive benefit of the PSF.
 - (2) Guidelines for selection and standards of ethical conduct. The broker or dealer firm must:
 - (A) have appropriate trading and market expertise;
 - (B) have comprehensive, proprietary, in-house research capabilities;
 - (C) be in compliance with applicable federal and Texas laws related to conducting business as a broker or dealer, including the Anti-Fraud provisions of the Securities Exchange Act of 1934;
 - (D) be a member in good standing of the major financial exchanges;
 - (E) have on-site, in-house trading capability and direct access to major markets;
 - (F) have in-house access to trading support equipment;
 - (G) trade for competitive rates that provide the lowest transaction cost consistent with best execution;
 - (H) be financially able to accommodate a capital commitment trade over an industry standard settlement period;
 - (I) have the ability and record to clear and settle trades without unnecessary delays or fails; and
 - (J) have been in business as a broker or dealer for a reasonable period of time to ensure financial and operational stability.
 - (3) Exemptions.
 - (A) Broker/dealer firms that are certified as Texas based historically underutilized businesses (HUBs) are exempted from the requirements specified in paragraph (2)(B), (D), and (H) of this subsection; and

- (B) broker/dealer firms that are operating as electronic communication networks are exempted from the requirements specified in paragraph (2)(B) of this subsection.
- (4) Reporting requirements. The executive administrator of the PSF will report to the SBOE Committee on School Finance/Permanent School Fund, on an ongoing basis, a list of broker dealers with whom the PSF has conducted business during the fiscal year that have been granted exemptions under paragraph (2)(B), (D), and (H) of this subsection and will identify the specific exemptions granted.
- (5) Review and evaluation. At least annually, the SBOE Committee on School Finance/Permanent School Fund shall review the brokerage firms used by PSF investment managers and all transactions for compliance with the provisions of this section.
- (6) Broker expenditure report. A broker shall file a report annually on April 15 of each year on the expenditure report provided in §33.5(n)(2)(J) of this title (relating to Code of Ethics) entitled "Report of Expenditures of Persons Providing Services to the State Board of Education Relating to the Management and Investment of the Permanent School Fund." The report shall be for the time period beginning on January 1 and ending on December 31 of the previous year. The expenditure report must describe in detail any expenditure of more than \$50 made by the person on behalf of:
 - (A) an SBOE Member;
 - (B) the commissioner of education; or
 - (C) an employee of the Texas Education Agency or of a nonprofit corporation created under the Texas Education Code, §43.006.

§33.45. Proxy Voting Policy.

The State Board of Education (SBOE) recognizes its fiduciary obligations with respect to the voting of proxies of companies with securities that are owned by the Texas Permanent School Fund (PSF). Because the issues related to proxy voting are complex and directly impact investment values, the SBOE believes the PSF is best suited to vote the proxies of shares held in the PSF portfolio. Therefore, as part of the PSF investment policy, the SBOE instructs the PSF executive administrator and investment staff to vote all of the PSF proxies of companies according to the following guidelines. The executive administrator may delegate voting of proxies of securities not held in internally managed portfolios to external investment managers or proxy voting companies, provided voting is in accordance with the following guidelines.

- (1) Routine matters. Routine proxy proposals shall be voted in support of company proposals unless there is a clear reason not to do so. Routine matters include:
 - (A) electing directors;
 - (B) determining the size of a board;
 - (C) changing a corporate name;
 - (D) appointing an auditor;
 - (E) splitting stock;
 - (F) amending articles of incorporation that are required to comply with federal or state regulation; and
 - (G) changing the date, time, or location of an annual meeting.
- (2) Business matters. Business proposals that do not eliminate the rights of shareholders, especially minority shareholders, or the status of securities held, including ownership status, shall not be treated as routine; rather, they shall be carefully analyzed. These issues may be voted with management. However, business proposals that are nonroutine or would impair the economic interests of shareholders shall be voted against management. Examples of such proposals include:
 - (A) requests to alter bylaws to require a super majority to approve mergers;

- (B) anti-takeover proposals that could restrict tender offers or deny majority owners from exercising judgment;
 - (C) proposals to dilute existing shares by issuing substantially more stock without adequate explanation by management; and
 - (D) proposals that would enrich management excessively or substantially increase compensation awards or employment contracts to senior management that become effective when ownership of the company changes (also known as "golden parachute" awards).
- (3) Other matters. On all other matters, the PSF executive administrator, investment staff, and external investment managers shall vote proxies judged to be in the best interests of the PSF.
 - (4) Reporting to SBOE. At each regularly scheduled SBOE meeting, the PSF executive administrator shall advise the SBOE of all instances in which the PSF executive administrator or external investment managers voted against management. External investment managers shall provide written reports monthly to the executive administrator according to procedures and a format established by the executive administrator.

§33.50. Socially and Politically Responsible Investment Policy.

Investments shall be considered based on the prudent person rule and the provisions of this chapter. Investments shall provide the highest return commensurate with the lowest risk and shall be diversified.

§33.55. Standards for Selecting Consultants, Investment Managers, Custodians, and Other Professionals To Provide Outside Expertise for the Fund.

The State Board of Education (SBOE) may retain qualified professionals to assist in investment and related matters.

- (1) Basis for selection. The SBOE shall retain professional assistance based on the demonstrated ability of the professional to provide the expertise or assistance needed along with the proposed cost of the service in order to provide the best overall value for the Permanent School Fund. For each type of expertise, relevant and objective criteria shall be established to judge and select experts.
- (2) Types of expertise for consideration. Examples of professionals or specialized expertise the SBOE may retain include: investment managers, accountants, consultants, legal counsel, custodians, security lending agents, and system specialists.
- (3) Process for selecting professional assistance. The SBOE shall establish and maintain in the Texas Permanent School Fund (PSF) Procedures Manual an objective process for selecting expertise or assistance. The SBOE Committee on School Finance/Permanent School Fund shall periodically review the process to ensure it reflects SBOE objectives.

§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) Performance measurements. The SBOE Committee on School Finance/Permanent School Fund shall review the quarterly performance of each portfolio of the PSF in terms of the provisions of this chapter. The investment performance review shall include comparisons with representative benchmark indices, a broad universe of investment managers, and the consumer price index. A time-weighted return formula (which minimizes the effect of contributions and withdrawals) shall be used for investment return analysis. The review also may include quarterly performance

analysis and comparisons of retained firms. The services of an outside, independent consulting firm that provides performance measurement and evaluation shall be retained.

- (2) Meeting and reports. Upon request, the SBOE Committee on School Finance/Permanent School Fund shall meet with the PSF investment managers and custodian to review their responsibilities, the PSF portfolio, and investment results in terms of the provisions of this chapter.
- (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 Natural Resources Code, §43.0052.
- (4) Review and modification of investment policy statement. The SBOE Committee on School Finance/Permanent School Fund shall review the provisions of this chapter at least once a year to determine if modifications are necessary or desirable. Upon approval by the SBOE, any modifications shall be promptly reported to all investment managers and other responsible parties.
- (5) Compliance with this chapter and Texas statutes. Annually, the SBOE Committee on School Finance/Permanent School Fund shall confirm that the PSF and each of its managed portfolios have complied with the provisions of this chapter concerning exclusions imposed by the SBOE, proxy voting, and trading and brokerage selection.
- (6) Significant events. The SBOE must be notified promptly if any of the following events occur within the custodian or external investment manager organizations:
 - (A) any event that is likely to adversely impact to a significant degree the management, professionalism, integrity, or financial position of the custodian or investment manager. A custodian must report the loss of an account of \$500 million or more. An investment manager must report the loss of an account of \$25 million or more;
 - (B) a loss of one or more key people;
 - (C) a significant change in investment philosophy;
 - (D) the addition of a new portfolio manager on the sponsor's account;
 - (E) a change in ownership or control, through any means, of the custodian or investment manager; or
 - (F) any violation of policy.

§33.65. Bond Guarantee Program for School Districts.

- (a) Statutory provision. The commissioner of education must administer the guarantee program for school district bonds according to the provisions of the Texas Education Code (TEC), Chapter 45, Subchapter C.
- (b) Definitions. The following definitions apply to the guarantee program for school district bonds.
 - (1) Annual debt service--Payments of principal and interest on outstanding bonded debt scheduled to occur between September 1 and August 31 during the fiscal year in which the guarantee is sought as reported by the Municipal Advisory Council (MAC) of Texas or its successor, if the district has outstanding bonded indebtedness.
 - (A) The annual debt service will be determined by the current report of the bonded indebtedness of the district as reported by the MAC of Texas or its successor as of the date of the application deadline.
 - (B) The annual debt service does not include:
 - (i) the amount of debt service to be paid on the bonds for which the reservation is sought; or
 - (ii) the amount of debt service attributable to any debt that is no longer outstanding at the application deadline, provided that the Texas Education Agency (TEA) has sufficient evidence of the discharge or defeasance of such debt.

- (C) Solely for the purpose of this calculation, the debt service amounts for variable rate bonds will be those that are published in the final official statement, or if there is no official statement, debt service amounts based on the maximum rate permitted by the bond order or other bond proceeding that establishes a maximum interest rate for the bonds.
- (2) Application deadline--The last business day of the month in which an application for a guarantee is filed. Applications must be submitted electronically through the website of the MAC of Texas or its successor by 5:00 p.m. on the last business day of the month to be considered in that month's application processing.
- (3) Average daily attendance (ADA)--Total refined average daily attendance as defined by the TEC, §42.005.
- (4) Bond--A debt security issuance approved by the attorney general, issued under the TEC, §45.003 or §45.004, to provide long-term financing with a maturity schedule of at least three years.
- (5) Bond Guarantee Program (BGP)--The guarantee program that is described by this section and established under the TEC, Chapter 45, Subchapter C.
- (6) Bond order--The order adopted by the governing body of a school district that authorizes the issuance of bonds and the pricing certificate, if any, establishing the terms of the bonds executed pursuant to such order.
- (7) Combination issue--An issuance of bonds for which an application for a guarantee is filed that includes both a new money portion and a refunding portion, as permitted by the Texas Government Code, Chapter 1207. The eligibility of combination issues for the guarantee is limited by the eligibility of the new money and refunding portions as defined in this subsection.
- (8) Enrollment growth--Growth in student enrollment, as defined by §129.1025 of this title (relating to Adoption by Reference: Student Attendance Accounting Handbook), that has occurred over the previous five school years.
- (9) Nationally recognized investment rating firm--An investment rating firm that is designated by the United States Securities and Exchange Commission as a nationally recognized statistical rating organization (NRSRO) and is demonstrating that it has:
- (A) had its current NRSRO designation for at least three consecutive years;
- (B) provided credit ratings to each of the following:
- (i) fifteen or more fixed income securities denominated in United States dollars and issued during the immediately preceding three years; and
- (ii) ten or more school districts in the United States; and
- (C) a documented separation of duties between employees involved in credit analysis and employees involved in business relationships with clients.
- (10) New money issue--An issuance of bonds for the purposes of constructing, renovating, acquiring, and equipping school buildings; the purchase of property; or the purchase of school buses. An issuance of bonds for the purpose of constructing teacher or student housing is eligible for the guarantee for new money only if it is an integral part of the educational mission of the school district as determined by the commissioner. Eligibility for the guarantee for new money issues is limited to the issuance of bonds authorized under the TEC, §45.003. A new money issue does not include the issuance of bonds to purchase a facility from a public facility corporation created by the school district or to purchase any property that is currently under a lease-purchase contract under the Local Government Code, Chapter 271, Subchapter A. A new money issue does not include an issuance of bonds to refinance any type of maintenance tax-supported debt. Maintenance tax-supported debt includes, but is not limited to:
- (A) time warrants or loans entered under the TEC, Chapter 45, Subchapter E; or
- (B) any other type of loan or warrant that is not supported by bond taxes as defined by the TEC, §45.003.

- (11) Notes issued to provide interim financing--An issuance of notes, including commercial paper notes, designed to provide short-term financing for the purposes of constructing, renovating, acquiring, and equipping school buildings; the purchase of property; or the purchase of school buses. For notes to be eligible for the guarantee under this section, the notes must be:
- (A) issued to pay costs for which bonds have been authorized at an election occurring before the issuance of the notes;
 - (B) approved by the attorney general or issued in accordance with proceedings that have been approved by the attorney general; and
 - (C) refunded by bonds issued to provide long-term financing no more than three years from the date of issuance of such notes, provided that the date of issuance of notes will be determined by reference to the date on which the notes were issued for capital expenditures and the intervening date or dates of issuance of any notes issued to refinance outstanding notes will be disregarded.
- (12) Refunding issue--An issuance of bonds for the purpose of refunding bonds, including notes issued to provide interim financing, that are supported by bond taxes as defined by the TEC, §45.003. Eligibility for the guarantee for refunding issues is limited to refunding issues that refund bonds, including notes issued to provide interim financing, that were authorized by a bond election under the TEC, §45.003.
- (13) Total debt service--Total outstanding principal and interest on bonded debt.
- (A) The total debt service will be determined by the current report of the bonded indebtedness of the district as reported by the MAC of Texas or its successor as of the date of the application deadline, if the district has outstanding bonded indebtedness.
 - (B) The total debt service does not include:
 - (i) the amount of debt service to be paid on the bonds for which the reservation is sought; or
 - (ii) the amount of debt service attributable to any debt that is no longer outstanding at the application deadline, provided that the TEA has sufficient evidence of the discharge or defeasance of such debt.
 - (C) Solely for the purpose of this calculation, the debt service amounts for variable rate bonds will be those that are published in the final official statement, or if there is no official statement, debt service amounts based on the maximum rate permitted by the bond order or other bond proceeding that establishes a maximum interest rate for the bonds.
- (c) Data sources.
- (1) The following data sources will be used for purposes of prioritization:
 - (A) projected ADA for the current school year as adopted by the legislature for appropriations purposes;
 - (B) final property values certified by the comptroller of public accounts, as described in the Texas Government Code, Chapter 403, Subchapter M, for the tax year preceding the year in which the bonds will be issued. If final property values are unavailable, the most recent projection of property values by the comptroller, as described in the Texas Government Code, Chapter 403, Subchapter M, will be used;
 - (C) debt service information reported by the MAC of Texas or its successor as of the date of the application deadline; and
 - (D) enrollment information reported to the Public Education Information Management System (PEIMS) for the five-year time period ending in the year before the application date.

- (2) The commissioner may consider adjustments to data values determined to be erroneous or not reflective of current conditions before the deadline for receipt of applications for that application cycle.
- (d) Bond eligibility.
- (1) Only those combination, new money, and refunding issues as defined in subsection (b)(7), (10), and (12), respectively, of this section are eligible to receive the guarantee.
 - (2) Refunding issues must comply with the following requirements to retain eligibility for the guarantee for the refunding bonds, except that subparagraph (C) of this paragraph does not apply to a refunding issue that provides long-term financing for notes issued to provide interim financing.
 - (A) As with any district applying for approval for the guarantee, the district issuing the refunding bonds must meet the requirements for initial approval specified in subsection (g)(2)(A) of this section.
 - (B) The bonds to be refunded must have been:
 - (i) previously guaranteed by the Permanent School Fund (PSF) or approved for credit enhancement under §61.1038 of this title (relating to School District Bond Enhancement Program);
 - (ii) issued on or after November 1, 2008, and before January 1, 2010; or
 - (iii) issued as notes to provide interim financing as defined in subsection (b)(11) of this section.
 - (C) The district must demonstrate that issuing the refunding bond(s) will result in a present value savings to the district and that the refunding bond or bonds will not have a maturity date later than the final maturity date of the bonds being refunded. Present value savings is determined by computing the net present value of the difference between each scheduled payment on the original bonds and each scheduled payment on the refunding bonds. Present value savings must be computed at the true interest cost of the refunding bonds. If the commissioner approves refunding bonds for the guarantee based on evidence of present value savings but at the time of the sale of the refunding bonds a present value savings is not realized, the commissioner may revoke the approval of the bonds for the guarantee.
 - (D) The refunding transaction must comply with the provisions of subsection (g)(4)(A)-(C) of this section.
 - (3) If a district files an application for a combination issue, the application will be treated as an application for a single issue for the purposes of eligibility for the guarantee. A guarantee for the combination issue will be awarded only if both the new money portion and the refunding portion meet all of the applicable eligibility requirements described in this section. As part of its application, the applicant district must present data that demonstrate compliance for both the new money portion of the issue and the refunding portion of the issue.
 - (4) If the commissioner determines that an applicant has deliberately misrepresented information related to a bond issue to secure a guarantee, the commissioner must revoke the approval of the bonds for the guarantee.
- (e) Determination of PSF capacity to guarantee bonds.
- (1) Each month the commissioner will estimate the available capacity of the PSF. If necessary, the commissioner will confirm that the PSF has sufficient capacity to guarantee the bonds before the issuance of the final approval for the guarantee in accordance with subsection (g)(3) of this section. The calculation of capacity will be based on a multiplier of three and one-half times the cost value of the PSF with the proviso that under no circumstances could the capacity of the fund exceed the limits set by federal regulation. The commissioner may reduce the multiplier to maintain the AAA credit rating of the PSF. Changes to the multiplier made by the commissioner

are to be ratified or rejected by the State Board of Education (SBOE) at the next meeting for which the item can be posted.

- (2) The SBOE will establish an amount of capacity to be held in reserve of no less than 5.0% of the fund's capacity. The reserved capacity can be used to award guarantees for districts that experience unforeseen catastrophes or emergencies that require the renovation or replacement of school facilities as described in the TEC, §44.031(h). The amount to be held in reserve may be increased by a majority vote of the SBOE based on changes in the asset allocation and risk in the portfolio and unrealized gains in the portfolio, or by the commissioner as necessary to prudently manage fund capacity. Changes to the amount held in reserve made by the commissioner are to be ratified or rejected by the SBOE at the next meeting for which the item can be posted.
- (3) The net capacity of the PSF to guarantee bonds is determined by subtracting the amount to be held in reserve, as determined under paragraph (2) of this subsection, from the total available capacity, as described in paragraph (1) of this subsection.

(f) Application process and application processing.

- (1) Application submission and fee. A district must apply to the commissioner for the guarantee of eligible bonds or the credit enhancement of eligible bonds as authorized under §61.1038 of this title by submitting an application electronically through the website of the MAC of Texas or its successor. The district must submit the information required under the TEC, §45.055(b), and this section and any additional information the commissioner may require. The application and all additional information required by the commissioner must be received before the application will be processed. The district may not submit an application for a guarantee or credit enhancement before the successful passage of an authorizing proposition.
 - (A) The application fee is \$1,500.
 - (B) The fee is due at the time the application for the guarantee or the credit enhancement is submitted. An application will not be processed until the fee has been remitted according to the directions provided on the website of the MAC of Texas or its successor and received by the TEA.
 - (C) The fee will not be refunded to a district that:
 - (i) is not approved for the guarantee or the credit enhancement; or
 - (ii) does not sell its bonds before the expiration of its approval for the guarantee or the credit enhancement.
 - (D) The fee may be transferred to a subsequent application for the guarantee or the credit enhancement by the district if the district withdraws its application and submits the subsequent application before the expiration of its approval for the guarantee or the credit enhancement.
- (2) Application prioritization and processing. Applications will be prioritized based on districts' property wealth per ADA, with the application of a district with a lower property wealth per ADA prioritized before that of a district with a higher property wealth per ADA. All applications received during a calendar month will be held until up to the 15th business day of the subsequent month. On or before the 15th business day of each month, the commissioner will announce the results of the prioritization and process applications for initial approval for the guarantee, up to the available net capacity as of the application deadline, subject to the requirements of this section.
 - (A) Approval for guarantees will be awarded each month beginning with the districts with the lowest property wealth per ADA until the PSF reaches its net capacity to guarantee bonds.
 - (B) Approval for guarantees will be awarded based on the fund's capacity to fully guarantee the bond issue for which the guarantee is sought. Applications for bond issues that cannot be fully guaranteed will not receive an award. The amount of bond issue for which the guarantee was requested may not be modified after the monthly application deadline for

the purposes of securing the guarantee during the award process. If PSF net capacity has been exhausted, the commissioner will process the application for approval of the credit enhancement as specified in §61.1038 of this title.

- (C) The actual guarantee of the bonds is subject to the approval process prescribed in subsection (g) of this section.
 - (D) An applicant school district is ineligible for consideration for the guarantee if its lowest credit rating from any nationally recognized investment rating firm as defined in subsection (b)(9) of this section is the same as or higher than that of the PSF.
 - (3) Late application. An application received after the application deadline will be considered a valid application for the subsequent month, unless withdrawn by the submitting district before the end of the subsequent month.
 - (4) Notice of application status. Each district that submits a valid application will be notified of the application status within 15 business days of the application deadline.
 - (5) Reapplication. If a district does not receive approval for the guarantee or for any reason does not receive approval of the bonds from the attorney general within the time period specified in subsection (g)(4) of this section, the district may reapply in a subsequent month. Applications that were denied approval for the guarantee will not be retained for consideration in subsequent months.
- (g) Approval for the guarantee; district responsibilities on receipt of approval.
- (1) Initial and final approval provisions.
 - (A) If, during the monthly estimation of PSF capacity described in subsection (e)(1) of this section, the commissioner determines that the available capacity of the PSF is 10% or less, the commissioner may require an applicant school district to obtain final approval for the guarantee as described in paragraph (3) of this subsection.
 - (B) If the commissioner has not made such a determination:
 - (i) the commissioner will consider the initial approval described in paragraph (2) of this subsection as both the initial and final approval; and
 - (ii) an applicant school district that has received notification of initial approval for the guarantee, as described in paragraph (2) of this subsection, may consider that notification as notification of initial and final approval for the guarantee and may complete the sale of the applicable bonds.
 - (2) Initial approval.
 - (A) The following provisions apply to all applications for the guarantee, regardless of whether an application is for a new money, refunding, or combination issue. Under the TEC, §45.056, the commissioner will investigate the applicant school district's accreditation status and financial status. A district must be accredited and financially sound to be eligible for initial approval by the commissioner. The commissioner's review will include the following:
 - (i) the purpose of the bond issue;
 - (ii) the district's accreditation status as defined by §97.1055 of this title (relating to Accreditation Status) in accordance with the following:
 - (I) if the district's accreditation status is Accredited, the district will be eligible for consideration for the guarantee;
 - (II) if the district's accreditation status is Accredited-Warned or Accredited-Probation, the commissioner will investigate the underlying reason for the accreditation rating to determine whether the accreditation rating is related to the district's financial soundness. If the accreditation rating is

related to the district's financial soundness, the district will not be eligible for consideration for the guarantee; or

- (III) if the district's accreditation status is Not Accredited-Revoked, the district will not be eligible for consideration for the guarantee;
 - (iii) the district's compliance with statutes and rules of the TEA; and
 - (iv) the district's financial status and stability, regardless of the district's accreditation rating, including approval of the bonds by the attorney general under the provisions of the TEC, §45.0031 and §45.005.
- (B) The following limitation applies to applications for new money issues of bonds for which the election authorizing the issuance of the bonds was called after July 15, 2004. The commissioner will limit approval for the guarantee to a district that has, at the time of the application for the guarantee, less than 90% of the annual debt service of the district with the highest annual debt service per ADA, as determined by the commissioner annually, or less than 90% of the total debt service of the district with the highest total debt service per ADA, as determined by the commissioner annually. The limitation will not apply to school districts that have enrollment growth, as defined in subsection (b)(8) of this section, of at least 25%, based on PEIMS data on enrollment available at the time of application. The annual debt service amount is the amount defined by subsection (b)(1) of this section. The total debt service amount is the amount defined by subsection (b)(13) of this section.
- (C) The commissioner will grant or deny initial approval for the guarantee based on the review described in subparagraph (A) of this paragraph and the limitation described in subparagraph (B) of this paragraph and will provide an applicant district whose application has received initial approval for the guarantee written notice of initial approval.
- (3) Final approval. The provisions of this paragraph apply only as described in paragraph (1) of this subsection. A district must receive final approval before completing the sale of the bonds for which the district has received notification of initial approval.
- (A) A district that has received initial approval must provide a written notice to the TEA two business days before issuing a preliminary official statement (POS) for the bonds that are eligible for the guarantee or two business days before soliciting investment offers, if the bonds will be privately placed without the use of a POS.
 - (i) The district must receive written confirmation from the TEA that the capacity continues to be available before proceeding with the public or private offer to sell bonds.
 - (ii) The TEA will provide this notification within one business day of receiving the notice of the POS or notice of other solicitation offers to sell the bonds.
 - (B) A district that received confirmation from the TEA in accordance with subparagraph (A) of this paragraph must provide written notice to the TEA of the placement of an item to approve the bond sale on the agenda of a meeting of the school board of trustees no later than two business days before the meeting. If the bond sale is completed pursuant to a delegation by the board to a pricing officer or committee, notice must be given to the TEA no later than two business days before the execution of a bond purchase agreement by such pricing officer or committee.
 - (i) The district must receive written confirmation from the TEA that the capacity continues to be available for the bond sale before the approval of the sale by the school board of trustees or by the pricing officer or committee.
 - (ii) The TEA will provide this notification within one business day before the date that the district expects to complete the sale by official action of the board or of a pricing officer or committee.

- (C) The TEA will process requests for final approval from districts that have received initial approval on a first come, first served basis. Requests for final approval must be received before the expiration of the initial approval.
 - (D) A district may provide written notification as required by this paragraph by facsimile transmission or by email in a manner prescribed by the commissioner.
- (4) District responsibilities on receipt of approval.
- (A) Once a district is awarded initial approval for the guarantee, each issuance of the bonds must be approved by the attorney general within 180 days of the date of the letter granting the approval for the guarantee. The initial approval for the guarantee will expire at the end of the 180-day period. The commissioner may extend the 180-day period, based on extraordinary circumstances, on receiving a written request from the district or the attorney general before the expiration of the 180-day period.
 - (B) If the bonds are not approved by the attorney general within 180 days of the date of the letter granting the approval for the guarantee, the commissioner will consider the application withdrawn, and the district must reapply for a guarantee.
 - (C) If applicable, the district must comply with the provisions for final approval described in paragraph (3) of this subsection to maintain approval for the guarantee.
 - (D) A district may not represent bonds as guaranteed for the purpose of pricing or marketing the bonds before the date of the letter granting approval for the guarantee.
- (h) Financial exigency. The following provisions describe how a declaration of financial exigency under §109.2001 of this title (relating to Financial Exigency) affects a district's application for guarantee approval or a district's previously granted approval.
- (1) Application for guarantee of new money issue. The commissioner will deny approval of an application for the guarantee of a new money issue if the applicant school district has declared a state of financial exigency for the district's current fiscal year. The denial of approval will be in effect for the duration of the applicable fiscal year unless the district can demonstrate financial stability.
 - (2) Approval granted before declaration. If in a given district's fiscal year the commissioner grants approval for the guarantee of a new money issue and the school district subsequently declares a state of financial exigency for that same fiscal year, the district must immediately notify the commissioner and may not offer the bonds for sale unless the commissioner determines that the district may proceed.
 - (3) Application for guarantee of refunding issue. The commissioner will consider an application for the guarantee of a refunding issue that meets all applicable requirements specified in this section even if the applicant school district has declared a state of financial exigency for the district's current fiscal year. In addition to fulfilling all applicable requirements specified in this section, the applicant school district must also describe, in its application, the reason financial exigency was declared and how the refunding issue will support the district's financial recovery plan.
- (i) Allocation of specific holdings. If necessary to successfully operate the BGP, the commissioner may allocate specific holdings of the PSF to specific bond issues guaranteed under this section. This allocation will not prejudice the right of the SBOE to dispose of the holdings according to law and requirements applicable to the fund; however, the SBOE will ensure that holdings of the PSF are available for a substitute allocation sufficient to meet the purposes of the initial allocation. This allocation will not affect any rights of the bond holders under law.
- (j) Defeasance. The guarantee will be completely removed when bonds guaranteed by the BGP are defeased, and such a provision must be specifically stated in the bond order. If bonds guaranteed by the BGP are defeased, the district must notify the commissioner in writing within ten calendar days of the action.
- (k) Bonds issued before August 15, 1993. For bonds issued before August 15, 1993, a school district seeking the guarantee of eligible bonds must certify that, on the date of issuance of any bond, no funds received by

the district from the Available School Fund (ASF) are reasonably expected to be used directly or indirectly to pay the principal or interest on, or the tender or retirement price of, any bond of the political subdivision or to fund a reserve or placement fund for any such bond.

- (l) Bonds guaranteed before December 1, 1993. For bonds guaranteed before December 1, 1993, if a school district cannot pay the maturing or matured principal or interest on a guaranteed bond, the commissioner will cause the amount needed to pay the principal or interest to be transferred to the district's paying agent solely from the PSF and not from the ASF. The commissioner also will direct the comptroller of public accounts to withhold the amount paid, plus interest, from the first state money payable to the district, excluding payments from the ASF.
- (m) Bonds issued after August 15, 1993, and guaranteed on or after December 1, 1993. If a school district cannot pay the maturing or matured principal or interest on a guaranteed bond, the commissioner will cause the amount needed to pay the principal or interest to be transferred to the district's paying agent from the PSF. The commissioner also will direct the comptroller of public accounts to withhold the amount paid, plus interest, from the first state money payable to the district, regardless of source, including the ASF.
- (n) Payments. For purposes of the provisions of the TEC, Chapter 45, Subchapter C, matured principal and interest payments are limited to amounts due on guaranteed bonds at scheduled maturity, at scheduled interest payment dates, and at dates when bonds are subject to mandatory redemption, including extraordinary mandatory redemption, in accordance with the terms of the bond order. All such payment dates, including mandatory redemption dates, must be specified in the bond order or other document pursuant to which the bonds initially are issued. Without limiting the provisions of this subsection, payments attributable to an optional redemption or a right granted to a bondholder to demand payment on a tender of such bonds according to the terms of the bonds do not constitute matured principal and interest payments.
- (o) Guarantee restrictions. The guarantee provided for eligible bonds under the provisions of the TEC, Chapter 45, Subchapter C, is restricted to matured bond principal and interest. The guarantee applies to all matured interest on eligible bonds, whether the bonds were issued with a fixed or variable interest rate and whether the interest rate changes as a result of an interest reset provision or other bond order provision requiring an interest rate change. The guarantee does not extend to any obligation of a district under any agreement with a third party relating to bonds that is defined or described in state law as a "bond enhancement agreement" or a "credit agreement," unless the right to payment of such third party is directly as a result of such third party being a bondholder.
- (p) Notice of default. A school district that has determined that it is or will be unable to pay maturing or matured principal or interest on a guaranteed bond must immediately, but not later than the fifth business day before maturity date, notify the commissioner.
- (q) Payment from PSF.
 - (1) Immediately after the commissioner receives the notice described in subsection (p) of this section, the commissioner will instruct the comptroller to transfer from the appropriate account in the PSF to the district's paying agent the amount necessary to pay the maturing or matured principal or interest.
 - (2) Immediately after receipt of the funds for payment of the principal or interest, the paying agent must pay the amount due and forward the canceled bond or coupon to the comptroller. The comptroller will hold the canceled bond or coupon on behalf of the PSF.
 - (3) Following full reimbursement to the PSF with interest, the comptroller will further cancel the bond or coupon and forward it to the school district for which payment was made. Interest will be charged at the rate determined under the Texas Government Code, §2251.025(b). Interest will accrue as specified in the Texas Government Code, §2251.025(a) and (c).
- (r) Bonds not accelerated on default. If a school district fails to pay principal or interest on a guaranteed bond when it matures, other amounts not yet mature are not accelerated and do not become due by virtue of the school district's default.

- (s) Reimbursement of PSF. If payment from the PSF is made on behalf of a school district, the school district must reimburse the amount of the payment, plus interest, in accordance with the requirements of the TEC, §45.061.
- (t) Repeated failure to pay. If a total of two or more payments are made under the BGP or the credit enhancement program authorized under §61.1038 of this title on the bonds of a school district, the commissioner will take action in accordance with the provisions of the TEC, §45.062.

§33.67. Bond Guarantee Program for Charter Schools.

- (a) Statutory provision. The commissioner of education must administer the guarantee program for open-enrollment charter school bonds according to the provisions of the Texas Education Code (TEC), Chapter 45, Subchapter C.
- (b) Definitions. The following definitions apply to the guarantee program for open-enrollment charter school bonds.
 - (1) Amortization expense--The annual expense of any debt and/or loan obligations.
 - (2) Annual debt service--Payments of principal and noncapitalized interest on outstanding bonded debt scheduled to occur during a charter district's fiscal year as reported by the Municipal Advisory Council (MAC) of Texas or its successor, if the charter district is responsible for outstanding bonded indebtedness.
 - (A) The annual debt service will be determined by the current report of the bonded indebtedness of the charter district as reported by the MAC of Texas or its successor as of the date of the application deadline.
 - (B) Solely for the purpose of this calculation, the debt service amounts for variable rate bonds will be those that are published in the final official statement or, if there is no official statement, debt service amounts based on the maximum rate permitted by the bond resolution or other bond proceeding that establishes a maximum interest rate for the bonds.
 - (C) Annual debt service includes required payments into a sinking fund as authorized under 26 United States Code (USC) §54A(d)(4)(C), provided that the sinking fund is maintained by a trustee or other entity approved by the commissioner that is not under the control or common control of the charter district.
 - (3) Application deadline--The last business day of the month in which an application for a guarantee is filed. Applications must be submitted electronically through the website of the MAC of Texas or its successor by 5:00 p.m. on the last business day of the month to be considered in that month's application processing. This application deadline does not apply to applications for issues to refund bonds previously guaranteed by the Bond Guarantee Program.
 - (4) Board resolution--The resolution adopted by the governing body of an open-enrollment charter holder that:
 - (A) requests guarantee of bonds through the Bond Guarantee Program; and
 - (B) authorizes the charter holder's administration to pursue bond financing.
 - (5) Bond--A debt security issuance approved by the attorney general, issued under the TEC, Chapter 53, to provide long-term financing with a maturity schedule of at least three years.
 - (6) Bond Guarantee Program (BGP)--The guarantee program that is described by this section and established under the TEC, Chapter 45, Subchapter C.
 - (7) Bond resolution--The resolution, indenture, or other instrument adopted by the governing body of an issuer of bonds authorizing the issuance of bonds for the benefit of a charter district.
 - (8) Charter district--An open-enrollment charter holder designated as a charter district under subsection (e) of this section, as authorized by the TEC, §12.135.

- (9) Combination issue--An issuance of bonds for which an application for a guarantee is filed that includes both a new money portion and a refunding portion, as permitted by the TEC, Chapter 53. The eligibility of combination issues for the guarantee is limited by the eligibility of the new money and refunding portions as defined in this subsection.
- (10) Debt service coverage ratio--A measure of a charter district's ability to pay interest and principal with cash generated from current operations. The debt service coverage ratio (total debt service coverage on all long-term capital debt) equals the excess of revenues over expenses plus interest expense plus depreciation expense plus amortization expense, all divided by annual debt service. The calculation can be expressed as: (Excess of revenues over expenses + interest expense + depreciation expense + amortization expense)/ annual debt service.
- (11) Depreciation expense--The audited amount of depreciation that was expensed during the fiscal period.
- (12) Educational facility--A classroom building, laboratory, science building, faculty or administrative office building, or other facility used exclusively for the conduct of the educational and administrative functions of a charter school.
- (13) Foundation School Program (FSP)--The program established under the TEC, Chapters 41, 42, and 46, or any successor program of state appropriated funding for school districts in the state of Texas.
- (14) Long-term debt--Any debt of the charter district that has a term of greater than three years and is secured on a parity basis with the bonds to be guaranteed.
- (15) Maximum annual debt service--As of any date of calculation, the highest annual debt service requirements with respect to all outstanding long-term debt for any succeeding fiscal year.
- (16) Nationally recognized investment rating firm--An investment rating firm that is designated by the United States Securities and Exchange Commission as a nationally recognized statistical rating organization (NRSRO) and is demonstrating that it has:
- (A) had its current NRSRO designation for at least three consecutive years;
 - (B) provided credit ratings to each of the following:
 - (i) fifteen or more fixed income securities denominated in United States dollars and issued during the immediately preceding three years;
 - (ii) ten or more school districts in the United States;
 - (iii) one or more charter schools in the United States; and
 - (C) a documented separation of duties between employees involved in credit analysis and employees involved in business relationships with clients.
- (17) New money issue--An issuance of revenue bonds under the TEC, Chapter 53, for the purposes of:
- (A) the acquisition, construction, repair, or renovation of an educational facility of an open-enrollment charter school and equipping real property of an open-enrollment charter school, provided that any bonds for student or teacher housing must meet the following criteria:
 - (i) the proposed housing is contemplated in the charter or charter application; and
 - (ii) the proposed housing is an essential and integral part of the educational program included in the charter contract; or
 - (B) the refinancing of one or more promissory notes executed by an open-enrollment charter school, each in an amount in excess of \$500,000, that evidence one or more loans from a national or regional bank, nonprofit corporation, or foundation that customarily makes loans to charter schools, the proceeds of which loans were used for a purpose described in subparagraph (A) of this paragraph; or

- (C) both.
 - (18) Open-enrollment charter--This term has the meaning assigned in §100.1001 of this title (relating to Definitions).
 - (19) Open-enrollment charter holder--This term has the meaning assigned to the term "charter holder" in the TEC, §12.1012.
 - (20) Open-enrollment charter school--This term has the meaning assigned to the term "charter school" in §100.1001 of this title.
 - (21) Open-enrollment charter school campus--This term has the meaning assigned to the term "charter school campus" in §100.1001 of this title.
 - (22) Refunding issue--An issuance of bonds under the TEC, Chapter 53, for the purpose of refunding:
 - (A) bonds that have previously been issued under that chapter and have previously been approved by the attorney general; or
 - (B) bonds that have previously been issued for the benefit of an open-enrollment charter school under Vernon's Civil Statutes, Article 1528m, and have previously been approved by the attorney general.
- (c) Bond eligibility.
- (1) Only those combination, new money, and refunding issues as defined in subsection (b)(9), (17), and (22), respectively, of this section are eligible to receive the guarantee. The bonds must, without the guarantee, be rated as investment grade by a nationally recognized investment rating firm and must be issued on or after September 28, 2011.
 - (2) Refunding issues must comply with the following requirements to retain eligibility for the guarantee for the refunding bonds.
 - (A) As with any open-enrollment charter holder applying for approval for the guarantee, the charter holder for which the refunding bonds are being issued must meet the requirements for charter district designation specified in subsection (e)(2) of this section and the requirements for initial approval specified in subsection (f)(3)(A) of this section.
 - (B) The charter holder must demonstrate that issuing the refunding bond(s) will result in a present value savings to the charter holder. Present value savings is determined by computing the net present value of the difference between each scheduled payment on the original bonds and each scheduled payment on the refunding bonds. Present value savings must be computed at the true interest cost of the refunding bonds. If the commissioner approves refunding bonds for the guarantee based on evidence of present value savings but at the time of the sale of the refunding bonds a present value savings is not realized, the commissioner may revoke the approval of the bonds for the guarantee.
 - (C) For issues that refund bonds previously guaranteed by the BGP, the charter holder must demonstrate that the refunding bond or bonds will not have a maturity date later than the final maturity date of the bonds being refunded.
 - (D) The refunding transaction must comply with the provisions of subsection (f)(5)(A)-(C) and (E) of this section.
 - (3) If an open-enrollment charter holder files an application for a combination issue, the application will be treated as an application for a single issue for the purposes of eligibility for the guarantee. A guarantee for the combination issue will be awarded only if both the new money portion and the refunding portion meet all of the applicable eligibility requirements described in this section. As part of its application, the charter holder making the application must present data that demonstrate compliance for both the new money portion of the issue and the refunding portion of the issue.

- (4) If the commissioner determines that an applicant has deliberately misrepresented information related to a bond issue to secure a guarantee, the commissioner must revoke the approval of the bonds for the guarantee.
- (d) Determination of Permanent School Fund (PSF) capacity to guarantee bonds for charter districts.
- (1) Each month the commissioner will estimate the available capacity of the PSF to guarantee bonds for charter districts. This capacity is determined by multiplying the net capacity determined under §33.65 of this title (relating to Bond Guarantee Program for School Districts) by the percentage of the number of students enrolled in open-enrollment charter schools in this state compared to the total number of students enrolled in all public schools in this state, as determined by the commissioner. The commissioner's determination of the number of students enrolled in open-enrollment charter schools in this state and the number of students enrolled in all public schools in this state is based on the enrollment data submitted by school districts and charter schools to the Public Education Information Management System (PEIMS) during the most recent fall PEIMS submission. Annually, the commissioner will post the applicable student enrollment numbers and the percentage of students enrolled in open-enrollment charter schools on the Texas Education Agency (TEA) web page related to the BGP. The commissioner shall hold 5.0% of the charter school available capacity in reserve each month.
- (2) For state fiscal years 2018 through 2022, the available capacity of the PSF to guarantee bonds for charter districts shall follow the schedule described in TEC, §45.0532(b-1), unless the SBOE adopts a different percentage for a specific fiscal year or years in accordance with TEC, §45.0532(b-2) and (b-3). This paragraph expires September 1, 2022.
- (3) Up to half of the total capacity of the PSF to guarantee bonds for charter districts may be used to guarantee charter district refunding bonds.
- (e) Application process and application processing. An open-enrollment charter holder must apply to the commissioner for the guarantee of eligible bonds by submitting an application electronically through the website of the MAC of Texas or its successor. Before an application for the guarantee will be considered, a charter holder must first be determined by the commissioner to meet criteria for designation as a charter district for purposes of this section. The application submitted through the website of the MAC of Texas or its successor will serve as both a charter holder's application for designation as a charter district and its application for the guarantee.
- (1) Application submission and fee. As part of its application, an open-enrollment charter holder must submit the information required under the TEC, §45.055(b), and this section and any additional information the commissioner may require. The application and all additional information required by the commissioner must be received before the application will be processed. The open-enrollment charter holder may not submit an application for a guarantee before the governing body of the charter holder adopts a board resolution as defined in subsection (b)(4) of this section.
- (A) The amount of the application fee is the amount specified in §33.65 of this title.
- (B) The fee is due at the time the application for charter district designation and the guarantee is submitted. An application will not be processed until the fee has been remitted according to the directions provided on the website of the MAC of Texas or its successor and received by the TEA.
- (C) The fee will not be refunded to an applicant that:
- (i) is designated a charter district but is not approved for the guarantee; or
- (ii) receives approval for the guarantee but does not sell its bonds before the expiration of its approval for the guarantee.
- (D) The fee may be transferred to a subsequent application for the guarantee by a charter district that has been approved for the guarantee if the charter district withdraws its application and submits the subsequent application before the expiration of its approval for the guarantee.

- (2) Eligibility to be designated a charter district.
- (A) To be designated a charter district and have its application for the guarantee considered by the commissioner, an open-enrollment charter holder must:
- (i) have operated at least one open-enrollment charter school in the state of Texas for at least three years and have had students enrolled in the school for those three years;
 - (ii) identify in its application for which open-enrollment charter school and, if applicable, for which open-enrollment charter school campus the bond funds will be used;
 - (iii) in its application, agree that the bonded indebtedness for which the guarantee is sought will be undertaken as an obligation of all entities under common control of the open-enrollment charter holder and agree that all such entities will be liable for the obligation if the open-enrollment charter holder defaults on the bonded indebtedness, provided that an entity that does not operate a charter school in Texas is subject to this subparagraph only to the extent that it has received state funds from the open-enrollment charter holder;
 - (iv) not have an unresolved corrective action that is more than one year old, unless the open-enrollment charter holder has taken appropriate steps, as determined by the commissioner, to begin resolving the action;
 - (v) have had, for the past three years, an audit as required by §100.1047 of this title (relating to Accounting for State and Federal Funds) that was completed with unqualified or unmodified opinions;
 - (vi) have received an investment grade credit rating from a nationally recognized investment rating firm as defined in subsection (b)(16) of this section as specified by the TEC, §45.0541, within the last year; and
 - (vii) not have materially violated a covenant relating to debt obligation in the immediately preceding three years.
- (B) For an open-enrollment charter holder to be designated a charter district and have its application for the guarantee considered by the commissioner, each open-enrollment charter school operated under the charter must not have an accreditation rating of Not Accredited-Revoked and must have a rating of met standard or met alternative standard as its most recent state academic accountability rating. However, if an open-enrollment charter school operated under the charter is not yet rated because the school is in its first year of operation, that fact will not impact the charter holder's eligibility to be designated a charter district and apply for the guarantee.
- (3) Application processing. All applications received during a calendar month that were submitted by open-enrollment charter holders determined to meet the criteria in paragraph (2) of this subsection will be held until the 15th business day of the subsequent month. On the 15th business day of each month, the commissioner will announce the results of the pro rata allocation of available capacity, if pro rata allocation is necessary, and process applications for initial approval for the guarantee, up to the available capacity as of the application deadline, subject to the requirements of this section.
- (A) If the available capacity is insufficient to guarantee the total value of the bonds for all applicant charter districts, the commissioner will allocate the available capacity on a pro rata basis to each applicant charter district. For each applicant, the commissioner will determine the percentage of the total amount of all applicants' proposed bonds that the applicant's proposed bonds represent. The commissioner will then allocate to that applicant the same percentage of the available capacity, but in no event will an allocation be equal to an amount less than \$500,000.

- (B) The actual guarantee of the bonds is subject to the approval process prescribed in subsection (f) of this section.
 - (C) An applicant charter district is ineligible for consideration for the guarantee if its lowest credit rating from any nationally recognized investment rating firm as defined in subsection (b)(16) of this section is the same as or higher than that of the PSF.
 - (4) Late application. An application received after the application deadline will be considered a valid application for the subsequent month, unless withdrawn by the submitting open-enrollment charter holder before the end of the subsequent month.
 - (5) Notice of application status. Each open-enrollment charter holder that submits a valid application will be notified of the application status within 15 business days of the application deadline.
 - (6) Reapplication. If an open-enrollment charter holder does not receive designation as a charter district, does not receive approval for the guarantee, or for any reason does not receive approval of the bonds from the attorney general within the time period specified in subsection (f)(5) of this section, the charter holder may reapply in a subsequent month. An application that was denied approval for the guarantee or that was submitted by a charter holder that the commissioner determined did not meet the criteria for charter district designation will not be retained for consideration in subsequent months. A reapplication fee will be required unless the conditions described in subsection (e)(1)(D) of this section apply to the charter holder.
- (f) Approval for the guarantee; charter district responsibilities on receipt of approval.
- (1) Approval for the guarantee and charter renewal or amendment.
 - (A) If an open-enrollment charter holder applies for the guarantee within the 12 months before the charter holder's charter is due to expire, application approval will be contingent on successful renewal of the charter, and the bonds for which the open-enrollment charter holder is applying for the guarantee may not be issued before the successful renewal of the charter.
 - (B) If an open-enrollment charter holder proposes to use the proceeds of the bonds for which it is applying for the guarantee for an expansion that requires a charter amendment, application approval will be contingent on approval of the amendment, and the bonds may not be issued before approval of the amendment.
 - (2) Initial and final approval provisions.
 - (A) The commissioner may require an applicant charter district to obtain final approval for the guarantee as described in paragraph (4) of this subsection if:
 - (i) during the monthly estimation of PSF capacity described in §33.65 of this title, the commissioner determines that the available capacity of the PSF as described in §33.65 of this title is 10% or less; or
 - (ii) during the monthly estimation of the available capacity of the PSF to guarantee bonds for charter districts described in subsection (d) of this section, the commissioner determines that the available capacity of the PSF to guarantee bonds for charter districts is 10% or less.
 - (B) If the commissioner has not made such a determination:
 - (i) the commissioner will consider the initial approval described in paragraph (3) of this subsection as both the initial and final approval; and
 - (ii) an applicant charter district that has received notification of initial approval for the guarantee, as described in paragraph (3) of this subsection, may consider that notification as notification of initial and final approval for the guarantee and may complete the sale of the applicable bonds.
 - (3) Initial approval.

- (A) The following provisions apply to all applications for the guarantee, regardless of whether an application is for a new money, refunding, or combination issue. Under the TEC, §45.056, the commissioner will investigate the financial status of the applicant charter district and the accreditation status of all open-enrollment charter schools operated under the charter. For the charter district's application to be eligible for initial approval by the commissioner, each open-enrollment charter school operated under the charter must be accredited, and the charter district must be financially sound. The commissioner's review will include review of the following:
- (i) the purpose of the bond issue;
 - (ii) the accreditation status, as defined by §97.1055 of this title (relating to Accreditation Status), of all open-enrollment charter schools operated under the charter in accordance with the following, except that, if an open-enrollment charter school operated under the charter has not yet received an accreditation rating because it is in its first year of operation, that fact will not impact the charter district's eligibility for consideration for the guarantee:
 - (I) if the accreditation status of all open-enrollment charter schools operated under the charter is Accredited, the charter district will be eligible for consideration for the guarantee;
 - (II) if the accreditation status of any open-enrollment charter school operated under the charter is Accredited-Warned or Accredited-Probation, the commissioner will investigate the underlying reason for the accreditation rating to determine whether the accreditation rating is related to the open-enrollment charter school's financial soundness. If the accreditation rating is related to the open-enrollment charter school's financial soundness, the charter district will not be eligible for consideration for the guarantee; or
 - (III) if the accreditation status of any open-enrollment charter school operated under the charter is Not Accredited-Revoked, the charter district will not be eligible for consideration for the guarantee;
 - (iii) the charter district's financial status and stability, regardless of each open-enrollment charter school's accreditation rating, including approval of the bonds by the attorney general under the provisions of the TEC, §53.40;
 - (iv) whether the TEA has required the charter district to submit a financial plan under §109.1101 of this title (relating to Financial Solvency Review) in the last three years;
 - (v) the audit history of the charter district and of all open-enrollment charter schools operated under the charter;
 - (vi) the charter district's compliance with statutes and rules of the TEA and with applicable state and federal program requirements and the compliance of all open-enrollment charter schools operated under the charter with these statutes, rules, and requirements;
 - (vii) any interventions and sanctions to which the charter district has been subject; to which any of the open-enrollment charter schools operated under the charter has been subject; and, if applicable, to which any of the open-enrollment charter school campuses operated under the charter has been subject;
 - (viii) formal complaints received by the TEA that have been made against the charter district, against any of the open-enrollment charter schools operated under the charter, or against any of the open-enrollment charter school campuses operated under the charter;

- (ix) the state academic accountability rating of all open-enrollment charter schools operated under the charter and the campus ratings of all open-enrollment charter school campuses operated under the charter;
 - (x) any unresolved corrective actions that are less than one year old; and
 - (xi) whether the charter district is considered a high-risk grantee by the TEA office responsible for planning, grants, and evaluation.
- (B) The commissioner will limit approval for the guarantee to a charter district with a historical debt service coverage ratio, based on annual debt service, of at least 1.1 for the most recently completed fiscal year and a projected debt service coverage ratio, based on projected revenues and expenses and maximum annual debt service, of at least 1.2. If the bond issuance for which an application has been submitted is the charter district's first bond issuance, the commissioner will evaluate only projected debt service coverage. Projections of revenues and expenses are subject to approval by the commissioner.
- (C) The commissioner will grant or deny initial approval for the guarantee based on the review described in subparagraph (A) of this paragraph and the limitation described in subparagraph (B) of this paragraph and will provide an applicant charter district whose application has received initial approval for the guarantee written notice of initial approval.
- (4) Final approval. The provisions of this paragraph apply only as described in paragraph (2) of this subsection. A charter district must receive final approval before completing the sale of the bonds for which the charter district has received notification of initial approval.
- (A) A charter district that has received initial approval must provide a written notice to the TEA two business days before issuing a preliminary official statement (POS) for the bonds that are eligible for the guarantee or two business days before soliciting investment offers, if the bonds will be privately placed without the use of a POS.
- (i) The charter district must receive written confirmation from the TEA that the capacity continues to be available and must continue to meet the requirements of subsection (e)(2) of this section before proceeding with the public or private offer to sell bonds.
 - (ii) The TEA will provide this notification within one business day of receiving the notice of the POS or notice of other solicitation offers to sell the bonds.
- (B) A charter district that received confirmation from the TEA in accordance with subparagraph (A) of this paragraph must provide written notice to the TEA of the placement of an item to approve the bond sale on the agenda of a meeting of the bond issuer's board of directors no later than two business days before the meeting. If the bond sale is completed pursuant to a delegation by the issuer to a pricing officer or committee, notice must be given to the TEA no later than two business days before the execution of a bond purchase agreement by such pricing officer or committee.
- (i) The charter district must receive written confirmation from the TEA that the capacity continues to be available for the bond sale before the approval of the sale by the bond issuer or by the pricing officer or committee.
 - (ii) The TEA will provide this notification within one business day before the date that the bond issuer expects to complete the sale by official action of the bond issuer or of a pricing officer or committee.
- (C) The TEA will process requests for final approval from charter districts that have received initial approval on a first come, first served basis. Requests for final approval must be received before the expiration of the initial approval.
- (D) A charter district may provide written notification as required by this paragraph by facsimile transmission, by email, or in another manner prescribed by the commissioner.

- (5) Charter district responsibilities on receipt of approval.
- (A) Once a charter district is awarded initial approval for the guarantee, each issuance of the bonds must be approved by the attorney general within 180 days of the date of the letter granting the approval for the guarantee. The initial approval for the guarantee will expire at the end of the 180-day period. The commissioner may extend the 180-day period, based on extraordinary circumstances, on receiving a written request from the charter district or the attorney general before the expiration of the 180-day period.
 - (B) If applicable, the charter district must comply with the provisions for final approval described in paragraph (4) of this subsection to maintain approval for the guarantee.
 - (C) If the bonds are not approved by the attorney general within 180 days of the date of the letter granting the approval for the guarantee, the commissioner will consider the application withdrawn, and the charter district must reapply for a guarantee.
 - (D) A charter district may not represent bonds as guaranteed for the purpose of pricing or marketing the bonds before the date of the letter granting approval for the guarantee.
 - (E) The charter district must provide evidence of the final investment grade rating of the bonds to the TEA after receiving initial approval but before the distribution of the preliminary official statement for the bonds or, if the bonds are offered in a private placement, before approval of the bond sale by the governing body of the charter district.
 - (F) A charter district must identify by legal description any educational facility purchased or improved with bond proceeds no later than 30 days after entering into a binding commitment to expend bond proceeds for that purpose. The charter district must identify at that time whether and to what extent debt service will be paid with any source of revenue other than state funds.
- (g) Allocation of specific holdings. If necessary to successfully operate the BGP, the commissioner may allocate specific holdings of the PSF to specific bond issues guaranteed under this section. This allocation will not prejudice the right of the State Board of Education (SBOE) to dispose of the holdings according to law and requirements applicable to the fund; however, the SBOE will ensure that holdings of the PSF are available for a substitute allocation sufficient to meet the purposes of the initial allocation. This allocation will not affect any rights of the bond holders under law.
- (h) Defeasance. The guarantee will be completely removed when bonds guaranteed by the BGP are defeased, and such a provision must be specifically stated in the bond resolution. If bonds guaranteed by the BGP are defeased, the charter district must notify the commissioner in writing within ten calendar days of the action.
- (i) Payments. For purposes of the provisions of the TEC, Chapter 45, Subchapter C, matured principal and interest payments are limited to amounts due on guaranteed bonds at scheduled maturity, at scheduled interest payment dates, and at dates when bonds are subject to mandatory redemption, including extraordinary mandatory redemption, in accordance with their terms. All such payment dates, including mandatory redemption dates, must be specified in the bond order or other document pursuant to which the bonds initially are issued. Without limiting the provisions of this subsection, payments attributable to an optional redemption or a right granted to a bondholder to demand payment on a tender of such bonds according to the terms of the bonds do not constitute matured principal and interest payments.
- (j) Guarantee restrictions. The guarantee provided for eligible bonds under the provisions of the TEC, Chapter 45, Subchapter C, is restricted to matured bond principal and interest. The guarantee applies to all matured interest on eligible bonds, whether the bonds were issued with a fixed or variable interest rate and whether the interest rate changes as a result of an interest reset provision or other bond resolution provision requiring an interest rate change. The guarantee does not extend to any obligation of a charter district under any agreement with a third party relating to bonds that is defined or described in state law as a "bond enhancement agreement" or a "credit agreement," unless the right to payment of such third party is directly as a result of such third party being a bondholder.

- (k) Notice of default. A charter district that has determined that it is or will be unable to pay maturing or matured principal or interest on a guaranteed bond must immediately, but not later than the fifth business day before the maturing or matured principal or interest becomes due, notify the commissioner.
- (l) Charter District Bond Guarantee Reserve Fund. The Charter District Bond Guarantee Reserve Fund is a special fund in the state treasury outside the general revenue fund and is managed by the SBOE in the same manner that the PSF is managed by the SBOE.
- (m) Payment from Charter District Bond Guarantee Reserve Fund and PSF.
 - (1) Immediately after the commissioner receives the notice described in subsection (k) of this section, the commissioner will notify the TEA division responsible for administering the PSF of the notice of default and instruct the comptroller to transfer from the Charter District Bond Guarantee Reserve Fund established under the TEC, §45.0571, to the charter district's paying agent the amount necessary to pay the maturing or matured principal or interest.
 - (2) If money in the reserve fund is insufficient to pay the amount due on a bond under paragraph (1) of this subsection, the commissioner will instruct the comptroller to transfer from the appropriate account in the PSF to the charter district's paying agent the amount necessary to pay the balance of the unpaid maturing or matured principal or interest.
 - (3) Immediately after receipt of the funds for payment of the principal or interest, the paying agent must pay the amount due and forward the canceled bond or coupon to the comptroller. The comptroller will hold the canceled bond or coupon on behalf of the fund or funds from which payment was made.
 - (4) To ensure that the charter district reimburses the reserve fund and the PSF, if applicable, the commissioner will withhold from state funds otherwise payable to the charter district the amount that the charter district owes in reimbursement.
 - (5) Funds intercepted for reimbursement under paragraph (4) of this subsection will be used to fully reimburse the PSF before any funds reimburse the reserve fund. If the funds intercepted under paragraph (4) of this subsection are insufficient to fully reimburse the PSF with interest, subsequent payments into the reserve fund will first be applied to any outstanding obligation to the PSF.
 - (6) Following full reimbursement to the reserve fund and the PSF, if applicable, with interest, the comptroller will further cancel the bond or coupon and forward it to the charter district for which payment was made. Interest will be charged at the rate determined under the Texas Government Code (TGC), §2251.025(b). Interest will accrue as specified in the TGC, §2251.025(a) and (c). For purposes of this section, the "date the payment becomes overdue" that is referred to in the TGC, §2251.025(a), is the date that the comptroller makes the payment to the charter district's paying agent.
- (n) Bonds not accelerated on default. If a charter district fails to pay principal or interest on a guaranteed bond when it matures, other amounts not yet mature are not accelerated and do not become due by virtue of the charter district's default.
- (o) Reimbursement of Charter District Bond Guarantee Reserve Fund or PSF. If payment from the Charter District Bond Guarantee Reserve Fund or the PSF is made on behalf of a charter district, the charter district must reimburse the amount of the payment, plus interest, in accordance with the requirements of the TEC, §45.061.
- (p) Repeated failure to pay. If a total of two or more payments are made under the BGP on the bonds of a charter district, the commissioner may take action in accordance with the provisions of the TEC, §45.062.
- (q) Report on the use of funds and confirmation of use of funds by independent auditor. A charter district that issues bonds approved for the guarantee must report to the TEA annually in a form prescribed by the commissioner on the use of the bond funds until all bond proceeds have been spent. The charter district's independent auditor must confirm in the charter district's annual financial report that bond funds have been used in accordance with the purpose specified in the application for the guarantee.

- (r) Failure to comply with statute or this section. An open-enrollment charter holder's failure to comply with the requirements of the TEC, Chapter 45, Subchapter C, or with the requirements of this section, including by making any material misrepresentations in the charter holder's application for charter district designation and the guarantee, constitutes a material violation of the open-enrollment charter holder's charter.

Proposed Amendments to the Investment Procedures Manual

September 2, 2020

COMMITTEE ON SCHOOL FINANCE/PERMANENT SCHOOL FUND: ACTION STATE BOARD OF EDUCATION: CONSENT

SUMMARY: This item provides an opportunity for the committee and board to review and adopt proposed amendments to the Investment Procedures Manual.

STATUTORY AUTHORITY: Texas Constitution, [Article VII, §2](#) and [§5](#); and 19 Texas Administrative Code (TAC) Chapter 33.

The Texas Constitution, Article VII, §2 and §5 establish the permanent school fund, the assets that comprise the permanent school fund, the bond guarantee program, the available school fund, and authorize the State Board of Education (SBOE) to manage and invest the permanent school fund in accordance with the prudent person standard.

19 TAC Chapter 33 codifies administrative rules that provide a statement of investment objectives, policies, and guidelines of the Texas Permanent School Fund and Bond Guarantee Program as adopted by the SBOE.

The full text of statutory citations can be found in the statutory authority section of this agenda.

PREVIOUS BOARD ACTION: The board adopted the Texas Permanent School Fund Investment Procedures Manual on January 24, 1995. The board last revised the manual in September 2019.

BACKGROUND INFORMATION AND JUSTIFICATION: None.

Staff Members Responsible:

Holland Timmins, Executive Administrator and Chief Investment Officer, Texas Permanent School Fund

Review of the Permanent School Fund Real Estate Policy and Tactical Plan

September 2, 2020

COMMITTEE ON SCHOOL FINANCE/PERMANENT SCHOOL FUND: ACTION STATE BOARD OF EDUCATION: CONSENT

SUMMARY: This item provides an opportunity for the committee and board to review the real estate policy and annual tactical plan. The committee and board will also receive an update on the real estate program. The committee may take an action based on this information.

STATUTORY AUTHORITY: Texas Constitution, [Article VII, §2](#) and [§5](#); and 19 Texas Administrative Code (TAC) Chapter 33.

The Texas Constitution, Article VII, §2 and §5 establish the permanent school fund, the assets that comprise the permanent school fund, the bond guarantee program, the available school fund, and authorize the State Board of Education (SBOE) to manage and invest the permanent school fund in accordance with the prudent person standard.

19 TAC Chapter 33 codifies administrative rules that provide a statement of investment objectives, policies, and guidelines of the Texas Permanent School Fund as adopted by the SBOE.

The full text of statutory citations can be found in the statutory authority section of this agenda.

PREVIOUS BOARD ACTION: At the June 2019 meeting, the board adopted revisions to the real estate investment policy and real estate annual tactical plan.

BACKGROUND INFORMATION AND SIGNIFICANT ISSUES: The real estate annual tactical plan was approved at the June 2019 Board meeting.

Staff Members Responsible:

Holland Timmins, Executive Administrator and Chief Investment Officer of the Texas Permanent School Fund

Authorization to Issue a Request for Proposals for Emerging Manager Investment Management in the Private Equity and Real Estate Asset Classes for the Permanent School Fund

September 2, 2020

**COMMITTEE ON SCHOOL FINANCE/PERMANENT SCHOOL FUND: ACTION
STATE BOARD OF EDUCATION: CONSENT**

SUMMARY: This item provides the opportunity for the committee and board to approve the issuance of a request for proposals for emerging manager investment management in the private equity and real estate asset classes for the Permanent School Fund.

STATUTORY AUTHORITY: Texas Constitution, [Article VII, §2](#) and [§5](#); and 19 Texas Administrative Code (TAC) Chapter 33.

The Texas Constitution, Article VII, §2 and §5 establish the permanent school fund, the assets that comprise the permanent school fund, the bond guarantee program, the available school fund, and authorize the State Board of Education (SBOE) to manage and invest the permanent school fund in accordance with the prudent person standard.

19 TAC Chapter 33 codifies administrative rules that provide a statement of investment objectives, policies, and guidelines of the Texas Permanent School Fund and Bond Guarantee Program as adopted by the SBOE.

The full text of statutory citations can be found in the statutory authority section of this agenda.

PREVIOUS BOARD ACTION: None

BACKGROUND INFORMATION AND JUSTIFICATION: At the July 2020 meeting, the board approved a 1% allocation to an emerging manager program in real estate and private equity asset classes.

Staff Members Responsible:

Holland Timmins, Executive Administrator and Chief Investment Officer of the Texas Permanent School Fund

**Report of the Permanent School Fund Executive Administrator and
Chief Investment Officer**

September 1, 2020

**COMMITTEE ON SCHOOL FINANCE/PERMANENT SCHOOL FUND: DISCUSSION
STATE BOARD OF EDUCATION: NO ACTION**

SUMMARY: The Permanent School Fund (PSF) executive administrator will report to the committee on matters relating to the management of the PSF and the Charter District Reserve Fund. The report may present information on historical and current status of Fund holdings, current and proposed investment policies and procedures, and historical and current Fund performance and compliance. The administrator may update the board on the bond guarantee program, the status of requests for proposal or for qualifications and current contracts for services and other administrative activities undertaken on behalf of the board. The administrator may provide an update on the PSF distribution or on the effect of legislation impacting the PSF. The administrator may provide an analysis of current and future investment market conditions, focusing upon the impact on the holdings of the PSF.

STATUTORY AUTHORITY: Texas Constitution, [Article VII, §2](#) and [§5](#), and 19 Texas Administrative Code (TAC) Chapter 33.

The Texas Constitution, Article VII, §2 and §5 establish the permanent school fund, the assets that comprise the permanent school fund, the bond guarantee program, the available school fund, and authorize the State Board of Education (SBOE) to manage and invest the permanent school fund in accordance with the prudent person standard.

Administrative rules found in 19 TAC Chapter 33 provide a statement of investment objectives, policies, and guidelines of the Texas Permanent School Fund and Bond Guarantee Program as adopted by the SBOE.

The full text of statutory citations can be found in the statutory authority section of this agenda.

FUTURE ACTION EXPECTED: None

BACKGROUND INFORMATION AND JUSTIFICATION: None

Staff Members Responsible:

Holland Timmins, Executive Administrator and Chief Investment Officer, Texas Permanent School Fund

COMMITTEE ON SCHOOL INITIATIVES

**Recommendation for Appointment to the
Randolph Field Independent School District Board of Trustees**

September 2, 2020

**COMMITTEE ON SCHOOL INITIATIVES: ACTION
STATE BOARD OF EDUCATION: CONSENT**

SUMMARY: This item provides an opportunity for board consideration of one appointment to the board of trustees of the Randolph Field Independent School District. The appointment is necessary because of a resignation.

STATUTORY AUTHORITY: Texas Education Code (TEC), §11.352, and 19 Texas Administrative Code (TAC) §61.2.

TEC, §11.352 authorizes the State Board of Education (SBOE) to appoint school board members in special purpose school districts.

The full text of statutory citations can be found in the statutory authority section of this agenda.

PREVIOUS BOARD ACTION: No previous board action has occurred on this item.

BACKGROUND INFORMATION AND JUSTIFICATION: The SBOE is statutorily authorized to appoint board members for military reservation independent school districts. Trustees so appointed shall hold office for two years and until their successors are appointed and qualified. Enlisted military personnel may be appointed to the board; however, a majority must be civilians, and all may be civilians. When a vacancy occurs on one of these boards, the base commander notifies the commissioner of education of such in compliance with TEC, §11.352. Vacancies are widely advertised through base newspapers, email, and other electronic means. Interested individuals then submit resumes and other documents verifying that they qualify to hold the position and would accept it if appointed.

The commanding officer appoints a nomination panel of at least three members who review the application packages, interview the candidates, and evaluate the candidates. The panel's recommendations are then forwarded to the commanding officer for consideration. The commanding officer is required by 19 TAC §61.2 to provide at least one nomination to the State Board of Education. All nominees must be qualified under the general school laws of Texas and live or be employed on the military reservation.

Colonel, United States Air Force, James H. Masoner, Commander of the 502d Security Forces Group, has notified the commissioner of one vacancy on the board of trustees of the Randolph Field Independent School District due to the resignation of William Morrison. Colonel Masoner provided three nominees for the vacancy and recommends the appointment of Ms. Glenda M. Solomon to fill the vacancy.

MOTION TO BE CONSIDERED: The State Board of Education:

Based on Colonel James H. Masoner's recommendation, approve the appointment of Ms. Glenda M. Solomon to serve a term of office, from September 2, 2020 to September 2, 2022, on the Randolph Field Independent School District Board of Trustees.

Staff Members Responsible:

Jeff Cottrill, Deputy Commissioner of Governance and Accountability

Morris Lyon, Senior Governance Advisor, Governance and Accountability

Attachment:

Correspondence from Colonel James H. Masoner that includes biographical information and supporting materials for each nominee



DEPARTMENT OF THE AIR FORCE
502D AIR BASE WING
JOINT BASE SAN ANTONIO



24 July 2020

MEMORANDUM FOR Mr. Mike Morath
Commissioner, Texas Education Agency
1701 North Congress Avenue
Austin, TX 78701

FROM: 502 SFG/CC
1 Washington Circle, Suite #2
JBSA-Randolph, TX 78150-4560

SUBJECT: Appointment of Ms. Glenda M. Solomon to the Randolph Field Independent School District (RFISD) Board of Trustees.

1. I would like to respectfully request the appointment of Ms. Glenda M. Solomon to the Randolph Field Independent School District (RFISD) Board of Trustees. Enclosed are the resumes of my nominees, as required by Texas Administrative Code Section 61.2a(1), along with a signed statement expressing their willingness to accept the appointment and serve in full adherence to the established state standards for school board members.
2. The remaining nominees, in order of preference are, Mr. John R. Ludington III and Ms. Elizabeth Dahlquist.
3. All nominees are qualified under the general school laws of Texas and either live or work on JBSA-Randolph. Each nominee is well qualified and the appointment of any one of them would be in full compliance with the provisions of the Texas Education Code 11.352. Every avenue was used to reach the widest possible applicant pool. The membership composition of the board of trustees is in compliance with the provisions of Texas Code 11.28.
4. I recognize the power of the Board of Trustees to govern and manage the operations of the RFISD and recognize that my role as the executive agent of JBSA-Randolph is limited only to the duty defined by statute in the process for appointing the Board of Trustees.
5. Thank you and your staff for your support of our school district. If you have any questions, please contact my POC, Ms. Angela Green at (210) 652-3081.

JAMES H. MASONER, Colonel, USAF
Commander, 502d Security Forces Group

3 Attachments:

1. Ms. Glenda M. Solomon's Resume
2. Mr. John R. Ludington III's Resume
3. Ms. Elizabeth Dahlquist's Resume

Mission ~ Wingman ~ Partners



Joint Base San Antonio Statement of Eligibility

Applicant Full Name: Glenda M. Solomon

Residential Address: 1851 1st Street E., Suite 3

JBSA Randolph TX 78154

Physical Address of Employer:

1851 1st Street E., Suite 3

JBSA Randolph TX 78154

Board of Trustees Location Applying For: Randolph FISD

I hereby make a formal application for the above indicated Board of Trustees. In doing so, I confirm that:

- I am qualified under the general school laws of Texas and live or am employed on JBSA.
- I attest the contents of my resume.
- I am a qualified voter.
- I willingly accept the appointment to the Board of Trustees and will serve in this capacity with full adherence to the state established standards on the duties and responsibilities of school board members.

SOLOMON.GLENDA.M Digitally signed by
.1040046492 SOLOMON.GLENDA.M.1040046492
Date: 2020.06.26 10:20:35 -05'00'

Signature of Applicant

Date

Glenda M. Solomon

Printed Name of Applicant

***Digital Signatures are authorized. If using a wet signature, please sign, date and print legibly.
Form must be completed prior to setting up your interview with the selection board.***

RFISD SCHOOL BOARD TRUSTEE APPLICATION

1. Personal Data

- a. Name/rank: Glenda M. Solomon /GS -12)
- b. Address: 724 Broadleaf Schertz, TX 78154
- c. Phone : (210) 658-7225 home / (210) 652-4881
- d. If military, date assigned to Randolph AFB: N/A; TAFMSD: N/A
- e. Qualification: Military (if retired, grade: CMSgt, USAF Retired /date: 1 Apr 2006), civilian, or ~~dependent~~ (circle one)
- f. Children in RFISD: No; Graduates: Sydney Solomon - 2010 & Leah Solomon - 2007

2. Status: Investigator & Complaints Resolution Specialist, HQ Air Education and Training Command, Office of the Inspector General, JBSA Randolph

- a. Education: BS Corporate Education & Training and BS in Business Management
- b. Professional or personal experience that would be an asset to you as a school board trustee:
 - 1) Four years previous experience as RFISD School Board Trustee (2010-2014). I am very familiar with various Randolph School activities and organizations. I have participated in various Randolph Field ISD activities during my daughters' attendance as students. I was an active member of PTO, President of the Athletic Booster Club for four years, a member of the Band Booster Club and the Randolph Elementary School Campus Improvement Committee from 2001-2003.
 - 2) I spent over 27 years on active duty in the Air Force and can appreciate the dynamics of balancing military and family life. Outside the normal mundane details of everyday military life, I've had to adjust to new environments, leadership and organizations all while supporting and keeping focus on the mission, goals and objectives.
 - 3) I currently work in the office of the AETC Inspector General (May 2006 – Present) and a significant portion of my job is to ensure problems/issues are resolved by the most appropriate agencies within our Air Force bases nation-wide. I deal with matters that are sent through congressional channels as well as the concerns of the everyday laborer who walks in off the street. I have over 16 years of experience with the Inspector General (includes both Complaint Resolution Process and Air Force Inspection Processes).
 - 4) Director of Education - Robins (AF) NCO Leadership Academy (8 years - 1992-2000): duties included – curriculum development, resource advisor - 5.4 M annual budget, 12 member faculty/staff; platform instructor, supervisor – hiring authority

3. Supervisor/reference:

- a. Name/rank: Mr. Ronald L. Hatfield (Lt Col - USAF Retired/ GS -13)
- b. Address: HQ AETC/ IG, 1851 1st Street East, Suite 3, JBSA Randolph TX 78150
- c. Phone: 210 652-2175

4. Why do you want to serve as a school board member?

I am applying for a position with the Randolph Field ISD School because I want to serve. My previous years (2010-2014) serving on the school board were very rewarding and productive. The knowledge and experience I have gained during my tenure have enabled me to not only understand the massive role the school board but has equipped me to better serve and support the districts efforts in providing the best educational experience for Randolph students. I understand

the comprehensive undertaking of managing funds and resources that will enable to district continue to function, as well as challenges faces the district in the years to come. As an advocate for education, our goal has been to create the best possible opportunities for our children to reach their full potential and succeed. The success of a strong and successful educational system is vested in its citizens- school board, parents, teachers, administrators and community.

My children attended and received a sound education at Randolph Field and have since graduated, completed college and moved on to great careers. I still have a vested interest and want to contribute towards education and success of Randolph Field ISD and I am willing to offer my time and experience to continue to work with a team that has helped our students learn and grow to be successful in life. One thing that I keep in mind, and have reminded others is a school board member not only serves the students, parents and administration (to include the staff), but every entity that makes the school district function. I'd like to think, during my tenure as a school board member, we were able to make things a little better and I'd like to offer my leadership as the district breaks ground on even bigger challenges. My time and service on the board was and always will be an investment in Randolph FISD's future! Support for our school system is not limited to only current parents but our community as a whole.

STATEMENT TO ACCOMPANY RFISD SCHOOL BOARD TRUSTEE APPLICATION

I verify that I work/live on JBSA Randolph TX, a military reservation. I am qualified under the general school laws of Texas to be a RFISD School Board Trustee. I certify that the biographical information on me contained in or attached to my school board application is true and correct. I am willing to accept the appointment as RFISD School Board Trustee and serve in such capacity with full adherence to the state-established standards for the duties and responsibilities of school board members.

Glenda M. Solomon

26 June 2020

SIGNATURE

DATE



Joint Base San Antonio Statement of Eligibility

Applicant Full Name: John Robert Ludington III

Residential Address: 2533 Hemingway Trail

Schertz TX 78154

Physical Address of Employer:

1551 5th Street West

JBSA-Randolph TX 78150

Board of Trustees Location Applying For: RFISD

I hereby make a formal application for the above indicated Board of Trustees. In doing so, I confirm that:

- I am qualified under the general school laws of Texas and live or am employed on JBSA.
- I attest the contents of my resume.
- I am a qualified voter.
- I willingly accept the appointment to the Board of Trustees and will serve in this capacity with full adherence to the state established standards on the duties and responsibilities of school board members.

LUDINGTON.JOHN.R.II.1041981837
Digitally signed by LUDINGTON.JOHN.R.III.1041981837
Date: 2020.07.08 08:25:27 -05'00'

8 July 2020

Signature of Applicant

Date

J. R. Ludington III

Printed Name of Applicant

Digital Signatures are authorized. If using a wet signature, please sign, date and print legibly. Form must be completed prior to setting up your interview with the selection board.

J. R. "Rob" Ludington III

2533 Hemingway Trail

Schertz, Texas 78154

(609) 556-2262

J.R.Ludington.III@gmail.com

OBJECTIVE

To serve as a member of the Board of Trustees for Randolph Field Independent School District: to promote an inclusive and compassionate environment for RFISD students, faculty, staff, and administrators to contribute their best every day, while developing the current RFISD generation and, at the same time, smartly and strategically preparing for the future.

EDUCATION

2017 Master of Arts in Strategic Studies, Air University, Maxwell Air Force Base, Alabama

2003 Master of Arts in Organizational Management, The George Washington University, Washington, D.C.

1996 Bachelor of Science in Mechanical Engineering, U.S. Air Force Academy, U.S. Air Force Academy, Colorado

EXPERIENCE

August 2020 - Present

Inspector General, Headquarters Air Education and Training Command
Joint Base San Antonio-Randolph, Texas

Leads a major command staff directorate of 40 personnel accomplishing inspections, inquiries, complaints resolution, and fraud, waste, and abuse investigations for a nationwide command.

August 2018 - July 2020

Commander, 12th Operations Group
Joint Base San Antonio-Randolph, Texas

Led 450-member organization, including a command staff, 7 squadrons, and 1300 annual trainees executing graduate, undergraduate, and pipeline flying training programs. Responsible for all flying and airfield operations, including a 144-aircraft fleet, 10,000 square miles of dedicated training airspace, and an annual program with 36,000 flying hours valued at more than \$56,000.

Maintained qualification a T-6A Instructor Pilot.

June 2017 - July 2018

Vice Commander, Headquarters Civil Air Patrol-United States Air Force
Maxwell Air Force Base, Alabama

Led 175-member organization providing worldwide Air Force support and oversight to the Civil Air Patrol, including 59,000 personnel, \$100 million in assets, and an annual congressional appropriation in excess of \$40 million. Senior advisor to Civil Air Patrol Board of Governors and organization's leaders.

Maintained qualification in multiple Civil Air Patrol light aircraft.

July 2016 - June 2017

Student, Air War College
Maxwell Air Force Base, Alabama

Completed 10-month senior professional military education program and earned Master of Strategic Studies with emphasis in Grand Strategy.

SPECIAL RECOGNITION: Graduated with Academic Distinction

August 2015 - June 2016

Director, Strategy and Concepts, LeMay Center for Doctrine and Development
Maxwell Air Force Base, Alabama

Led Air Force strategy and concept development for Air University across academia and industry partners in conjunction with Air Force Headquarters.

April 2015 - August 2015

Deputy Commander, 47th Operations Group
Laughlin Air Force Base, Texas

Oversaw 1,200 member organization executing the Air Force's largest undergraduate pilot training operation with over \$1.2 billion in aircraft assets.

Maintained qualification as T-1A Evaluator Pilot.

May 2013 - April 2015

Commander, 86th Flying Training Squadron
Laughlin Air Force Base, Texas

Commanded Air Education and Training Command's largest pilot-producing unit. Responsible for all aspects of the squadron, including personnel, day-to-day operations, long-range planning, annual budgeting, quality control, and compliance.

Maintained qualification as T-1A Evaluator Pilot.

September 2012 - May 2013

Operations Officer, 86th Flying Training Squadron
Laughlin Air Force Base, Texas

Led all flying operations for a 200-member squadron. Managed a 48-aircraft fleet worth \$196 million executing 24,000 annual flying hours valued at \$30 million.

Maintained qualification as T-1A Evaluator Pilot.

May 2012 - August 2012 T-1A Pilot Instructor Training
Joint Base San Antonio-Randolph, Texas
Completed instructor qualification in the T-1A advanced aircrew training aircraft.

May 2010 - May 2012 Military Advisor, U.S. Department of State
Washington, D.C.
Expert on wide range of defense and diplomacy issues. Provided military advice and perspective to senior U.S. State Department official on strategic political-military issues. Primary interface between State and Defense Departments to support national-level policy development.

November 2006 - May 2010 KC-10 Aircraft Commander and Instructor Pilot, Assistant Operations Officer, 2d Air Refueling Squadron; Chief, Wing Plans and Programs, 305th Air Mobility Wing
McGuire Air Force Base and Joint Base McGuire-Dix-Lakehurst, New Jersey
As assistant operations officer, managed safe global employment of 16 aircraft and 160 aircrew members. As wing plans and programs chief, advised the commander for planning, readiness, nuclear mission support, antiterrorism, and crisis action team activity.
As a KC-10 pilot, commanded and instructed worldwide airlift and air refueling missions, including missions in support of Operations ENDURING FREEDOM and IRAQI FREEDOM.
SPECIAL RECOGNITION: Distinguished Graduate, KC-10 Aircraft Commander Initial Qualification Course

October 2003 - November 2006 T-1A Instructor Pilot and Evaluator Pilot, Flight Scheduler, Flight Commander, Assistant Operations Officer, 86th Flying Training Squadron; Chief, T-1A Standardization and Evaluations, 47th Operations Group; Director of Staff, 47th Flying Training Wing
Laughlin Air Force Base, Texas
As scheduler, responsible for day-to-day flight and training schedule for 50 aircrew members. As Flight Commander, responsible for all aspects of flying training for 50 aircrew members. As Assistant Operations Officer, directed flying operations for 200 aircrew members, managed a 52-aircraft fleet worth \$265 million executing 29,000 annual flying hours valued at \$38 million. As standardization and evaluation branch chief, ensured the efficacy of the group's training programs. As Director of Staff and Special Assistant to the Commander, led operation of executive services for wing's senior leaders, liaised with subordinate organizations with 2000 total members, and coordinated the actions of commander's special staff.
As a T-1A instructor pilot commanded flying missions training undergraduate students. As a T-1A evaluator pilot, administered recurring flight evaluations to instructor pilot cadre. Most-qualified instructor pilot during tenure at Laughlin.

June 2003 - October 2003 T-1A Pilot Instructor Training, Randolph Air Force Base, Texas
Completed instructor qualification in the T-1A advanced aircrew training aircraft.

June 2002 - June 2003 Air Force Intern Program
The Pentagon, Washington, D.C.
One of 50 (out of over 5000) U.S. Air Force junior officers competitively selected for the service's premier leadership development program, including completing graduate studies in Organizational Management with The George Washington University. Completed assignments with the Joint Staff Logistics Directorate's Engineering Division and the Air Force's Legislative Liaison Office.

March 1998 - May 2002 C-5 Co-pilot, First Pilot, Aircraft Commander, and Instructor Pilot, Assistant Squadron Safety Officer, Squadron Executive Officer, 3rd Airlift Squadron; Group Executive Officer, 436th Operations Group; Deputy Wing Executive Officer, 436th Airlift Wing
Dover AFB, Delaware
As Assistant Safety Officer for a squadron of 180 aircrew members, conducted monthly safety briefings, accomplished mishap and hazard reporting, and administered recurring safety awards and other program administration. As Executive Officer, worked directly for the commander on special projects, unit correspondence, awards and decorations, annual performance reports, and orchestrated recurring staff meetings and hi-visibility engagements requiring extensive formal protocol arrangements.
As a C-5 pilot, commanded and flew worldwide airlift missions, including missions supporting Operations NORTHERN WATCH, SOUTHERN WATCH, ALLIED FORCE, ENDURING FREEDOM, and NOBLE EAGLE. Wing's youngest instructor pilot.
SPECIAL RECOGNITION: 436th Operations Group Co-pilot of the Year, 1999

January 1998 - March 1998 C-5 Copilot Initial Qualification, 56th Airlift Squadron
Altus AFB, Oklahoma
Completed basic qualification in the C-5 strategic airlift aircraft.

November 1996 - December 1997 Specialized Undergraduate Pilot Training, 47th Flying Training Wing
Laughlin Air Force Base, Texas
Completed rigorous 52-week training program in the T-37 and T-1 resulting in the aeronautical rating of pilot.
SPECIAL RECOGNITION: Distinguished Graduate (Top 10% of Class)

May 1996 - November 1996 Course Assistant and Research Assistant (Awaiting Pilot Training), Department of Engineering Mechanics
U.S. Air Force Academy, Colorado
Dedicated graduate assistant for structural mechanics course and engineering mechanics lab. Provided support to course labs and assisted with technical research for mishap safety investigation.

PRIOR VOLUNTER & BOARD EXPERIENCE

2016-2018 Montgomery MYB Barracudas Swim Team - Parent Panel
2017 Montgomery Academy Parent Advisor to Strategic Planning Committee
2017 Montgomery Academy Head of School Selection Committee
2013-2014 Leadership Del Rio
2010-2015 Cub Scout Den Leader, Committee Member, Pinewood Derby Chairman

PUBLICATIONS

Covering the Seams in US National Security by Applying Network and Team Attributes, Air University Digital Collections
(<https://apps.dtic.mil/dtic/tr/fulltext/u2/1038059.pdf>), 6 April 2017.

Reviewing Gold, Dollars, and Power: How U.S. International Monetary Policy Could Have Lost the Cold War, The Strategy Bridge
(<https://thestrategybridge.org>), 21 August 2017.

PROFESSIONAL ORGANIZATIONS, AFFILIATIONS, AND CERTIFICATIONS

U.S. Air Force Academy Association of Graduates
Order of Daedalians
Engineer-in-Training (EIT) - State of Colorado
Federal Aviation Administration (FAA) Airline Transport Pilot (ATP) Certificate

REFERENCES

John R. Carter // (334) 649-0205 // john.carter.52@us.af.mil
Timothy B. MacGregor // (609) 284-7865 // tim.b.macg@gmail.com
Mark S. Robinson // (609) 367-4423 // mark.robinson@us.af.mil
Todd C. Westhauser // (703) 340-5840 // todd.westhauser.1@us.af.mil

INTERESTS & HOBBIES

History
Strategy
Music
Running
Golf



Joint Base San Antonio Statement of Eligibility

Applicant Full Name: Elizabeth Ann Dahlquist

Residential Address: 7 N. Park

Universal City Texas 78148

Physical Address of Employer:

7 N. Park

Universal City Texas 78148

Board of Trustees Location Applying For: Randolph ISD - Randolph 

I hereby make a formal application for the above indicated Board of Trustees. In doing so, I confirm that:

- I am qualified under the general school laws of Texas and live or am employed on JBSA.
- I attest the contents of my resume.
- I am a qualified voter.
- I willingly accept the appointment to the Board of Trustees and will serve in this capacity with full adherence to the state established standards on the duties and responsibilities of school board members.

DAHLQUIST.ELIZABE
TH.A.1110038328

Digitally signed by
DAHLQUIST.ELIZABETH.A.1110038328
Date: 2020.06.30 09:24:33 -05'00'

6/30/2020

Signature of Applicant

Date

Elizabeth A. Dahlquist

Printed Name of Applicant

Digital Signatures are authorized. If using a wet signature, please sign, date and print legibly. Form must be completed prior to setting up your interview with the selection board.

Elizabeth Ann Dahlquist
7 North Park Universal City, TX 78148
Mobile (home): (210)947-2597 Day Phone (work): (210)947-2597
Email: elizabethdahquist@gmail.com

Job Type: Permanent, Temporary, Term, Multiple Appointment Types
Work Schedule: Full-Time, Part-Time, Multiple Schedules

Desired locations:

United States - TX – Randolph AFB, Lackland AFB, Ft. Sam Houston AFB.

Availability: Immediately

Work Experience:

USAF

63 Main Circle
Randolph AFB, TX 78148 United States

03/2020 -

Present

Hours per

week: 40

Series: 0640 **Pay Plan:** GS **Grade:** 9

Medical Standards Management Specialist (This is a federal job)

Duties, Accomplishments and Related Skills:

Conducts extensive reviews, processes, and certifies medical physical examinations according to the current DoD and AF physical standards on applicants for enlistment, commission, flying training, and other non-rated special operational duty. Determines and recommends follow-up studies, evaluations or other individual plans of action in difficult and controversial cases on own authority under established protocols. Provides technical and administrative assistance to any DoD agency in matters pertaining to the interpretation and application of medical standards. Conducts technical and administrative analysis during periodic review process of medical standards and examination requirements.

Active Security Clearance: Yes - as of Jul 2018

Supervisor: Ms. Annette Reid ((210) 652-0063)

Okay to contact this Supervisor: Yes, but contact me first

USAF

208 West D.L. Ingram Blvd
Cannon AFB, NM 88103 United States

10/2018 –

03/2020

Hours per

week: 40

Series: 0671 **Pay Plan:** GS **Grade:** 9

Medical Standards Management Specialist (This is a federal job)

Duties, Accomplishments and Related Skills:

Provide medical standards guidance policy interpretation and application to health care professionals and medical support staffs within the medical treatment facilities (MTF) and to personnel throughout the installation. Major program areas covered include, but are not limited to physical profiling and worldwide service determinability, deployment medicine, training requirements, and the application of medical standards in relation to All service Active Duty, reserve, guard aviators, ground based controllers and other special operational duty personnel. Plans, organizes, and implements medical standards activates for the Chief, Aerospace Medicine as well as providing consultative services to the MTF on medical standards issues, deployment processing and other Aerospace Medicine standards as related to topics identified. Performs administrative quality reviews of Duty Limiting Conditions, physical examinations, profiles, and appropriate clearances before these documents are forwarded/leave the MTF. Functions as MTF's key focal point and functional expert for the analysis, interpretation, and application of medical standards to include waiver actions to installation (Wing/Group/Sq leadership). Represents medical standards element/flight medicine with a variety of installation and functional area organizations.

Active Security Clearance: Yes - as of Jul 2018

Supervisor: Capt Jodi Post ((575) 904-3889)

Okay to contact this Supervisor: Yes

USAF

208 West D.L. Ingram Blvd
Cannon AFB, NM 88103 United States

06/2018 – 10/2018

Hours per week: 40

Series: 0301 **Pay Plan:** GS **Grade:** 9

Medical Readiness Specialist (This is a federal job)

Duties, Accomplishments and Related Skills:

Provide management and coordination for implementing programmatic policies which support the Medical Group's wartime/peacetime training and contingency response plans as required/outlined in AFIs 41-106, 10-403, and 10-2501. Develops and executes plans associated with medical contingency operations, emergency disaster response, readiness training, and medical deployment programs. Provides oversight of the medical readiness/mobility and OPSEC programs to ensure readiness aspects within the medical group are in compliance with existing regulations and command guidance. Plans, organizes, and executes activities related to Medical Readiness and emergency response. Serves as the Medical Readiness Committee (MRC) advisor communicating issues and requirements in accordance with applicable guidelines. Coordinates and provides oversight for the wartime/disaster preparedness and OPSEC exercises and training programs. Coordinates and directs the acquisition, maintenance, storage, and shipment of equipment and systems required to support emergency response operations, deployments, and personnel shelter activities with medical logistics

Active Security Clearance: Yes - as of Jul

2018 **Supervisor:** Lt. Daniel Fernandez ((575)

904-3927) **Okay to contact this Supervisor:**

Yes

Vanguard LLC

172 N. East Promontory suite
274 Farmington, UT 84025

United States 12/2015 -

06/2018

Salary: \$87,000.00 USD per Year

Hours per week: 40

Senior Program Analyst

Duties, Accomplishments and Related Skills:

Functioned as part of a multi-functional and multi-disciplinary Deployment-Related Health Assessments (DRHA) Program Office team; ensured sustainment and qualified of DoD mandated requirements, upheld compliance standards, and supported DRHA Program goals, objectives, and initiatives. Planned, implemented, and assessed projects. Performed program assurance activities, provided guidance and training to DRHA stakeholders. Collaborated with AFMOA/AFMSA program managers and technical/functional experts, the DRHA PM, OM, and base-level DRHA stakeholders to develop, implement, and support organizational initiatives to ensure AF compliance with DRHA requirements as mandated by Federal, DoD, and AF military policies and procedures. Collected, analyzed, and evaluated data to develop projects, plans, and processes to assess the effectiveness of current operational activities, including DRHA policies, procedures, and systems. Identified and evaluated problem areas, recommend and guided the implementation of solutions; assessed outcomes. Collaborated with program leadership to audit, analyze, and evaluate overall DRHA Program effectiveness. Identified and evaluated issues impacting delivery of deployment-related healthcare; recommended solutions. Researched and analyzed complex healthcare operations data to prepare presentations, reports, projected plans, and other medical administrative correspondence for AFMOA/AFMSA, the DRHA PM, and OM. Compiled data and conducted complex projects, audits, and studies. Tracked trends associated with DRHA Program goals and objectives. Compiled data and conducted complex projects, audits, and studies associated with annual MHAs, as instructed by the OM or DRHA PM, under the direction of the Contracting Officer Representative (COR). Researched and developed DRHA Program/process briefings for senior leadership; delivered program/process briefings to DRHA Program stakeholders. Collaborated with the SCM to initiate, manage, and promote activities to foster DRHA Program awareness, to include assisting in the development of templates, briefings, presentations, reports, and other outreach to base-level stakeholders, beneficiaries, and leadership. Collaborated with AFMOA/AFMSA to analyze DRHA process issues, recommended solutions, and provided consultative supported for DRHA stakeholders regarding the interpretation/implementation of DoD and AF policy, procedures, and operational matters. Coordinated and participated in teleconferences, video teleconferences, and meetings for a wide range of DRHA stakeholders, including headquarters level/MAJCOM leadership, MTF leadership, medical staff, and lined personnel; provided consultation to identify issues and support improvement of the DRHA Program and processes. Contributed to the development, revision, and implementation of DRHA policies and procedures, ensuring program was in compliance. Consulted with the OM to develop, coordinate, and recommend changes for the improvement of the DRHA program or process. Consulted with the OM to contribute, as needed, to the development and revision of relevant policies and procedures, identifying interaction with the DRHA program. Developed methods and procedures for compiling and analyzing data for reports and special projects. Conducted audits of DRHA activities to ensure compliance with policies and procedures. Evaluated and recommended performance measures for DRHA stakeholders. Made recommendations that provided ongoing improvements to the organization. Implemented approved recommendations. Analyzed metrics, performed trend analysis, and proactively identified potential future issues. Completed after-action and follow-up reports for on-site consultation visits. Monitored data qualified and timeliness. Reviewed manual and automated reports to determine trends or errors that would limit productivity/accessibility. Assisted in establishment and maintenance of current standards and successful practices in the management of the DRHA Program. Monitored advancements in DRHA processes; identified best practices, and helped facilities implement recommended changes. Provided customer service support to MTFs with questions on ANAM requirements and ASIMS ANAM reports. Analyzed ANAM compliance data as instructed by the OM or DRHA PM, under the direction of the COR. Supported development, maintenance, and delivery of effective training modules and materials for DRHA stakeholders on DRHA programs, policies, processes, management, roles/responsibilities, and other related topics. Identified and employed best practices and available technologies to maximize reach, availability, and effectiveness of training activities and materials. Documented training activities in accordance with DoD and Air Force policies to include statistics and trends. Supported development and implementation of a customer-feedback process to ensure best practices in training DRHA stakeholders.

Supervisor: Aaron Cardon (801-923-1154)

Okay to contact this Supervisor: Contact me first

RRGP

1017 N. Main St., Suite 101

San Antonio, TX 78212 United States

09/2014 - 11/2015

Salary: \$90,000.00 USD per Year

Hours per week: 40

Project Manager

Duties, Accomplishments and Related Skills:

Maintained administration of all projects assigned within the Informatics Directorate. Assisted in establishing project goals and objectives and associated milestones. Developed comprehensive project schedule of events to include key milestones and tracked project timelines to ensure milestones are met in accordance with schedule. Advised subject matter experts (SME) of impending issues that impact projects. Assisted in reviewing and planning Hearing Center of Excellence SME budget requirements. Created project documentation including technical memorandums, concept of operations, talking papers, travel reports and meeting minutes. Managed technical documents to completion and approval. Interacted with DoD and other Government agencies and Hearing Center of Excellence directorates. Provided assessment of analytics to allow Hearing Center of Excellence to meet mission requirements. Analyzed data from DOD/VA electronic health record system repository, the Defense Occupational and Environmental Health Readiness System (Hearing Conservation), and the Joint Trauma Registry. Identified impact of hearing loss on military service using data above DoD data sources. Collaborated and provided expertise with other subject matter expert data analysts in the informatics directorate for research and analytical purposes.

Supervisor: Michael Elliott (210-292-5807)

Okay to contact this Supervisor: Yes

United States Air Force

Various Assignments Globally

Bedford, MA 01731 United States **07/2001 - 12/2013**

Hours per week: 50+

Aerospace Medicine/Public Health Flight Chief Duties, Accomplishments and Related Skills:

Oversaw all Aerospace Medicine programs/personnel including: Public Health, Flight Medicine, Bio-Environmental Engineering, Optometry and Health and Wellness Center. Led/managed/trained and evaluated personnel/programs who consulted and performed public health activities and programs for base population (military and civilian members), monitored Wing individual medical readiness and deployment health programs, managed all programs and conducted clearances against AFI 48-123 and Medical standards directory for medical qualification for Initial Flying Class physicals (and waiver management) etc, medical evaluation narrative summaries (and Deployment Availability Working group/boards), all aspects of deployment health processing (and waiver management) continued service, retraining (using AEFCD/AOFCD), overseas clearances, continued service, profile actions, fitness for duty, occupational health industrial shop visits and corresponding exams and preventative health assessments for all services (USAF/USA/USN). Performed food safety, security, sanitation, and vulnerability inspections, educated the public on vector-borne, communicable diseases, and occupational illness and injury preventative countermeasures and control. Conducted all aspects of the public health medical readiness activities, promoted and provided preventative health education and training, conducted disease investigations and epidemiology. Maintained open communication and relationships between local, county,

state, federal public health, disaster preparedness, emergency management, and other related fields.

Supervisor: Maj Heidi Stallings (813-244-1295)

Okay to contact this Supervisor: Yes

United States Air Force

Brooks City Base

Brooks AFB, TX 78235 United States

02/2000 - 07/2003

Hours per week: 50+

Public Health Instructor

Duties, Accomplishments and Related Skills:

(A special duty assignment within the Public Health career field at the United States Air Force School of Aerospace Medicine). Functioned as subject matter expert in Public Health/Medical Readiness programs. Appointed Course Supervisor for Contingency Medicine Course and Public Health Instructor for all PH courses. Evaluated and constructed the foundational curriculum for Medical Readiness Courses (including Medical Entomology, Contingency Preventive Medicine, Aerospace Medicine Primary [Flight Surgeon], Residents in Aerospace Medicine Course, Public Health Apprentice/Journeyman/Craftsman, Bio-Environmental Engineering, Aerovac Technician and Flight Medicine Courses), Air Force-wide regulations, and guidance on public health-related programs and responsibilities, to ensure that the material is relevant, applicable, and efficient. Perform clear and concise educational lectures for a diverse group of roughly 900 students annually. Maintain required lecture times and educational mandates of a US Air Force Technical Instructor. Coordinate varied military training and functions with expedience and attention to protocol.

United States Air Force

Various Assignments Globally

Various Assignments Globally, AL 36112 United States

03/1993 - 02/2000

Hours per week: 50+

Public Health Apprentice/Journeyman

Duties, Accomplishments and Related Skills:

Provided yearly job-related safety training to supervisors and employees on risk and mitigation. Collected prevalence data on common infections to establish thresholds and monitored trends. Evaluated efficacy of public health interventions in base industrial processes and procedures. Performed food safety, security, sanitation, and vulnerability inspections, educated the public on vector-borne, communicable, and occupational illness and injury preventative countermeasures and control, conduct all aspects of the public health medical readiness activities. Promoted and provided preventative health education and training, conducted disease investigations and epidemiology. Maintained open communication and relationship between local, county, state, federal public health, disaster preparedness, emergency management, and other related fields. Monitored and protect the wellness of our members by measuring them against medical standards for initial and continued qualification for service. Performed annual audiograms on members exposed to hazardous noise to detect hearing loss.

Education:

Trident University International Cypress, CA United States

Master's Degree 02/2013

GPA: 3.8 of a maximum 4.0

Credits Earned: 40 Quarter hours

Major: MSHS-Health Education **Honors:** Summa Cum Laude

Relevant Coursework, Licenses and Certifications:

Research in Health Education; Cultural and Cross-cultural Perspectives in Health; Health through the Life Span; Mental Health and Society; Teenage Pregnancy and Early Parenting; Health Behavior and Change; Aging and Health Education; Health Education Program Administration; Health Promotion Program Plan Design and Evaluation; Capstone Integrative Project

Touro University International Cypress, CA United States

Bachelor's Degree 03/2007

GPA: 3.958 of a maximum 4.0

Credits Earned: 64 Semester hours

Major: BSHS-Health Educator **Honors:** Summa Cum Laude

Relevant Coursework, Licenses and Certifications:

Health Promotion Disease Prevention; Anatomy and Physiology; Issues of Terrorism; Introduction to Health Education; Environmental Health and Safety; Cross-Cultural Health Perspectives; Quantitative Reasoning; Principles of Teaching/Client Groups; Principles of Epidemiology; Quack, Cures, and Consumers; Ethics in Health Care; Health Care Delivery Systems; Nutrition and Chronic Disease; Health Behavior; Human Nutrition; Senior Capstone Project

Community College of the Air Force Maxwell AFB, AL United States

Associate's Degree 08/2002

Major: Instructor of Technology and Military Science

Relevant Coursework, Licenses and Certifications:

Occupational Instructor Certification April 2002

Basic Instructor Course April 2000

Teaching Practicum Jan 2002

Community College of the Air Force Maxwell AFB, AL United States

Associate's Degree 01/2000

Credits Earned: 21 Semester hours

Major: Public Health Technology

Relevant Coursework, Licenses and Certifications:

Disaster Medicine; Environmental Medicine Office Procedures; Epidemiology; Occupational Medicine Industrial Hygiene; Food Preservation; Evaluation of Food Handling Training and Sanitation; Food Inspection Procedures; Medical Entomology

Community College of the Air Force Maxwell AFB, AL United States

Some College Coursework Completed

Major: Miscellaneous Classes

Relevant Coursework, Licenses and Certifications:

Airman Leadership School: December 1999

Public Health 5 and 7-IV (conferred): February 2002

NCO Leadership Academy: February 2006

SNOA Academy Distance Learning: May 2008

Job Related Training:

COR with a Mission Focus; Overview of Acquisition Ethics; Sexually Transmitted Disease Intervention - Phase II; USAF Hearing Conservation Recertification; USAF NCO Academy; Operational Entomology (Pest Management Craftsman); USAF Honor Guard Protocol, Honors and Ceremonies (MTT); Air Force Training Course (Paper-Based Exportable); Medical Standards Bridge Course; Combined Humanitarian Assistance Response Training; USAF Honor Guard Protocol, Honors and Ceremonies (MTT); Sexually Transmitted and Other Communicable Diseases Intervention; Airman Leadership School; Operational Entomology; Environmental Medicine Specialist

References:

Name	Employer	Title	Phone	Email
Heidi Stallings (*)	USAF	Public Health Flight Commander	813-244-1295	heidihernandez@hotmail.com
Jennifer Schaubert	Vangarde LLC	Senior Program Analyst	207-894-0750	jennifer.m.schauber2.ctr@mail.mil

(*) Indicates professional reference

Additional Information:

MS Office Suite (Word, PowerPoint, Excel, Access)

Adobe Products

Meritorious Service Medal with 2 devices

Air Force Commendation Medal

Air Force Achievement Medal with 7 Devices

Humanitarian Service Medal

**Recommendation for Appointment to the
Boys Ranch Independent School District Board of Trustees**

September 2, 2020

**COMMITTEE ON SCHOOL INITIATIVES: ACTION
STATE BOARD OF EDUCATION: CONSENT**

SUMMARY: This item provides an opportunity for board consideration of one reappointment to the board of trustees of the Boys Ranch Independent School District. The reappointment is necessary because the current term of office is expiring.

STATUTORY AUTHORITY: Texas Education Code (TEC), §11.352, and 19 Texas Administrative Code (TAC) §61.2.

TEC, §11.352 authorizes the State Board of Education (SBOE) to appoint school board members in special purpose school districts.

The full text of statutory citations can be found in the statutory authority section of this agenda.

PREVIOUS BOARD ACTION: No previous board action has occurred on this item.

BACKGROUND INFORMATION AND SIGNIFICANT ISSUES: The SBOE is statutorily authorized to appoint board members for independent school districts created under its former authority to establish school districts. Trustees so appointed shall hold office until their successors are appointed and qualified. When a vacancy occurs, the chief executive officer (CEO) of Cal Farley's Boys Ranch notifies the commissioner of education of such in compliance with TEC, §11.352. The CEO submits resumes and other documents verifying that individuals are qualified to hold the position as well as a statement that the individual would accept the position if appointed.

The CEO submits the name of a nomination. The CEO is required by 19 TAC §61.2 to provide one nomination to the SBOE. The nominee must be qualified under the general school laws of Texas.

Mr. Dan Adams, President and CEO of Cal Farley's Boys Ranch, has notified the commissioner of one upcoming vacancy on the board of trustees of the Boys Ranch Independent School District. The vacancy is due to the expiration of the term of Robert Marshall. The CEO has requested that Mr. Robert Marshall be re-appointed to fill the vacancy. Supporting documentation on the recommended candidate is included.

MOTION TO BE CONSIDERED: The State Board of Education:

Based on Mr. Dan Adams's recommendation, approve the reappointment of Mr. Robert Marshall to serve a two-year term of office, from November 16, 2020 to November 16, 2022, on the Boys Ranch Independent School District Board of Trustees.

Staff Members Responsible:

Jeff Cottrill, Deputy Commissioner of Governance and Accountability
Morris Lyon, Senior Governance Advisor, Governance and Accountability

Attachment:

Correspondence from Mr. Dan Adams, President and Chief Executive Officer of Cal Farley's Boys Ranch that includes biographical information and supporting material for the nominees



July 10, 2020

Mr. Mike Morath
Commissioner
Texas Education Agency
1701 North Congress Avenue
Austin, Texas 78701-1494

Dear Mr. Morath:

In my current capacity as President and Chief Executive Officer of Cal Farley's Boys Ranch, I request that the State Board of Education, at its September 2020 meeting, reappoint **Mr. Robert Marshall** to the Boys Ranch Independent School District (BRISD) Board of Trustees. Mr. Marshall is qualified under Texas law and meets all requirements.

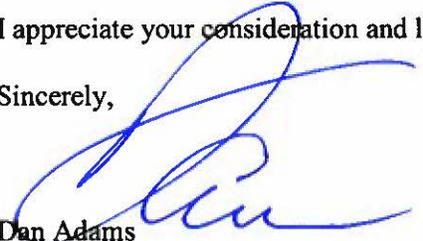
Mr. Marshall's resume is enclosed, along with a signed statement expressing his willingness to accept the appointment and serve in full adherence to the state-established standards for school board members and certifying that the biographical information is true and correct. Current background check information is also enclosed.

I understand the BRISD Board of Trustees has the power to govern and oversee management of the district, and my power is limited to duty as defined by statutes relating to the process of appointing members to the BRISD Board of Trustees. I also certify that the membership composition of the BRISD Board of Trustees is in full compliance with the provisions of the Texas Education Code, section 11.352. I further certify that the role of the BRISD superintendent is in full compliance with the provisions of the Texas Education Code, section 11.201.

Should you have any questions, please contact me at 806-322-2609 or via e-mail at danadams@calfarley.org.

I appreciate your consideration and look forward to confirmation of this appointment.

Sincerely,


Dan Adams
President and Chief Executive Officer

Enclosures

DA:sjs

ROBERT W. MARSHALL

P. O. BOX 12
Boys Ranch, TX 79010
robertmarshall@calfarley.org
(806)533-1205 (O) or (806)549-3530 (C)

EDUCATION

Hardin-Simmons University, Abilene, TX; M.Ed., GPA 3.5. Major in Counseling and Human Development. 1994

McMurry University, Abilene, TX; B.A., GPA 3.1. Major in Applied Sociology, Minor in Psychology. 1992

LICENSES AND CERTIFICATIONS

<i>Licensed Professional Counselor-supervisor</i>	<i>2001 to Present</i>
<i>Licensed Childcare Administrator</i>	<i>2000 to Present</i>
<i>Equine Assisted Growth and Learning Therapist</i>	<i>2018 to Present</i>
<i>Life Space Crisis Intervention Senior Trainer</i>	
<i>Response Ability Pathways Senior Trainer</i>	

EMPLOYMENT

Vice President, Operations, Cal Farley's Boys Ranch, 2018 – present.

- Responsible for providing oversight, consultation, and support for all operational areas of the Cal Farley program and ensuring that all operational departments function in support of the highest quality residential childcare program. Directly oversees the Medical Clinic, Maintenance Program, Equine Program, and the Purchasing and Facilities Departments.
- Assures that accurate and contemporary campus procedures related to operational activities are maintained and published. Ensures adherence to the Cal Farley Model of Leadership and Service.
- Represents the organization with major clients, donors, local communities, and the general public.
- Supervises staff in, and personally exhibits, appropriate interaction with residents.
- Participates in various professional associations and community activities to enhance organizational visibility and further personal development.
- Exercises the usual authority of a Vice President concerning staffing, performance appraisals, employee development and advancement, and assumes additional tasks/special projects as assigned by the Executive Vice President/COO.

Administrator, Residential Communities, Cal Farley's Boys Ranch, 2014 – 2018.

- Oversee campus life program for up to 300 residents and the staff that supervise the homes.
- Supervise or oversee supervision of approx. 110 staff members including supervisors, house-parents, and auxiliary home-life staff.
- Develop and manage program and staff budget for 26 homes, approx. \$8 million per year.
- Liaison with public school officials to ensure quality educational programming for residents
- Work closely with Texas Department of Family and Protective Services staff at both the local and state level.

Administrator, Girls and Pre-Adolescents. Cal Farley's Boys Ranch, May 2010 – Present.

- Oversee home-life and casework program for approx. 164 residents and their families.
- Supervise or oversee supervision of approx. 85 staff members including supervisors, caseworkers, house-parents, and auxiliary home-life staff.
- Develop and manage program and staff budget for 14 homes, approx. \$4 million per year.
- Liaison with public school officials to ensure quality educational programming for residents
- Work closely with Texas Department of Family and Protective Services staff at both the local and state level.

Campus Administrator, Cal Farley's Girlstown, U.S.A., May 2001 to May 2010.

- Oversaw entire residential program for 60 residents and 50 employees at satellite campus in Whiteface, TX
- Managed the medical program consisting of a R.N. and a contract Psychiatrist, Dentist, and Orthodontist.
- Developed and managed annual budget of approx. \$5.5 million per year.
- Planned on oversaw the construction of two major building projects: a chapel and a resident home with a budget of around \$2 million for each project.
- Worked with the surrounding communities to promote Girlstown and Cal Farley's.
- Spoke at public events and meetings to tell the Cal Farley story and promote the programs.
- Liaison with public school officials to ensure quality educational offerings for residents
- Worked closely with Texas Department of Family and Protective Services staff at the local and state level.

Assistant Administrator, Cal Farley's Girlstown, U.S.A., May 1999 to May 2001.

- Assisted in the management of the entire residential program at Cal Farley's Girlstown, U.S.A.
- Directly supervised home-life, chapel, and operations staff.
- Assisted with the management of the medical and clinical program.
- Assisted with development and management of campus budget.
- Assisted with the management of the construction of one residential home.
- Liaison with public school officials to ensure quality educational offerings for our residents.

Manager, Intensive Support Services, MHMR Services or the Concho Valley, San Angelo, TX Sept 1998 to May 1999.

- Managed the Mental Health Intensive Support Services programs including budget planning; staff supervision, recruitment, and retention; program supervision of shelter, MH Supportive Employment, MH support services/casework, MH Supportive Living/Apartment program, and Assertive Community Treatment Team.
- Worked closely with TDMHMR staff.
- Monitored productivity and quality of services.
- Liaison with MH clinical and counseling staff.
- Managed compliance with local and state policies and standards.

Executive Director, Adult Day Care of San Angelo, San Angelo, TX. May 1998 to Sept 1998.

- Oversaw daily center operations.
- Developed and managed annual budget.
- Public Relations.
- Managed personnel issues.

Assertive Community Treatment Team Leader. MHMR Services for the Concho Valley, San Angelo, TX. Oct. 1996 to May 1998.

- Directed A.C.T. program.
- Supervised professional staff.
- Chaired treatment team.
- Liaison with families, local facilities, state facilities, hospital staff, and law enforcement

M.H. Caseworker III, Crisis Intervention Services. MHMR Services for the Concho Valley, San Angelo, TX. Oct. 1995 to Oct. 1996.

- Performed intake assessments and presented to MH treatment team.
- Screened walk-in clients.
- Co-Supervised Crisis Center staff.
- Liaison with center and community services, including hospitals and law enforcement.

Case Manager/Dorm Director. Wackenhut Corrections Corporation, Coke County Juvenile Justice Center, Bronte, TX. Oct. 1994 to Oct. 1995.

- Performed individual and group therapy to incarcerated adolescent girls.
- Managed programs for up to 3 dorms.
- Supervised staff including dorm security staff and caseworker.
- Coordinated with the Texas Youth Commission probation officers and statewide staff.

M.R. Case Manager. Abilene Regional MHMR, Abilene, TX. May 1994 to Sept. 1994.

- Coordinated services for caseload of intellectually challenged individuals.
- Facilitated staffings on quarterly basis.
- Provide casework services for the consumers.
- Develop and monitor case plans for the consumers.

Adjunct Instructor of Sociology, McMurry University, Abilene, TX. May 1994 to Dec. 1994.

Courses: Introduction to Sociology and Contemporary Social Problems

LEADERSHIP/SERVICE

Texas Network of Youth Services, Statewide

Board Chair/President	2010 to 2016
1 st Vice President	2008 to 2010
2 nd Vice President	2006 to 2008
Western Representative	2004 to 2006

Texas Coalition of Homes for Children, Statewide

Cal Farley Representative	2003 to Present
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South Plains Community Action Association, South Plains of Texas

Board of Directors	2008 to 2010
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Special Olympics, Lubbock and Amarillo

Volunteer	2000 to Present
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Concho Valley Critical Incident Stress Management Team

President	1997-1998
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Human Rights Committee, Bethphage Mission, San Angelo

Member	1996 - 1999
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SPECIAL TRAININGS

Satori Alternatives for Managing Aggression (SAMA) 1999 to Present

Response Abilities Pathways, Senior Trainer

Life Space Crisis Intervention, Senior Trainer

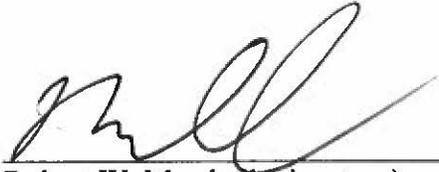
Neurosequential Model of Therapeutics, Dr. Bruce Perry 2008 to Present

Reduction of Seclusion and Restraint Training, Hogg Foundation Program

Critical Incident Stress Management Training, Concho Valley Chapter

STATEMENT TO ACCOMPANY
BOYS RANCH INDEPENDENT SCHOOL DISTRICT
SCHOOL BOARD TRUSTEE APPOINTMENT REQUEST
FOR
ROBERT W. MARSHALL

I, **Robert W. Marshall**, verify that I am qualified under the general school laws of Texas to be a BRISD School Board Trustee. I certify that the attached biographical information is true and correct. I am willing to accept the appointment as BRISD School Board Trustee and serve in such capacity with full adherence to the state-established standards for the duties and responsibilities of school board members.



Robert W. Marshall (signature)



Date

Open-Enrollment Charter School Generation 26 Application Updates

September 1, 2020

COMMITTEE ON SCHOOL INITIATIVES: DISCUSSION STATE BOARD OF EDUCATION: NO ACTION

SUMMARY: The director of the Division of Charter School Administration will discuss updates regarding the Generation Twenty-Six Open-Enrollment Charter Application cycle.

STATUTORY AUTHORITY: Texas Education Code ([TEC](#)), [§12.101](#).

TEC, §12.101 requires the commissioner to notify the State Board of Education (SBOE) of each charter the commissioner proposes to grant. Unless, before the 90th day after the date on which the board receives the notice from the commissioner, a majority of the members of the board present and voting vote against the grant of that charter, the commissioner's proposal to grant the charter takes effect.

The full text of statutory citations can be found in the statutory authority section of this agenda.

FUTURE ACTION EXPECTED: Following the conclusion of the application cycle, the board will have an opportunity to review and take action or no action on the commissioner's list of proposed Generation Twenty-Six Subchapter D Open-Enrollment Charter Schools.

BACKGROUND INFORMATION AND JUSTIFICATION: The SBOE is engaged in an ongoing effort to remain abreast of the evolving state-educational landscape and prepare to address areas that are within its jurisdiction. To that end, this item is for discussion of updates pertaining to the Generation Twenty-Six application.

Public information concerning open-enrollment charter schools is available at the division of Charter Schools – Subchapter D Charters page found on the Texas Education Agency's website (<https://tea.texas.gov/charterapp.aspx>). When complete, the Generation Twenty-Six application and required attachments will be accessible from that page.

Staff Members Responsible:

Kelvey Oeser, Deputy Commissioner, Educator Support
Joe Siedlecki, Associate Commissioner, System Support, Innovation, and Charters
Heather Mauzé, Director, Charter School Authorizing and Administration

Ad Hoc Committee Recommendations Related to Trustee Team Building Training

September 2, 2020

COMMITTEE ON SCHOOL INITIATIVES: ACTION STATE BOARD OF EDUCATION: ACTION

SUMMARY: The State Board of Education (SBOE) chair appointed an ad hoc committee on trustee team building training to review the SBOE's Framework for School Board Development, the current requirements for team building training for local boards of trustees, and the prescribed qualifications for trainers that provide the team building training. This item provides an opportunity to discuss the recommendations and proposed amendments to 19 TAC Chapter 61, School Districts, Subchapter A, Board of Trustees Relationship, §61.1, Continuing Education for School Board Members.

STATUTORY AUTHORITY: Texas Education Code (TEC), §11.159.

The full text of statutory citations can be found in the statutory authority section of this agenda.

PREVIOUS BOARD ACTION: The SBOE chair appointed an ad hoc committee of SBOE members to study Framework for School Board Development, the current requirements for team building training for local boards of trustees, and qualifications for trainers that provide the team building training. The members of the ad hoc committee are Barbara Cargill, chair; Donna Bahorich, Ruben Cortez, Jr., Marisa B. Perez-Diaz, and Matt Robinson.

BACKGROUND INFORMATION AND JUSTIFICATION: The School Board Member Training—Framework for School Board Development was adopted in 1996 to establish a structure for district leadership teams as a corporate body and as individuals, to gain an understanding of the vision, structure, accountability, advocacy, and unity needed to provide educational programs and services that promote equity and excellence in performance of all students. The framework was amended in 2012. The framework supports the training requirements adopted by the SBOE in 19 TAC §61.1. The committee will share its findings and recommendations at the September 2020 meeting.

MOTION TO BE CONSIDERED: The State Board of Education:

Adopt recommendations proposed by the board's ad hoc committee.

Staff Members Responsible:

Jeff Cottrill, Deputy Commissioner, Governance and Accountability

Morris Lyon, Senior Governance Advisor, Governance

Attachment:

Recommended revisions to School Board Member Training—Framework for School Board Development

ATTACHMENT I
Recommended Revisions to
School Board Member Training—Framework for School Board Development

Preamble

The mission of the public education system of this state is to ensure that all Texas children have access to a quality education that enables them to achieve their potential and fully participate now and in the future in the social, economic, and educational opportunities of our state and nation (Texas Education Code, §4.001).

The board of trustees of an independent school district or governing board of a charter school is the governing body for Texas public school districts. To effectively meet the challenges of public education, school boards and superintendents must function together as a governance leadership team. Each team will focus on the improvement of student outcomes through vision and goals, systems and processes, progress and accountability, advocacy and engagement, and team synergy. Teams ensure that their districts provide equitable and effective educational programs and services for all students. The Framework for School Board Development has been approved by the State Board of Education to provide the critical areas of development for all public school boards.

Framework

- I. Vision and Goals—The board ensures creation of a shared vision and measurable goals that improve student outcomes. The board:
 - Adopts a shared vision that incorporates input from the community to reflect local aspirations and needs.
 - Ensures that the vision aligns with the state's mission, objectives, and goals for education established by law or rule.
 - Adopts a reasonable number of specific, measurable, attainable, research-based, and time-bound goals that align to the vision to improve student outcomes.
 - Embraces, supports, and fulfills the vision that all students receive what they need to learn, thrive, and grow, including resources, opportunities, and experiences.
 - Uses the vision and goals to drive all deliberations, decisions, and actions.

- II. Systems and Processes—The board ensures systems and processes are in place to accomplish the vision and goals. The board:
 - Regularly reviews and adopts board policies for effective support of the district's vision and goals.
 - Approves a budget that aligns with and maximizes resources to fulfill the district's vision and goals.
 - Implements a system to monitor student progress throughout the year.
 - Uses an equity lens in decision-making and evaluating systems and processes.
 - Provides oversight of management and restricts its actions to district-wide policy-making, planning, goal-setting, progress monitoring, and evaluation.
 - Refrains from involvement in daily operations and management.
 - Approves goals, policies, and programs that ensure a safe and secure learning environment.
 - Ensures the equitable distribution of resources, opportunities, and experiences based on the diverse needs of students and schools.

- Ensures that the district’s planning and decision-making process enables all segments of the community, families, and staff to meaningfully contribute to achieving the district's vision.
 - Welcomes and values all people and cultures as important stakeholders in the process for student success.
 - Ensures the district has a system that monitors for sound business and fiscal practices.
 - Fulfills the statutory duties of the local board of trustees and upholds all laws, rules, ethical procedures, and court orders pertaining to schools and school employees.
- III. Progress and Accountability—The board sets clear goals, provides resources and support, evaluates goal attainment, and engages in ongoing objective feedback on progress and commitments. The board:
- Holds itself accountable to its adopted vision, goals, commitments, and operating procedures.
 - Uses a variety of data to identify progress measures that are predictive of student outcomes.
 - Monitors and evaluates progress toward the adopted measures.
 - Ensures equity throughout the system by regularly identifying inequities, updating policies, and appropriately distributing resources.
 - Differentiates among inputs, outputs, and outcomes, especially when focusing on student outcomes.
 - Monitors and evaluates the allocation of resources in support of the district’s vision and goals and sustainability.
 - Reviews the efficiency and effectiveness of district operations and use of resources in supporting the district's vision and goals.
 - Annually evaluates the superintendent on the achievement of district goals, primarily on progress toward or achievement of board-adopted student outcome goals.
- IV. Advocacy and Engagement—The board promotes the vision and engages the community in developing and fulfilling the vision. The board advocates on behalf of public-school children. The board:
- Demonstrates its commitment to, and advocates on behalf of, the shared vision and goals by clearly communicating them to the superintendent, staff, and community.
 - Regularly reports district progress to families and the community.
 - Ensures multiple forms of two-way communication will be used to engage, empower, and connect students, families, staff, media, and community with the district.
 - Builds collaborative relationships and partnerships with families and community, business, non-profit, higher-education, and governmental leaders to influence and expand educational opportunities and experiences to meet the needs of students.
 - Recognizes the respective roles of and provides input and feedback to the legislature, State Board of Education, and the Texas Education Agency to ensure maximum effectiveness and benefit to Texas schoolchildren.
 - Promotes school board service by educating the community about the role of a school board and building capacity within the community for potential future school board members.

- V. Team Synergy—The board works effectively as a collaborative unit and as a team with the superintendent to lead the district in fulfilling the vision and goals. The board:
- Remains focused on its goals and priorities, as opposed to individual agendas separate and apart from the shared vision.
 - Annually evaluates its performance as a team, with attention given to the district’s vision and goals; fulfilling the board’s duties, responsibilities, and commitments; and the board’s working relationship with the superintendent.
 - Makes decisions as a whole only at properly called meetings and recognizes that individual members have no authority to take individual action in policy or district and campus administrative matters.
 - Respects the right of individual members to express their viewpoints and vote their convictions and honors the decisions of the majority.
 - Develops teamwork, problem-solving, and decision-making skills.
 - Learns together as a team with its superintendent.
 - Understands and adheres to laws and local policies and respects the superintendent’s responsibility to manage the school district and to direct employees in district and campus matters.
 - Adopts and adheres to established policies and procedures for welcoming and addressing ideas and concerns from students, families, staff, and the community.
 - Establishes and follows local policies, procedures, and ethical standards governing the conduct and operations of the board.
 - Understands and respects the leadership role of the board president and adheres to local policies and procedures about the duties and responsibilities of the board officers.

INFORMATION MATERIALS

STATE BOARD OF EDUCATION OPERATING RULES
(Amended September 13, 2019)

CHAPTER 1. BOARD ORGANIZATION

The statutory citation for this chapter is the Texas Education Code, §7.107.

§1.1. Officers of the Board.

(a) Selection.

- (1) The vice chair and secretary of the board shall be elected in accordance with Texas Education Code, §7.107, to serve for a term of two years and until their successors are elected.
- (2) In case of death or resignation of the vice chair or the secretary of the board, the board shall elect a board member to fill the vacancy for the unexpired term of that officer at the next board meeting. Either of these officers may be removed from office by a vote of not less than two-thirds of the membership of the board.

(b) Duties.

- (1) Chair. The chair shall preside at meetings and perform all other duties prescribed by law, by board rule, or by board direction.
- (2) Vice chair. The vice chair shall perform the duties of the chair in case of absence or disability of the chair and other duties as the chair may request. Should the office of the chair become vacant, the vice chair shall serve as chair until a successor has been appointed by the governor.
- (3) Secretary. The secretary shall perform all duties as required by law and such other duties as the chair may request.

§1.2. Committees of the Board.

- (a) The standing committees of the board and their areas of oversight are:

Committee of the Full Board

1. Public testimony
2. Establishment of essential knowledge and skills (TEKS)
3. Adopt instructional materials

Committee on Instruction

1. Establishment of curriculum and graduation requirements
2. Curriculum implementation (including procedures concerning dyslexia and related disorders)
3. Instructional materials proclamations
4. Student assessment program implementation

5. General education
6. Education of individuals with disabilities
7. Gifted and talented education
8. Adult education
9. Library standards
10. Texas School for the Blind and Visually Handicapped/Texas School for the Deaf

Committee on School Finance/Permanent School Fund

1. State and federal funding issues
2. Financial budgeting, reporting, and regulation
3. Contract and grant approval
4. Instructional materials financing and operations
5. Review commissioner's annual FSP budget
6. Community education funding
7. Oversight of the Bond Guarantee Program
8. Permanent School Fund management oversight, including audit responsibility, investment objectives, and investment decisions

Committee on School Initiatives

1. Long-range plans required by statute
 2. Educational technology and telecommunications
 3. Review and evaluation of charter school applications, revisions, and amendments the commissioner of education proposes to grant
 4. State Board for Educator Certification rules review
 5. School board member training policy
 6. Hearing examiners
 7. Military reservation and special school districts
 8. Extracurricular activities
 9. Home-rule school district probation and revocation
- (b) Amendments to the areas of committee oversight reflecting new or changing board responsibilities may be made during the board's periodic operating rules review or by means of resolution addressing the change in responsibilities should such change occur between the operating rules review.
- (c) Committees may receive information, investigate, study and report to the board. The board may from time to time define by resolution the areas of oversight of each committee as may be necessary. Each committee shall review and make recommendations on the board agenda items falling under its areas of oversight; except that the chair of the board, in consultation with the respective committee chair, may designate any board agenda item for review and recommendation by the Committee of the Full Board.
- (d) The Committee of the Full Board shall be composed of all members of the board, and the chair of the board shall be the chair of the Committee of the Full Board.
- (e) The Committees on Instruction, School Finance/Permanent School Fund, and School Initiatives shall be composed of five members selected by the officers of the board. Each member will serve on one committee in addition to the Committee of the Full Board. The

officers of the board shall request in writing the committee choices of the members ranked in order of preference and shall make committee assignments in the public view for terms of two years at the organizational meeting after the qualification of new members as the next order of business following election of board officers and adoption of rules. Vacancies shall be filled in a similar fashion. In addition to preference, the officers of the board shall also consider seniority (total years of service), ethnicity balance, gender balance, and relevant qualifications specific to a committee assignment in making committee assignments. Each committee shall elect a chair from among its members and the chair may appoint a vice chair. An officer of the board is not eligible to serve as the chair of a standing committee.

- (f) Ad hoc committees. Ad hoc committees (i.e., task forces) may be constituted from time to time as directed by a vote of the board or by the chair to perform such duties as the board or chair may assign. The personnel and length of service of ad hoc committees shall be designated by the chair unless otherwise directed by a vote of the board. No action taken by any ad hoc committee shall be final or binding upon the board unless otherwise directed by a vote of the board.
- (g) From time to time committees may find it necessary to request legal opinions, comprehensive studies, or reports to be prepared by the staff to aid the committees in their deliberations. To ensure clarity and coordination, all such requests shall be directed to the Division of State Board of Education Support and shall be reflected in the minutes of the committee meeting. The Chair or the Commissioner may request the Attorney General to issue an opinion under Texas Government Code §402.042.

§1.3. Board Member Seating Selection.

With the exception of the chair, vice chair, and secretary, the seating of board members will be by State Board of Education districts. The seating for the remaining 12 members will be rotated annually at the first board meeting of the calendar year. Any member with a special need may exchange seats with another board member who is in agreement with that exchange.

CHAPTER 2. MEETINGS

The statutory citations for this chapter are the Texas Education Code, §§7.055, 7.106, 7.107, 7.110, and 39.030, and the Texas Government Code, Title 5, Open Government; Ethics, Subtitle A, Open Government, Chapter 551, Open Meetings.

§2.1. Regular Meetings of the Board.

In accordance with Texas Education Code, §7.106, four regular meetings of the board a year shall be held in Austin, Texas. If a quorum is not present for a meeting, the meeting shall be recessed or adjourned and all items on the agenda shall be heard at a subsequent meeting.

§2.2. Special Meetings of the Board.

Special meetings of the board may be held at times and places as ordered by the chair during a regular meeting, or special meetings may be called by the chair of the board to be held at a time and place the chair shall designate.

§2.3. Open Meetings.

Regular, special, and committee meetings of the board shall be open to the public; however, the board or board committees may meet in executive session in accordance with law and these rules. Open meetings of the board and standing committees shall be broadcast live over the Internet.

§2.4. Executive Sessions.

Executive sessions of the board or of board committees are meetings with only board members and persons authorized by law. Executive sessions shall be held in accordance with Texas Government Code, Chapter 551, Open Meetings.

§2.5. Agendas.

- (a) The commissioner of education shall prepare and submit to each member of the board, prior to each meeting, a draft agenda schedule, listing item titles with short summaries of each item. Other than as is provided in subsection (b) and (c), all agenda items are subject to the approval of the chair of the board. Materials supplementing the agenda may be included. Official agendas will be available the day of the board meeting.
- (b) The chairs of the Committee on Instruction, Committee on School Finance/Permanent School Fund, Committee on School Initiatives, and ad hoc committees shall collaborate with the board chair regarding items to be placed on their respective committee agendas. Committee agendas shall include statutorily mandated motions, items assigned to the committee by the board chair, items posted at the discretion of the committee chair and items voted on as set out in subsection (c) below. Committee chairs may post discussion items per their discretion, but action items must be approved by the board chair, subject to the process set out in (c) below.

- (c) Any member of the board may request that a committee chair, other than the Committee of the Full Board, place an item on the agenda of that chair's committee, as either a discussion item or an action item. If the committee chair agrees, the item is placed on the agenda of that chair's committee in accordance with the member's request, subject to the approval of the board chair. If the committee chair denies the member's request, the member may appeal the denial to the board chair. If the board chair denies the request, the member may appeal the denial to the board. If the board approves the request, it is placed on the agenda of the committee to which the request was made at the next meeting of that committee.
- (d) A subject on the agenda that is outside the scope of the board's authority may only be considered by the board or the Committee of the Full Board by a vote of a majority of the membership of the board. The chair, in consultation with Agency legal counsel, shall make a determination of whether an item is outside the scope of the board's authority when preparing the agenda. Any member may move to place an item determined by the chair to be outside the scope of the board's authority on the agenda for a subsequent meeting.

§2.6. Official Transaction of Business.

- (a) The board shall transact official business only when in session with a quorum present. Unless otherwise provided by law, in order for a board action to be final, it must be approved by a majority of the board members present and voting.
- (b) The chair may authorize the board to meet via videoconference call. As required by Government Code §551.127(c), if videoconference calling technology is used, the meeting location where the presiding officer of the meeting is present must be open to the public, except during executive sessions. The chair may limit the number of remote videoconference locations in the interest of decorum and teleconference capacity.
- (c) No posters, props, or other visual displays are allowed by board members within the meeting rooms without permission from the presiding chair.

§2.7. Rules of Order.

- (a) The board shall observe *Robert's Rules of Order, Newly Revised*, except as otherwise provided by board rules or by statute.
- (b) The presiding chair shall preserve order and decorum during meetings. In case of disturbance or disorderly conduct in the public gallery, the chair may order that any disruptive individuals be cleared from the area.
- (c) No signs, placards, flags, noisemakers, or other objects of a similar nature shall be permitted in the audience gallery area.
- (d) No applause, outburst or other demonstration by any spectator shall be permitted during the public testimony, public hearing or debate portion of any State Board of Education meeting. After warnings to the audience to refrain from such demonstrations, the presiding chair may direct that disruptive individuals in the gallery area be removed as necessary to preserve decorum during meetings.

- (e) Supporters of a testifier may not gather behind the podiums used for testimony. Testifiers are free to use a portion of their testimony time to acknowledge supporters seated in the audience.

§2.8. Minutes.

The official minutes of the board shall be kept by the office of the commissioner of education or the commissioner's designee and shall be available to any citizen desiring to examine them. Official minutes are those which the board has approved and which carry the original signature of the secretary of the board.

§2.9. Resolutions.

- (a) A member wishing to offer a resolution shall give notice of the resolution by submitting a copy to the chair and the Division of State Board of Education Support not less than four weeks prior to the Monday of the week during which the meeting at which the resolution is to be considered. The board shall consider the resolution and any germane amendments at the next meeting following such notice.
- (b) Titles for congratulatory, commendatory or other non-substantive resolutions shall be submitted by the timelines prescribed in this section with resolution text following at date and time consistent with the staff's pre-meeting preparation timeline.
- (c) The board may consider a resolution which expresses an opinion related to specific instructional materials or which expresses concerns as to the appropriateness of specific instructional materials for certain ages or populations. Resolutions considered under this subsection must conform to the following:
 - (1) The resolution shall be submitted in compliance with subsection (a) of this section.
 - (2) Board action on a resolution expressing an opinion related to specific instructional materials may only be considered after final action has been taken concerning placement of the specific instructional materials on the list of adopted instructional materials for use in the public schools of Texas. Board action relative to instructional materials resolutions must take place within 90 days of adoption of the specific instructional materials under 19 TAC Chapter 66, State Adoption and Distribution of Instructional Materials, §66.66(c).
 - (3) Nothing in the resolution shall be construed to replace or modify any final action taken by the board under 19 TAC Chapter 66.
 - (4) The board may adopt a resolution expressing an opinion related to instructional materials based on the following criteria:
 - (A) Instructional materials should present the most current factual information accurately and objectively without editorial opinion or bias by the authors. Theories should be clearly distinguished from fact and presented in an objective educational manner.

- (B) Instructional materials should promote citizenship, patriotism, understanding of the essentials and benefits of the free enterprise system, respect for recognized authority, and respect for individual rights. The materials should not include selections or works that encourage or condone civil disorder, social strife, or disregard of the law. Violence, if it appears, should be treated in the context of its cause and consequence. It should not appear for reasons of unwholesome excitement or sensationalism.
 - (i) Instructional materials should present positive aspects of the United States and its heritage.
 - (ii) When significant political or social movements in history generate no clear consensus, instructional materials should present balanced and factual treatment of the positions.
 - (iii) Free enterprise means an economic system characterized by private or corporate ownership of capital goods; investments that are determined by private decision rather than by state control; and prices, production, and the distribution of goods that are determined in a free market.
- (C) Instructional materials should not include blatantly offensive language or illustrations.
- (D) Instructional materials should treat divergent groups fairly without stereotyping and reflect the positive contributions of all individuals and groups to the American way of life. Illustrations and written materials should avoid bias toward any particular group or individual and present a wide range of goal choices. Particular care should be taken in the treatment of ethnic groups, issues related to the aging and aged, roles of men and women, the dignity of workers, and respect for the work ethic.
 - (i) Instructional materials should not encourage life-styles deviating from generally accepted standards of society.
 - (ii) Instructional materials should provide an objective view of cultural confluence and include information needed to develop mutual understanding and respect among all elements of our population. Materials should reflect an awareness that culture and language variation does exist and can be used to promote successful learning.
 - (iii) Instructional materials should present examples of men and women participating in a variety of roles and activities and also shall present the economic, political, social, and cultural contributions of men and women, past and present.
 - (iv) Instructional materials that treat aspects of the world of work should reflect the positive contributions of all types of careers to the American economic system and way of life. People presented should reflect varieties of work and be treated without bias toward particular kinds of work.

- (v) Instructional materials should present traditional and contemporary roles of men, women, boys, and girls.
 - (vi) Instructional materials should present balanced treatment of issues related to aging and the aged.
- (5) A representative of the publisher of the specific instructional material shall be given the opportunity to address the board prior to action by the board on such a resolution.
- (6) A copy of any resolution passed by the board expressing an opinion related to specific instructional material shall be provided to the board president and superintendent of each school district in Texas.

§2.10. Oral Public Testimony in Connection with Regular Board and Committee Meetings.

(a) General Provisions.

- (1) The board shall provide opportunity for oral public testimony at regular committee meetings, special meetings, and at regularly scheduled meetings of the State Board of Education.
- (2) Work session and ad hoc committee meetings are exempt from this requirement.
- (3) The presiding chair shall take appropriate action to avoid unduly repetitious testimony.
- (4) The presiding chair shall assure that members of the public with differing viewpoints have reasonable access to address the board and take steps to ensure that individuals will be given priority over registered lobbyists.
- (5) The presiding chair shall determine which speakers will be heard and the order in which they will be heard if the number exceeds that number which may reasonably be expected to testify in the allotted time for presentations. The presiding chair shall also determine whether speakers who did not register or who registered late will be heard and whether persons asking to testify as a substitute for a registered speaker may do so.
- (6) The board, without debate, may allow a person to testify for clarification and informational purposes, whether or not he/she has registered or previously testified. The person is not required to honor the request.

(b) Registration Procedures.

- (1) Individuals may register between the hours of 8 a.m. on the Friday preceding the board meeting and 5 p.m. (Central Time) on the Monday preceding the board meeting on the agency website at <https://tea.texas.gov/PublicTestimonySBOE>, or by facsimile at (512) 936-4319, or, during normal operating hours, by telephone at (512) 463-9007 or in person at the William B. Travis (WBT) State Office Building, 1701 N. Congress, room 1-109, Austin, Texas 78701.

- (2) The speaker shall provide his or her name and organizational affiliation, if any, contact telephone number, mailing address, email address, and indicate which item or topic the speaker will address and viewpoint on the topic; and the speaker will disclose if he or she is a lobbyist registered with the Texas Ethics Commission.
 - (3) A person may register himself or herself, and one other person. Organizations may not register more than two persons per item.
 - (4) Those registering online will receive an email confirming the registration during the next business day.
 - (5) Registrations will be listed based upon registration date and time or alternating points of view in order of registration date and time.
 - (6) Late registration will be accepted until 30 minutes before the scheduled start of a meeting, however late registrants are not guaranteed an opportunity to testify due to time constraints.
 - (7) Speakers will be informed if it appears that time constraints will not permit all speakers to make their presentation within the allotted time.
 - (8) All speakers shall provide thirty-five (35) collated or stapled copies of their testimony. Registered speakers who are unable to make their presentations due to time constraints are encouraged to provide thirty-five (35) copies of their testimony for distribution to board members and agency executive staff. Written testimony will not be attached to committee minutes.
- (c) Oral Public Testimony to Committees.
- (1) Oral public testimony to committees is limited to the topics posted for action or discussion on committee agendas at that specific committee meeting.
 - (2) Three minute time limits on individual oral testimony will be imposed unless modified by the presiding chair.
 - (3) The presiding chair shall designate whether oral public testimony shall be taken at the beginning of the meeting or at the time the related item is taken up by the committee after staff has presented the item.
 - (4) The presiding chair shall take steps to ensure that individuals will be given priority over registered lobbyists. The committee, without debate, may allow a person to testify for clarification and informational purposes, whether or not he/she has registered or previously testified. The person is not required to honor the request.
- (d) Oral Public Testimony to the General Meeting of the Board.
- (1) Oral public testimony at general meetings of the State Board of Education is limited to topics that are *not* posted for action or discussion at the corresponding regular committee meetings or information published in the information section of the agenda.

- (2) Thirty (30) minutes shall be allotted for oral public testimony, excluding the questions and answers, at the beginning of each board meeting, unless modified by a majority vote of the board. Three minute time limits on individual oral testimony will be imposed unless modified by the presiding chair. Testimony invited by board members shall not be counted against the time allotted for oral public testimony. Agency staff shall inform the presiding chair and any affected registered speakers prior to the meeting if time constraints may not allow some registered speakers to testify.
- (3) The presiding chair shall take steps to ensure that individuals will be given priority over registered lobbyists. The board, without debate, may allow a person to testify for clarification and informational purposes, whether or not he/she has registered or previously testified. The person is not required to honor the request.

§2.11. Written Testimony in Connection with Regular Board and Committee Meetings.

- (a) Persons may file written testimony with regard to any committee or board agenda item. Any written testimony or comments shall identify the date of the meeting; the subject of the comments; the name of the author; the name of the author's organizational affiliation, if any; and indicate whether the author is a lobbyist registered with the Texas Ethics Commission.
- (b) If the written testimony is submitted at the regular board or committee meeting, thirty-five (35) collated or stapled copies shall be provided for distribution to board members and agency executive staff. Written testimony will not be attached to the board minutes.
- (c) Persons who were unable to attend or to testify at a committee or board meeting due to time constraints may provide thirty-five (35) collated or stapled copies of their testimony to agency staff for distribution to board members and agency executive staff.

§2.12. Public Hearings.

- (a) Types of Public Hearings.
 - (1) Hearings regarding proposed board rules. The board shall conduct a public hearing on a substantive rule if a hearing is requested by at least 25 persons, a governmental subdivision or agency, or an association having at least 25 members. Testimony is restricted to comments regarding the proposed action. The hearing must be set to take place before any action is adopted. The public hearing shall be conducted before the appropriate board committee as determined by the board chair in accordance with the areas of oversight defined in board operating rules.
 - (2) Other types of hearings. The board may also hold public hearings on proposed actions, such as those relating to instructional materials issues. The public hearing shall be conducted before the appropriate board committee as determined by the board chair in accordance with the areas of oversight defined in board operating rules. Public hearings regarding the instructional materials adoption process are governed by 19 TAC §66.60.
- (b) Speakers shall preregister in accordance with the procedures set out in §2.10(b).

- (c) The presiding chair shall establish the procedures for conducting the public hearing. These procedures shall include, but are not limited to, the following:
 - (1) Providing for presentations from invited persons or an introduction from staff;
 - (2) Providing that preregistered speakers are heard in order of registration times and dates, or requiring alternating points of view in order of registration times and dates;
 - (3) Establishing time limits for speakers, generally three minutes each;
 - (4) Adjourning the hearing at the end of the allotted time period listed in the agenda item or any extension granted by a vote of the majority of the board or appropriate committee.
- (d) Persons who testify at a public hearing shall bring thirty-five (35) collated or stapled copies of their testimony for distribution to board members and agency executive staff.
- (e) Persons who were unable to testify at a public hearing due to time constraints may provide thirty-five (35) collated or stapled copies of their testimony to agency staff for distribution to board members and agency executive staff.
- (f) Prior to the meeting, agency staff shall inform the presiding chair and shall attempt to inform any affected registered speakers if time constraints may not allow some registered speakers to testify.

§2.13. Public Comments Regarding Proposed Rulemaking.

All interested persons have a reasonable opportunity to submit data, views and arguments, prior to the board adoption of any rule. Public comments regarding proposed board rules may be submitted as provided in the notice of proposed rulemaking published in the *Texas Register*. The deadline for submitting public comments is 5:00 p.m. on Friday the week prior to the start of the board meeting. The board will also take registered oral and written comments on proposed rulemaking at the appropriate committee meeting.

CHAPTER 3. TRAVEL AND EXPENSES

The statutory citations for this chapter are the Texas Education Code, §7.105, Texas Government Code, Chapter 660, and the General Appropriations Act.

§3.1. Reimbursement of Expenses.

- (a) Members of the State Board of Education receive no salary but are reimbursed for all expenses incurred for attending regular and special meetings of the board and of board committees.
- (b) All reimbursements for expenditures shall be in accordance with Texas Education Code, §7.105(b), Texas Government Code, Chapter 660, the General Appropriations Act, and these rules.
- (c) Only expenses of board members may be reimbursed. Expenses for spouses, family, or other persons traveling with board members are not reimbursable.
- (d) Board members must submit receipts for the following expenses:
 - (1) public transportation (excluding receipts for bus, taxi, or limousine);
 - (2) car rental;
 - (3) lodging; and
 - (4) conference registration fees (which may not include banquets, books, or materials).
- (e) Lodging receipts must show the rate for single occupancy plus tax which will be the maximum reimbursable amount per day for lodging.
- (f) Receipts are not required to claim expenses for meals; however, the General Appropriations Act provides that "none of the funds appropriated under this act for travel expenses may be expended for alcoholic beverages" and no such expenses may be claimed for reimbursement.
- (g) Other official travel expenses which board members may claim include the following when the expenses are required for the conduct of state business:
 - (1) parking fees (including personal vehicles);
 - (3) notary fees for official documents; and
 - (4) wireless connection.

- (h) Board members may not claim reimbursement for expenses such as the following:
 - (1) laundry or other personal items;
 - (2) tips or gratuities of any kind; and
 - (3) alcoholic beverages.
- (i) All claims for reimbursement will be reviewed by agency accounting personnel to ensure compliance with the requirements of the appropriations act, and any appropriate adjustments to claims shall be made by staff.
- (j) A yearly budget shall be established for travel of board members. The budgeted amount would include an allotment of travel funds for board members to attend board meetings and committee meetings, and an allotment for in-district, out-of-district, and out-of-state meetings. An additional allotment shall be budgeted for travel of the chair when representing the State Board of Education at meetings. When there is a change in office during the fiscal year, the travel budget will be reassigned to the new board member.
- (k) A board member may be reimbursed for travel expenses for attending activities other than State Board of Education meetings and committee meetings provided that the board members are in compliance with the following procedures:
 - (1) In-District and Out-of-District Travel. In-district and out-of-district travel is at each member's discretion. Prior approval is not required; however, any travel for which reimbursement is requested must be directly related to the duties and responsibilities of the State Board of Education. Any requests for reimbursement, directly or indirectly related to seeking election to office, will not be allowed.
 - (2) Out-of-State Travel. Prior approval is required by the officers of the board (chair, vice chair, and secretary).
- (l) A board member may be reimbursed for travel expenses incurred while serving on any board, council, or commission or serving in any official board position as an appointee for specific administrative functions when appointed by the State Board of Education or its chair, or subject to approval of the board or its officers of the board.
- (m) None of the funds appropriated in the General Appropriations Act shall be used for influencing the outcome of any election, or the passage or defeat of any legislative measure.

§3.2. Travel Arrangements and Hotel Reservations for State Board of Education Meetings.

- (a) Board members shall be responsible for making their own arrangements for travel to and from board meetings. Agency travel coordinators are available for assistance.
- (b) A Division of State Board of Education Support staff member or his/her designee will make guaranteed hotel reservations for each board member upon request.
- (c) Any change in or cancellation of reservations shall be the responsibility of the individual board member in whose name the reservations were made. Board members who wish to change or cancel their reservations must contact the hotel directly or call the State Board of Education support office. All bills received by the agency for unused or uncanceled reservations will be forwarded for payment to the board member in whose name the reservations were made.

§3.3. Acceptance of Gifts and/or Grants for Charter School Evaluation.

- (a) Purpose. The State Board of Education (SBOE) may accept a gift and/or grant for the limited purpose of expenses associated with evaluating an applicant for an open-enrollment charter school.
 - (1) An entity making a gift and/or grant under this section may not:
 - (A) limit the use of the funds to any individual applicant, cycle or class of applicants;
 - (B) be a charter operator in this or any other state, a management company, service provider or vendor of any kind to charter schools in this or any other state;
 - (C) have common board members or corporate members with any entity operating a charter in Texas or applying to operate a charter in Texas;
 - (D) be an individual required to register as a lobbyist under Chapter 305, Government Code; or
 - (E) be an employee, attorney, contractor or other agent of any kind to charter schools in this or any other state.
 - (2) An entity making a gift and/or grant under this section may not do so if the source of funds used for the gift and/or grant were received from an entity that could not make a gift and/or grant under this section.
 - (3) For purposes of this section, a spouse or dependent child of an individual prohibited from making a gift and/or grant is also prohibited.
 - (4) For purposes of this section, an entity includes any legal entity such as corporations, individuals and other business associations. An individual is limited to a natural person.

- (5) An entity making a gift and/or grant shall certify that it has complied with all requirements of this section in a format approved by the board chair.
- (b) Procedure. The SBOE may accept a gift and/or grant under this section only by an affirmative vote of the board.
- (1) A charter may not be evaluated using funds under this section unless the commissioner has:
 - (A) proposed to award a charter to that applicant pursuant to Section 12.101(b); or
 - (B) requested the participation of individual board members in the agency's preliminary evaluation of an applicant.
 - (2) The commissioner shall receive, disburse and account for funds accepted by the board.
 - (3) Funds accepted under this section may be used solely to pay reasonable travel expenses, including meals and accommodations, for SBOE members and TEA staff as necessary to evaluate applicants for open-enrollment under this section. Unless approved by the board chair and the commissioner, travel expenses are limited to those available for travel by SBOE members or state employees.
 - (4) In making decisions under this section, the board chair will consult with the board member acting as a liaison under Section 12.101(b). The board chair will also consult with the chair of the Committee on School Initiatives, unless doing so would create a quorum of a committee of the board. A decision by the board chair under this section is final.
 - (5) Board members evaluating a charter applicant under this section shall be selected by the board chair. The board chair will, to the extent possible, give preference to board members whose districts include proposed locations at which the charter would operate. Under no circumstances will a quorum of the board or a committee of the board participate in an evaluation under this section.
 - (6) The board chair may request that relevant TEA employees accompany board members in evaluating charter applicants under this section. The commissioner must approve participation of agency employees.
 - (7) Except as provided by this subsection, board members and TEA staff may not accept anything of value from an applicant and shall limit contact with the applicant and its employees and representatives to the actual investigation of the charter. The board chair may authorize acceptance of reasonable local transportation and meals from the applicant as necessary to facilitate the evaluation.
 - (8) In addition to board members and TEA staff, the board chair may authorize other professionals to participate in an evaluation under this section. Such a professional may not be an individual or entity unable to donate funds under subsection (a) and is subject to all conditions and limits imposed by this section on board members.

- (c) Evaluation. Each board member will individually report to the Committee on School Initiatives regarding his/her evaluation of a proposed charter prior to consideration of the charter by the board under §7.102(c)(9). The Committee on School Initiatives will develop a standard form for use by board members in evaluating a charter under this section.
- (d) Reporting. Expenses reimbursed for each board member, TEA staff or other professionals shall be made publicly available and reported as appropriate on a board member's personal financial statement.

CHAPTER 4. CONDUCT AND PUBLIC RELATIONS

The statutory citations for this chapter are the Texas Education Code, §7.108; the Texas Government Code, §305.006, and Chapter 572, Personal Financial Disclosure, Standards of Conduct, and Conflict of Interest; and the Texas Election Code, Chapter 251, General Provisions.

§4.1. Standards of Conduct and Conflicts of Interest.

- (a) Personal interest in board actions. Whenever a board member has a financial interest in any matter to be voted upon by the board, such a member shall state at an open meeting that he or she has such an interest in the matter and shall abstain from voting and discussion concerning the matter.
- (b) The Permanent School Fund ethics policy governs the conduct of State Board of Education members with respect to the investment and management of the Permanent School Fund.

§4.2. Press and Public Relations.

- (a) Prior to each State Board of Education meeting, the agenda shall be made available by agency staff to the capitol press corps; governor's office; Legislative Budget Board; Legislative Reference Library; School Land Board; Texas Higher Education Coordinating Board; regional education service centers; and state offices of professional education organizations which have requested the agenda.
- (b) A press table shall be provided at meetings of the State Board of Education and press representatives shall be supplied with copies of the official agenda for the meeting and other materials relating to specific agenda items.
- (c) The State Board of Education shall seek to maintain open relations with the press by answering reporters' questions frankly and by providing official statements through press releases and answers to follow-up inquiries.

§4.3. Disclosure of Campaign Contributions and Gifts.

- (a) Any person, corporation, or other legal entity which proposes to enter into a contract with or applies for a grant, contract, or charter which may be granted by the State Board of Education shall disclose whether, at any time in the preceding four years, the person, corporation, or other legal entity has made a campaign contribution to a candidate for or member of the State Board of Education. Disclosure shall be made in writing to the commissioner of education 14 calendar days prior to consideration by the board or any committee of a contract, grant, or charter.

- (b) A person, corporation, or other legal entity which proposes to enter into a contract with or applies for a grant, contract, or charter which may be granted by the State Board of Education shall disclose in the same manner any benefit conferred on a candidate for or member of the State Board of Education during the preceding four years. A benefit need not be disclosed if the aggregate value of benefits conferred on a candidate for or a member of the State Board of Education during the preceding four years does not exceed \$250, or a different limit set by §572.023(b)(7), Texas Government Code. This requirement applies whether or not the person, corporation, or other legal entity is required to report the expenditure to the Texas Ethics Commission. For purposes of this section, a benefit is not conferred if the candidate for or a member of the State Board of Education has paid for the member's own participation, as well as any participation by other persons for the direct benefit of any business in which the member has a substantial interest as defined under Texas Government Code §572.005 (1) - (7).
- (c) In this section:
- (1) "person, corporation, or other legal entity" includes:
 - (A) any individual who would have a "substantial interest" in the person, corporation, or other legal entity as that term is defined in Texas Government Code, §572.005 (1) - (6);
 - (B) an attorney, representative, registered lobbyist, employee, or other agent who receives payment for representing the interests of the person, firm, or corporation before the board or to board members, or whose duties are directly related to the contract, grant, or charter; or
 - (C) an individual related within the first degree by affinity or consanguinity, as determined under Chapter 573, Government Code, to the person covered by (c)(1).
 - (2) "contract, grant, or charter" means any application to enter into a contractual relationship with or otherwise receive funding from the State Board of Education, including without limitation contracts for investment advisors, consultants, or investment managers for the Permanent School Fund and applicants for charters to operate open enrollment charter schools.
 - (3) "campaign contribution" has the meaning defined in Texas Election Code, §251.001.
 - (4) "benefit" has the meaning defined in Texas Penal Code, §36.01.
 - (5) "candidate for or a member of the State Board of Education" includes a person related within the first degree of affinity or consanguinity, as determined under Chapter 573, Government Code, to a candidate for or a member of the State Board of Education.
- (d) A person, corporation, or other legal entity has a continuing duty to report contributions or expenditures made through the term of a contract, grant, or charter and shall within 21 calendar days notify the commissioner of education and the board chair upon making a contribution or expenditure covered by this section.

- (e) Failure to disclose a contribution or expenditure under this section shall be grounds for canceling or revoking the contract, grant, or charter in the discretion of the board. Only those contributions or expenditures made after the effective date of this rule are required to be disclosed.
- (f) This section does not affect the validity of contracts, grants, or charters existing on its effective date but does apply to the renewal or extension of any contract, grant, or charter.
- (g) Before distributing bids or applications for a contract with the board, staff will provide any disclosure made under subsection (a) or (b) to a board member to whom the disclosure applies. A board member shall have 10 calendar days to provide a written statement relating to the disclosure for distribution along with all disclosures.
- (h) An SBOE member shall on April 15 of each year submit a list of businesses that the SBOE member has a substantial interest in as defined in Texas Government Code §572.005 (1) - (7) and all DBAs or assumed names of any such businesses. If any change occurs in the identities of businesses that an SBOE member has a substantial interest in, the SBOE member shall submit an amendment within 30 calendar days of the date of such change. A person, corporation, or other legal entity which proposes to enter into a contract with or applies for a grant, contract, or charter that may be granted by the State Board of Education shall be provided the combined list of all board members and shall disclose any campaign contribution or benefit under subsections (a) or (b) on behalf of any business in which an SBOE member has a substantial interest.

§4.4. Instructional Materials Submitted to the Texas Resource Review.

- (a) An SBOE member shall not nominate instructional materials for submittal to the Texas Resource Review without a majority vote of the board endorsing said nomination.

CHAPTER 5. RULES AND THE RULEMAKING PROCESS

The statutory citation for this chapter is the Texas Government Code, Chapter 2001, Subchapter B; Texas Government Code, Chapter 2002, Subchapter B; Texas Education Code, §7.102(e)-(f).

§5.1. State Board of Education Rules.

- (a) An action of the board to adopt a rule under the Texas Education Code is effective only if the rule's preamble published in the *Texas Register* includes a statement of the specified statutory authority contained in the Texas Education Code to adopt the rule.
- (b) Rules submitted to the Office of the Secretary of State for publication in the *Texas Register* shall conform to requirements promulgated by the Secretary of State.

§5.2. Adoption, Amendment, and Repeal of State Board of Education Rules.

- (a) Proposed new rules, amendments, and repeals must appear on the agenda for discussion at one board meeting and for action at two subsequent board meetings as First Reading and Second Reading, unless a departure from this rulemaking process is approved by the board.
- (b) Each member of the board shall receive copies of the preliminary and official board meeting agendas containing all proposed new rules, amendments, or repeals to be considered.
- (c) The board can take action only if the rule is posted for action in the official notice of the meeting that is published in the *Texas Register*. The commissioner is authorized to file information with the Secretary of State to comply with the requirements of Texas Government Code, Chapter 2001, Subchapter B; and Texas Government Code, Chapter 2002, Subchapter B, regarding adoption of rules.
 - (1) **First Reading and Filing Authorization.** The board can authorize the commissioner to file a proposed new rule, amendment, or repeal with the Secretary of State for publication in the *Texas Register* as it appears in the agenda or with changes to the material presented in the agenda.
 - (2) **Second Reading and Final Adoption.** If the public comment period after filing the proposal with the Secretary of State has elapsed, the board can adopt a new rule, amendment, or repeal. If a board committee determines that a substantial revision of the material presented in the agenda shall be considered, the board shall not take final action before the next board meeting.
 - (3) **Withdrawal.** The board can authorize the commissioner to withdraw a proposed new rule, amendment, or repeal that was previously filed with the Secretary of State.
 - (4) **Refiling.** The board can authorize the commissioner to withdraw and refile a proposed new rule or amendment that was previously filed with the Secretary of State if there are substantive changes from the original filing.

- (d) The board can authorize the commissioner to conduct a public hearing on behalf of the State Board of Education concerning board rules. The public hearing shall be transcribed and the transcript made available for review by board members.
- (e) Except as otherwise provided by law, a rule does not take effect until the beginning of the school year that begins at least 90 days after the date of the rule adoption.
- (f) A rule may take effect earlier than the date set forth in subsection (e) if the rule's preamble specified an earlier date with the reason for the earlier date and:
 - (1) the earlier effective date is a requirement of:
 - (A) a federal law, or
 - (B) a state law that specifically refers to Texas Education Code §7.102 and expressly requires the adoption of an earlier effective date; or
 - (2) on an affirmative vote of two-thirds of the members of the board, the board makes a finding that an earlier effective date is necessary.

§5.3. Emergency Rules.

The board may adopt emergency rules without prior notice or hearing. Conditions under which emergency rules can be adopted and the periods for which they are effective are governed by Texas Government Code §2001.034. The board shall also comply with the requirements of Section 5.2(f) of these rules and the notice of emergency meeting requirements in Texas Government Code, §551.045. Emergency rules will be placed on a board agenda for adoption as a permanent rule.

§5.4. Filing Non-Substantive Rule Corrections with the Secretary of State.

The commissioner may approve and file with the Secretary of State non-substantive corrections to State Board of Education rules. Non-substantive rule corrections may only include typographical, grammatical, referencing, or spelling errors and technical edits to comply with *Texas Register* style and format requirements.

§5.5. Rulemaking Authority.

Except for rules adopted under §5.4 of these rules (relating to Filing Non-Substantive Rule Corrections with the Secretary of State), or other exceptions specifically authorized by the board, all rules of the State Board of Education shall be approved by the State Board of Education.

§5.6. Review of the State Board of Education Rules.

In accordance with Texas Government Code, §2001.039, the State Board of Education shall review its rules every four years to assure that statutory authority for the rules continues to exist. If necessary, proposed amendments will be brought to the board following the procedure described in §5.2 of these rules.

§5.7. Filing of Amendments.

A member wishing to amend any Texas Essential Knowledge and Skills (TEKS) being considered by the board for second reading and final adoption shall submit the amendment in writing to the staff no later than noon on the day prior to the final vote on the adoption of the TEKS. All amendments shall be made available to the public to the extent possible. This rule may be suspended by a two-thirds vote.

CHAPTER 6. ADVISORY GROUPS

The statutory citations for this chapter are the Texas Education Code, §§7.102(b), 29.254, 32.034, and 61.077.

§6.1. General Provisions.

- (a) The State Board of Education may establish a Committee of Investment Advisors (CIA) to the Permanent School Fund and approve all selected appointments. The CIA shall be composed of not more than 15 members, one appointed by each State Board of Education member, who each have considerable institutional investment expertise and are free from conflicts of interest. The CIA member will closely advise the individual State Board of Education member who appointed the member on all matters relative to the management of the Permanent School Fund as necessary. The CIA may meet in person or via conference call or telephone conference as needed. Duties and responsibilities of the CIA are within the *Texas Permanent School Fund - Investment Procedures Manual*, Section A.2.
- (b) If the board does not establish a CIA, nothing shall prevent a board member from selecting and working with an investment advisor in a manner consistent with federal and state laws and the Investment Procedures Manual.

**Texas Permanent School Fund
Asset Allocation Mix - SBOE (Net of Fees)
June 30, 2020**

<u>Asset Class</u>	<u>Portfolio</u>	<u>Book Value</u>	<u>Mix</u>	<u>Fair Value</u>	<u>Mix</u>
Equity	Domestic Small-Mid Cap	\$ 1,416,472,242	5.18%	\$ 1,759,432,053	5.21%
	Domestic Large Cap	1,991,017,014	7.29%	4,558,986,605	13.49%
	Total Domestic Equity	<u>3,407,489,256</u>	<u>12.47%</u>	<u>6,318,418,658</u>	<u>18.70%</u>
	International Equity - Blackrock	4,039,220,148	14.78%	4,872,269,675	14.42%
	Emerging Market Equity - Navarro	795,737,541	2.91%	944,163,211	2.79%
	Total Public Market Equity	<u>8,242,446,945</u>	<u>30.16%</u>	<u>12,134,851,544</u>	<u>35.91%</u>
Fixed Income	Domestic Fixed Income	3,923,027,542	14.36%	4,086,029,113	12.09%
	Investec Emerging Market Debt	1,188,990,054	4.35%	1,196,200,129	3.54%
	Ashmore Emerging Market Debt	1,203,476,668	4.40%	1,174,333,707	3.48%
	Total Emerging Market Debt	<u>2,392,466,722</u>	<u>8.75%</u>	<u>2,370,533,836</u>	<u>7.02%</u>
	Total Fixed Income	<u>6,315,494,264</u>	<u>23.11%</u>	<u>6,456,562,949</u>	<u>19.11%</u>
	Absolute Return	Raven 1	730,888,966	2.67%	1,020,574,605
Raven 4		558,293,473	2.04%	946,215,985	2.80%
Raven 6		338,213,084	1.24%	455,435,950	1.35%
Raven 7		408,526,446	1.50%	562,186,519	1.66%
Raven 8		429,386,838	1.57%	485,797,820	1.44%
Total Absolute Return		<u>2,465,308,807</u>	<u>9.02%</u>	<u>3,470,210,879</u>	<u>10.27%</u>
Private Equity	Columbia NB Crossroads Fund L.P.	246,321,810	0.90%	259,302,893	0.77%
	Columbia NB Crossroads Fund II L.P.	333,707,887	1.22%	424,796,105	1.26%
	Columbia NB Crossroads Fund II Tranche C	773,789,757	2.83%	895,325,754	2.65%
	Columbia NB Crossroads Fund II Tranche D	300,025,077	1.10%	313,367,709	0.93%
	TPSF NB PE Program	860,198,085	3.15%	1,107,344,243	3.28%
	Private Equity Direct	1,018,359,696	3.73%	1,123,276,040	3.32%
	Columbia CS Fund, L.P.	226,666,966	0.83%	260,660,010	0.77%
	Total Private Equity	<u>3,759,069,280</u>	<u>13.76%</u>	<u>4,384,072,754</u>	<u>12.98%</u>
Real Estate	Direct Real Estate Investments	2,622,753,226	9.60%	3,094,513,917	9.16%
	Total Real Estate	<u>2,622,753,226</u>	<u>9.60%</u>	<u>3,094,513,917</u>	<u>9.16%</u>
Risk Parity	AQR Capital Management	730,464,127	2.67%	1,072,249,651	3.17%
	Bridgewater	659,581,293	2.41%	1,073,409,042	3.18%
	Total Risk Parity Strategies	<u>1,390,045,420</u>	<u>5.08%</u>	<u>2,145,658,693</u>	<u>6.35%</u>
Real Return	Real Return - TIPS	950,249,810	3.48%	1,028,413,671	3.04%
	Real Return Commodities - Terlingua 1	587,500,000	2.15%	336,946,298	1.00%
	Real Return Commodities - Terlingua 2	575,000,000	2.10%	312,434,293	0.92%
	Real Return Commodities - Terlingua 3	213,177,557	0.78%	220,037,412	0.65%
	Total Real Return	<u>2,325,927,367</u>	<u>8.51%</u>	<u>1,897,831,674</u>	<u>5.61%</u>
Total Unallocated Cash	202,816,741	0.76%	202,816,741	0.61%	
Fund Total		<u>27,323,862,050</u>	<u>100.00%</u>	<u>33,786,519,151</u>	<u>100.00%</u>

Notes: The asset classes include cash that has been allocated to the investment portfolios. Exposure includes fair value of funded investments plus unfunded commitments.

<u>Exposure:</u>	Total Private Equity Exposure and Percentage of Fund Total Fair Value	6,664,381,741	19.72%
	Total Real Estate Exposure and Percentage of Fund Total Fair Value	5,116,106,959	15.14%

Current State Board of Education approved Strategic Asset Allocation Mix (approved June 15, 2018)

Large Cap U.S. Equity	13.00%	Real Estate	10.00%
Small/Mid Cap U.S. Equity	5.00%	Risk Parity	7.00%
Developed and Emerging Market International Large Cap Equity	14.00%	Real Return-Commodities	3.00%
Emerging Market Equity	3.00%	Real Return-TIPS	3.00%
Domestic Investment Grade Fixed Income	12.00%	Absolute Return	10.00%
Emerging Market Debt (LC)	7.00%	Private Equity	13.00%
			<u>100.00%</u>

2017-2021 Rule Review Plan for State Board of Education Rules

STATE BOARD OF EDUCATION: INFORMATION

SUMMARY: This item outlines the rule review plan for State Board of Education (SBOE) rules during the period of September 2017 through August 2021. Texas Government Code, §2001.039, requires an ongoing four-year rule review of existing state agency rules, including SBOE rules. The rule review requirement is designed to ensure that the reason for initially adopting or readopting a rule continues to exist.

BACKGROUND INFORMATION AND JUSTIFICATION: Senate Bill (SB) 178, 76th Texas Legislature, 1999, amended the Texas Government Code by adding §2001.039, which requires the review of existing state agency rules. The rule review requirement in Texas Government Code, §2001.039, is designed to ensure that the reason for adopting or readopting the rule continues to exist.

The 2017-2021 SBOE rule review plan reflected in Attachment I repeats the cycle of review that was conducted during the 2013-2017 SBOE rule review with the addition of new rules that took effect subsequent to the adoption of that plan. The 2017-2021 plan is the sixth rule review cycle of SBOE rules.

In accordance with Texas Education Code, §28.002(m), the Texas Essential Knowledge and Skills (TEKS) are exempt from the rule review requirement and are not included in the 2017-2021 rule review plan. The TEKS were also exempt from previous rule review plans. Although the TEKS will not be reviewed as part of the rule review process, the SBOE conducts a review of the TEKS on a schedule determined by the SBOE designed to align the adoption of instructional materials with amendments to the TEKS.

Revisions to Rule Review Plan. The 2017-2021 SBOE rule review plan was approved at the November 2016 SBOE meeting and will appear on an ongoing basis in the information pages of each SBOE agenda until completion.

Any necessary modifications to the plan will appear in the information pages of the SBOE agenda along with the ongoing report.

Rule Review Procedures. Secretary of State rules specify the following two-step review process to implement the rule review requirement in the Texas Government Code, §2001.039:

1. a Notice of Proposed Review (Intention to review) that announces a public comment period for comments on whether the reason for adopting or readopting the rules continues to exist (see example in Attachment II); and
2. a Notice of Adopted Review (Readoption) that summarizes the public comments received, if any, in response to the notice of proposed review and provides a response to each comment (see examples in Attachment II).

The rule review process for SBOE rules is illustrated in this item using three examples. These examples

present the following points: (1) if no amendments are recommended to rules under review, the item presenting the adoption of the review will complete the rule review process and no further action will be necessary; and (2) if amendments are recommended to rules under review, the item presenting the adoption of the review will complete the rule review process and the amendments will be presented as a separate item under the standard rulemaking process.

Example 1. Rule Review with No Changes

January SBOE Meeting	SBOE Committee (discussion)	Discussion item that briefly describes the rule and specifies that no changes are being recommended.
	Texas Register	After the SBOE meeting, staff files Notice of Proposed Review (see Attachment II).
April SBOE Meeting	SBOE Committee and Full SBOE	Action item that presents a summary of comments received, if any, from Notice of Proposed Review. The SBOE authorizes filing the Notice of Adopted Review, noting that no changes are being proposed to the rule as a result of the review.
	Texas Register	After the SBOE meeting, staff files Notice of Adopted Review that states the rule will continue to exist without changes (see Attachment II).
END OF REVIEW PROCESS (no item at June SBOE Meeting)		

Example 2. Rule Review with Changes

January SBOE Meeting	SBOE Committee (discussion)	Discussion item that briefly describes the rule, outlines issues to be considered, and specifies anticipated changes to the rule.
	Texas Register	After the SBOE meeting, staff files Notice of Proposed Review (see Attachment II).
April SBOE Meeting	SBOE Committee and Full SBOE (first reading)	Separate action items are included in the agenda: one that presents comments received, if any, from Notice of Proposed Review and one that provides the SBOE the opportunity to propose amendments. The SBOE authorizes filing the Notice of Adopted Review and approves the proposed amendments for first reading and filing authorization.
	Texas Register	After the SBOE meeting, staff files proposed amendments and the Notice of Adopted Review that states the rule will continue to exist and changes are being proposed (see Attachment II).
END OF REVIEW PROCESS		
June SBOE Meeting	SBOE Committee and Full SBOE (second reading)	Action item that presents the proposed amendments for second reading and final adoption. Item includes a summary of comments, if any, on proposed amendments.
	Texas Register	After the SBOE meeting, staff files adopted amendments.
END OF AMENDMENT PROCESS		

Example 3. Repeal of Rule under Review

January SBOE Meeting	SBOE Committee (first reading)	Action item that presents the proposed repeal of rule. SBOE approves proposed repeal for first reading and filing authorization.
	Texas Register	After the SBOE meeting, staff files proposed repeal. No Notice of Proposed Review required for repeals.
April SBOE Meeting	SBOE Committee and Full SBOE (second reading)	Action item that presents the proposed repeal of rule for second reading and final adoption.
	Texas Register	After the SBOE meeting, staff files adopted repeal.
END OF REPEAL PROCESS		

Staff Members Responsible:

Cristina De La Fuente-Valadez, Director, Rulemaking

Amanda Gunter, Program Specialist, Rulemaking

Attachment I: 2017-2021 Rule Review Plan for State Board of Education Rules

Attachment II: Sample Notices of Proposed Review and Adopted Review

ATTACHMENT I

2017-2021 Rule Review Plan for State Board of Education Rules (Approved November 2016, Revised January 2019)

Texas Government Code, §2001.039, requires a four-year rule review cycle for all state agency rules, including State Board of Education rules. The rule review is designed to ensure that the reason for adopting or readopting the rule continues to exist. It only includes rules currently in effect at the time the plan is adopted.

Texas Education Code, §28.002(m), exempts the Texas Essential Knowledge and Skills (TEKS) from the rule review requirement; accordingly, this rule review plan does not include the rule chapters for the TEKS. Although the rules will not be reviewed as part of the rule review process, the SBOE conducts a review of the TEKS on a schedule determined by the SBOE. This review is designed to align the adoption of instructional materials with the amendments to the TEKS.

Review Period: September 2017 - August 2018			
Chapter Title	Subchapter Title	Topic	Begin Review
Chapter 74. Curriculum Requirements	<i>Subchapter A. Required Curriculum</i>	Curriculum	September 2017
	<i>Subchapter B. Graduation Requirements</i>		
	<i>Subchapter C. Other Provisions</i>		
	<i>Subchapter D. Graduation Requirements, Beginning with School Year 2001-2002</i>		
	<i>Subchapter E. Graduation Requirements, Beginning with School Year 2004-2005</i>		
	<i>Subchapter F. Graduation Requirements, Beginning with School Year 2007-2008</i>		
	<i>Subchapter G. Graduation Requirements, Beginning with School Year 2012-2013</i>		
Chapter 105. Foundation School Program	<i>Subchapter A. Definitions</i>	Finance	November 2017
	<i>Subchapter B. Use of State Funds</i>		
Chapter 89. Adaptations for Special Populations	<i>Subchapter A. Gifted/Talented Education</i>	Special Populations	January 2018
	<i>Subchapter C. Texas Certificate of High School Equivalency</i>		
	<i>Subchapter D. Special Education Services and Settings</i>		
Chapter 61. School Districts	<i>Subchapter A. Board of Trustees Relationship</i>	Administration	April 2018

Review Period: September 2018 – August 2019			
Chapter Title	Subchapter Title	Topic	Begin Review
Chapter 157. Hearings and Appeals	<i>Subchapter A. General Provisions for Hearings Before the State Board of Education</i>	Personnel	<u>January 2019</u> [September 2018]
	<i>Subchapter D. Independent Hearing Examiners</i>		
Chapter 129. Student Attendance	<i>Subchapter A. Student Attendance Allowed</i>	Finance	January 2019
	<i>Subchapter B. Student Attendance Accounting</i>		

Review Period: September 2019 – August 2020			
Chapter Title	Subchapter Title	Topic	Begin Review
Chapter 33. Statement of Investment Objectives, Policies, and Guidelines of the Texas Permanent School Fund	<i>Subchapter A. State Board of Education Rules</i>	Finance	September 2019
Chapter 66. State Adoption and Distribution of Instructional Materials	<i>Subchapter A. General Provisions</i>	Instructional Materials	November 2019
	<i>Subchapter B. State Adoption of Instructional Materials</i>		
	<i>Subchapter C. Local Operations</i>		
Chapter 100. Charters	<i>Subchapter A. Open-Enrollment Charter Schools</i>	Charter Schools	January 2020
	<i>Subchapter B. Home-Rule School District Charters</i>		

Review Period: September 2020 – August 2021			
Chapter Title	Subchapter Title	Topic	Begin Review
Chapter 30. Administration	<i>Subchapter A. State Board of Education: General Provisions</i>	Administration	November 2020
	<i>Subchapter B. State Board of Education: Purchasing and Contracts</i>		
Chapter 101. Assessment	<i>Subchapter A. General Provisions</i>	Assessment	January 2021
	<i>Subchapter B. Implementation of Assessments</i>		
	<i>Subchapter C. Local Option</i>		
Chapter 109. Budgeting, Accounting, and Auditing	<i>Subchapter A. Budgeting, Accounting, Financial Reporting, and Auditing for School Districts</i>	Finance	January 2021
	<i>Subchapter B. Texas Education Agency Audit Functions</i>		
	<i>Subchapter C. Adoptions by Reference</i>		
	<i>Subchapter D. Uniform Bank Bid or Request for Proposal and Depository Contract</i>		

SAMPLES

Attachment II

**Notice of Proposed Review
(Intention to review)**

The State Board of Education (SBOE) proposes the review of 19 TAC Chapter 129, Student Attendance, pursuant to the Texas Government Code, §2001.039. The rules being reviewed by the SBOE in 19 TAC Chapter 129 are organized under the following subchapters: Subchapter A, Student Attendance Allowed, and Subchapter B, Student Attendance Accounting.

As required by the Texas Government Code, §2001.039, the SBOE will accept comments as to whether the reasons for adopting 19 TAC Chapter 129, Subchapters A and B, continue to exist. The comment period begins with the publication of this notice and must last a minimum of 30 days.

Comments or questions regarding this rule review may be submitted to Cristina De La Fuente-Valadez, Rulemaking, Texas Education Agency, 1701 North Congress Avenue, Austin, Texas 78701-1494. Comments may also be submitted electronically to rules@tea.texas.gov.

**Notice of Adopted Review (with no changes to rule)
(Readoption)**

The State Board of Education (SBOE) adopts the review of 19 TAC Chapter 129, Student Attendance, Subchapter A, Student Attendance Allowed, and Subchapter B, Student Attendance Accounting, pursuant to the Texas Government Code, §2001.039. The SBOE proposed the review of 19 TAC Chapter 129, Subchapters A and B, in the February 12, 2016 issue of the Texas Register (41 TexReg 1131).

The SBOE finds that the reasons for adopting 19 TAC Chapter 129, Subchapters A and B, continue to exist and readopts the rules. The SBOE received no comments related to the review.

No changes are necessary as a result of the review.

**Notice of Adopted Review (with changes to rule)
(Readoption with changes)**

The State Board of Education (SBOE) adopts the review of 19 TAC Chapter 129, Student Attendance, Subchapter A, Student Attendance Allowed, and Subchapter B, Student Attendance Accounting, pursuant to the Texas Government Code, §2001.039. The SBOE proposed the review of 19 TAC Chapter 129, Subchapters A and B, in the February 12, 2016 issue of the Texas Register (41 TexReg 1131).

The SBOE finds that the reasons for adopting 19 TAC Chapter 129, Subchapters A and B, continue to exist and readopts the rules. The SBOE received no comments related to the review. As part of the review, the SBOE is proposing an amendment to 19 TAC §129.21, which may be found in the Proposed Rules section of this *Texas Register* issue.

STATUTORY AUTHORITY REFERENCE SECTION:

TEXAS CONSTITUTION ARTICLE VII

TEXAS EDUCATION CODE (TEC)

TEXAS GOVERNMENT CODE (TGC)

TEXAS OCCUPATIONS CODE (TOC)

NATURAL RESOURCES CODE (NRC)

THE TEXAS CONSTITUTION
ARTICLE 7. EDUCATION
SECTION 2

Sec. 2. PERMANENT SCHOOL FUND.

All funds, lands and other property heretofore set apart and appropriated for the support of public schools; all the alternate sections of land reserved by the State out of grants heretofore made or that may hereafter be made to railroads or other corporations of any nature whatsoever; one half of the public domain of the State; and all sums of money that may come to the State from the sale of any portion of the same, shall constitute a permanent school fund.

Sec. 2A. RELEASE OF STATE CLAIM TO CERTAIN LANDS AND MINERALS WITHIN SHELBY, FRAZIER, AND MCCORMICK LEAGUE AND IN BASTROP COUNTY.

- (a) The State of Texas hereby relinquishes and releases any claim of sovereign ownership or title to an undivided one-third interest in and to the lands and minerals within the Shelby, Frazier, and McCormick League (now located in Fort Bend and Austin counties) arising out of the interest in that league originally granted under the Mexican Colonization Law of 1823 to John McCormick on or about July 24, 1824, and subsequently voided by the governing body of Austin's Original Colony on or about December 15, 1830.
- (b) The State of Texas relinquishes and releases any claim of sovereign ownership or title to an interest in and to the lands, excluding the minerals, in Tracts 2-5, 13, 15-17, 19-20, 23-26, 29-32, and 34-37, in the A. P. Nance Survey, Bastrop County, as said tracts are:
 - (1) shown on Bastrop County Rolled Sketch No. 4, recorded in the General Land Office on December 15, 1999; and
 - (2) further described by the field notes prepared by a licensed state land surveyor of Travis County in September through November 1999 and May 2000.
- (c) Title to such interest in the lands and minerals described by Subsection (a) is confirmed to the owners of the remaining interests in such lands and minerals. Title to the lands, excluding the minerals, described by Subsection (b) is confirmed to the holder of record title to each tract. Any outstanding land award or land payment obligation owed to the state for lands described by Subsection (b) is canceled, and any funds previously paid related to an outstanding land award or land payment obligation may not be refunded.
- (d) The General Land Office shall issue a patent to the holder of record title to each tract described by Subsection (b). The patent shall be issued in the same manner as other patents except that no filing fee or patent fee may be required.
- (e) A patent issued under Subsection (d) shall include a provision reserving all mineral interest in the land to the state.
- (f) This section is self-executing.

Sec. 2B. AUTHORITY TO RELEASE STATE'S INTEREST IN CERTAIN PERMANENT SCHOOL FUND LAND HELD BY PERSON UNDER COLOR OF TITLE.

- (a) The legislature by law may provide for the release of all or part of the state's interest in land, excluding mineral rights, if:
 - (1) the land is surveyed, unsold, permanent school fund land according to the records of the General Land Office;
 - (2) the land is not patentable under the law in effect before January 1, 2002; and
 - (3) the person claiming title to the land:

THE TEXAS CONSTITUTION
ARTICLE 7. EDUCATION
SECTION 2

- (A) holds the land under color of title;
 - (B) holds the land under a chain of title that originated on or before January 1, 1952;
 - (C) acquired the land without actual knowledge that title to the land was vested in the State of Texas;
 - (D) has a deed to the land recorded in the appropriate county; and
 - (E) has paid all taxes assessed on the land and any interest and penalties associated with any period of tax delinquency.
- (b) This section does not apply to:
- (1) beach land, submerged or filled land, or islands; or
 - (2) land that has been determined to be state-owned by judicial decree.
- (c) This section may not be used to:
- (1) resolve boundary disputes; or
 - (2) change the mineral reservation in an existing patent.

Sec. 2C. RELEASE OF STATE CLAIM TO CERTAIN LANDS IN UPSHUR AND SMITH COUNTIES.

- (a) Except as provided by Subsection (b) of this section, the State of Texas relinquishes and releases any claim of sovereign ownership or title to an interest in and to the tracts of land, including mineral rights, described as follows:

Tract 1:

The first tract of land is situated in Upshur County, Texas, about 14 miles South 30 degrees east from Gilmer, the county seat, and is bounded as follows: Bound on the North by the J. Manning Survey, A-314 the S.W. Beasley Survey A-66 and the David Meredith Survey A-315 and bound on the East by the M. Mann Survey, A-302 and by the M. Chandler Survey, A-84 and bound on the South by the G. W. Hooper Survey, A-657 and by the D. Ferguson Survey, A-158 and bound on the West by the J. R. Wadkins Survey, A-562 and the H. Alsup Survey, A-20, and by the W. Bratton Survey, A-57 and the G. H. Burroughs Survey, A-30 and the M. Tidwell Survey, A-498 of Upshur County, Texas.

Tract 2:

The second tract of land is situated in Smith County, Texas, north of Tyler and is bounded as follows: on the north and west by the S. Leeper A-559, the Frost Thorn Four League Grant A-3, A-9, A-7, A-19, and the H. Jacobs A-504 and on the south and east by the following surveys: John Carver A-247, A. Loverly A-609, J. Gimble A-408, R. Conner A-239, N.J. Blythe A-88, N.J. Blythe A-89, J. Choate A-195, Daniel Minor A-644, William Keys A-527, James H. Thomas A-971, Seaborn Smith A-899, and Samuel Leeper A-559.

- (b) This section does not apply to:
- (1) any public right-of-way, including a public road right-of-way, or related interest owned by a governmental entity;
 - (2) any navigable waterway or related interest owned by a governmental entity; or
 - (3) any land owned by a governmental entity and reserved for public use, including a park, recreation area, wildlife area, scientific area, or historic site.
- (c) This section is self-executing.

THE TEXAS CONSTITUTION
ARTICLE 7. EDUCATION
SECTION 5

Sec. 5. PERMANENT SCHOOL FUND AND AVAILABLE SCHOOL FUND: COMPOSITION, MANAGEMENT, USE, AND DISTRIBUTION.

- (a) The permanent school fund consists of all land appropriated for public schools by this constitution or the other laws of this state, other properties belonging to the permanent school fund, and all revenue derived from the land or other properties. The available school fund consists of the distributions made to it from the total return on all investment assets of the permanent school fund, the taxes authorized by this constitution or general law to be part of the available school fund, and appropriations made to the available school fund by the legislature. The total amount distributed from the permanent school fund to the available school fund:
- (1) in each year of a state fiscal biennium must be an amount that is not more than six percent of the average of the market value of the permanent school fund, excluding real property belonging to the fund that is managed, sold, or acquired under Section 4 of this article, but including discretionary real assets investments and cash in the state treasury derived from property belonging to the fund, on the last day of each of the 16 state fiscal quarters preceding the regular session of the legislature that begins before that state fiscal biennium, in accordance with the rate adopted by:
 - (A) a vote of two-thirds of the total membership of the State Board of Education, taken before the regular session of the legislature convenes; or
 - (B) the legislature by general law or appropriation, if the State Board of Education does not adopt a rate as provided by Paragraph (A) of this subdivision; and
 - (2) over the 10-year period consisting of the current state fiscal year and the nine preceding state fiscal years may not exceed the total return on all investment assets of the permanent school fund over the same 10-year period.
- (b) The expenses of managing permanent school fund land and investments shall be paid by appropriation from the permanent school fund.
- (c) The available school fund shall be applied annually to the support of the public free schools. Except as provided by this section, the legislature may not enact a law appropriating any part of the permanent school fund or available school fund to any other purpose. The permanent school fund and the available school fund may not be appropriated to or used for the support of any sectarian school. The available school fund shall be distributed to the several counties according to their scholastic population and applied in the manner provided by law.

- (d) The legislature by law may provide for using the permanent school fund to guarantee bonds issued by school districts or by the state for the purpose of making loans to or purchasing the bonds of school districts for the purpose of acquisition, construction, or improvement of instructional facilities including all furnishings thereto. If any payment is required to be made by the permanent school fund as a result of its guarantee of bonds issued by the state, an amount equal to this payment shall be immediately paid by the state from the treasury to the permanent school fund. An amount owed by the state to the permanent school fund under this section shall be a general obligation of the state until paid. The amount of bonds authorized hereunder shall not exceed \$750 million or a higher amount authorized by a two-thirds record vote of both houses of the legislature. If the proceeds of bonds issued by the state are used to provide a loan to a school district and the district becomes delinquent on the loan payments, the amount of the delinquent payments shall be offset against state aid to which the district is otherwise entitled.
- (e) The legislature may appropriate part of the available school fund for administration of a bond guarantee program established under this section.
- (f) Notwithstanding any other provision of this constitution, in managing the assets of the permanent school fund, the State Board of Education may acquire, exchange, sell, supervise, manage, or retain, through procedures and subject to restrictions it establishes and in amounts it considers appropriate, any kind of investment, including investments in the Texas growth fund created by Article XVI, Section [70](#), of this constitution, that persons of ordinary prudence, discretion, and intelligence, exercising the judgment and care under the circumstances then prevailing, acquire or retain for their own account in the management of their affairs, not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable income as well as the probable safety of their capital.
- (g) Notwithstanding any other provision of this constitution or of a statute, the State Board of Education, the General Land Office, or another entity that has responsibility for the management of revenues derived from permanent school fund land or other properties may, in its sole discretion and in addition to other distributions authorized under this constitution or a statute, distribute to the available school fund each year revenue derived during that year from the land or properties, not to exceed \$600 million by each entity each year.

(Amended Aug. 11, 1891, and Nov. 3, 1964; Subsec. (a) amended and (b) and (c) added Nov. 8, 1983; Subsec. (d) added Nov. 8, 1988; Subsec. (b) amended Nov. 7, 1989; Subsec. (a) amended, a new (b) added, a portion of (a) redesignated as (c), former (b) and (c) amended, former (b)-(d) redesignated as (d)-(f), and (g) and (h) added Sept. 13, 2003; former Subsec. (g) and Subsec. (h) expired Dec. 1, 2006; Subsec. (a) amended and current Subsec. (g) added Nov. 8, 2011; Subsec. (g) amended Nov. 5, 2019.)

SECTION 5.

- (a) The legislature finds that the periodic examination of distributions made from the permanent school fund to the available school fund is necessary for the effective management of permanent school fund investments.
- (b) The Texas Education Agency, in consultation with the General Land Office, shall conduct a study regarding distributions from the permanent school fund to the available school fund. The study must:
 - (1) examine historical patterns in the real value of distributions made from all assets and revenues of the permanent school fund and historical patterns in the real value of permanent school fund assets relative to the number of students enrolled in the public education system;
 - (2) analyze the impact of underlying data and methodological assumptions on actual and projected distributions from the permanent school fund;
 - (3) seek input from state government officials involved in public education policy or in the appropriation of state funds to support the public education system;
 - (4) examine current and alternative approaches to balance the needs and interests of present and future beneficiaries of the permanent school fund and the available school fund;
 - (5) develop options to maximize available revenue distributions for the education of students enrolled in the public education system while preserving the permanent school fund for future generations; and
 - (6) consider any other subjects relevant to the purpose of the study.

**NATURAL RESOURCES CODE
TITLE 2. PUBLIC DOMAIN
SUBTITLE C. ADMINISTRATION
CHAPTER 32. SCHOOL LAND BOARD
SUBCHAPTER B. ADMINISTRATIVE PROVISIONS**

NRC, §32.012. MEMBERS OF THE BOARD.

- (a) The board is composed of:
- (1) the commissioner; and
 - (2) four citizens [~~a citizen~~] of the state appointed by the governor with the advice and consent of the senate[~~;~~ ~~and~~
 - ~~[(3) a citizen of the state appointed by the attorney general with the advice and consent of the senate].~~
- (b) Two citizens appointed by the governor must be selected from lists of nominees submitted by the State Board of Education. The State Board of Education shall submit to the governor a list of six nominees for a vacant position described by this subsection. The governor may request that the State Board of Education submit a second list of six nominees if the governor does not choose to appoint a nominee from the first list.
- (c) At least one of the citizens appointed under Subsection (a) must be a resident of a county with a population of less than 200,000. The governor and the State Board of Education shall collaborate to ensure that the membership of the board complies with this subsection.
- (d) [~~The authority of the attorney general to appoint one of the members of the board, including the authority to make appointments during the recess of the senate, is the same as the authority of the governor to fill vacancies in state offices under the Texas Constitution.~~
- (~~e~~) Each appointment made by the governor [~~and the attorney general~~] shall be made in accordance with and subject to the provisions of the Texas Constitution authorizing the filling of vacancies in state offices by appointment of the governor.

NRC, §32.013. TERMS OF APPOINTED MEMBERS.

The appointed members of [~~appointed to~~] the board [~~by the governor and the attorney general~~] serve for terms of two years.

NATURAL RESOURCES CODE
TITLE 2. PUBLIC DOMAIN
SUBTITLE C. ADMINISTRATION
CHAPTER 32. SCHOOL LAND BOARD
SUBCHAPTER C. POWERS AND DUTIES

NRC, §32.068. QUARTERLY REPORTS.

Each quarter, the board shall provide to the State Board of Education a financial report on the portion of the permanent school fund assets and funds for which the board is responsible. The report must include:

- (1) target and actual asset allocations, by asset type, based on fair market value or net asset value;
- (2) investment performance by asset type; and
- (3) benchmarks and benchmark performances.

Added by Acts 2019, 86th Leg., R.S., Ch. 493 (H.B. [4388](#)), Sec. 2, eff. September 1, 2019.

NATURAL RESOURCES CODE
TITLE 2. PUBLIC DOMAIN
SUBTITLE C. ADMINISTRATION
CHAPTER 32. SCHOOL LAND BOARD
SUBCHAPTER B. ADMINISTRATIVE PROVISIONS

NRC, §32.0161. ANNUAL JOINT MEETING.

- (a) The board and the State Board of Education shall hold an annual joint public meeting to discuss the allocation of the assets of the permanent school fund and the investment of the money in the fund.
- (b) Each member of the board must attend the annual joint public meeting, unless the member's absence is excused by majority vote of the board.
- (c) Each member of the State Board of Education must attend the annual joint public meeting, unless the member's absence is excused by majority vote of the State Board of Education. If the State Board of Education delegates powers and duties relating to the investment of the permanent school fund to a committee of the State Board of Education, only a majority of the committee members must attend the meeting.

Added by Acts 2019, 86th Leg., R.S., Ch. 524 (S.B. 608), Sec. 4, eff. September 1, 2019.

NATURAL RESOURCES CODE
TITLE 2. PUBLIC DOMAIN
SUBTITLE D. DISPOSITION OF THE PUBLIC DOMAIN
CHAPTER 51. LAND, TIMBER, AND SURFACE RESOURCES
SUBCHAPTER I. ACQUISITION OF PUBLIC SCHOOL LAND

NRC, §51.414. PERMANENT SCHOOL FUND LIQUID ACCOUNT.

- (a) The permanent school fund liquid account is established as an account in the permanent school fund in the State Treasury to be used by the board and the State Board of Education as provided by this section.
- (b) Each quarter, the board shall hold a meeting and adopt a resolution to release from the real estate special fund account funds designated under Section [51.401](#) that are not being used for a purpose listed in Section [51.402\(a\)](#) and are not required for the board's anticipated cash needs for the 90-day period following the date of the meeting, to be deposited to the credit of the permanent school fund liquid account in the State Treasury.
- (c) The State Board of Education may invest funds in the permanent school fund liquid account. The investments may be made only in liquid assets, in the same manner that the permanent school fund is managed by the State Board of Education.
- (d) Investment income and realized capital gains derived from funds in the permanent school fund liquid account shall be deposited in the State Treasury to the credit of the State Board of Education for investment in the permanent school fund. This subsection does not require a deposit if the market value of the assets held in the permanent school fund liquid account is below cost.
- (e) The State Board of Education may use funds in the permanent school fund liquid account to pay for administrative costs associated with implementing this section, including costs associated with contracts for professional investment management, investment advisory services, or custodial services.
- (f) The board shall provide to the State Board of Education in each quarterly report required by Section [32.068](#) the board's anticipated cash needs for the six-month period following the date of the report, to allow the State Board of Education to ensure that the board's cash needs may be met as provided by Subsection (g).
- (g) Not later than the fifth business day after the date of a request of the board, the State Board of Education shall release from the permanent school fund liquid account funds to be deposited to the credit of the real estate special fund account in the State Treasury in an amount requested by the board.

Added by Acts 2019, 86th Leg., R.S., Ch. 493 (H.B. [4388](#)), Sec. 4, eff. September 1, 2019.

TEXAS EDUCATION CODE
CHAPTER 7. STATE ORGANIZATION
SUBCHAPTER D. STATE BOARD OF EDUCATION

TEC, §7.102. STATE BOARD OF EDUCATION POWERS AND DUTIES.

- (a) The board may perform only those duties relating to school districts or regional education service centers assigned to the board by the constitution of this state or by this subchapter or another provision of this code.
- (b) The board has the powers and duties provided by Subsection (c), which shall be carried out with the advice and assistance of the commissioner.
- (c)
 - (1) The board shall develop and update a long-range plan for public education.
 - (2) The board may enter into contracts relating to or accept grants for the improvement of educational programs specifically authorized by statute.
 - (3) The board may accept a gift, donation, or other contribution on behalf of the public school system or agency and, unless otherwise specified by the donor, may use the contribution in the manner the board determines.
 - (4) The board shall establish curriculum and graduation requirements.
 - ~~(5) The board shall establish a standard of performance considered satisfactory on student assessment instruments.~~
 - (6) The board may create special-purpose school districts under Chapter [11](#).
 - (7) The board shall provide for a training course for school district trustees under Section [11.159](#).
 - (8) The board shall adopt a procedure to be used for placing on probation or revoking a home-rule school district charter as required by Subchapter B, Chapter [12](#), and may place on probation or revoke a home-rule school district charter as provided by that subchapter.
 - ~~(9) The board may grant an open enrollment charter or approve a charter revision as provided by Subchapter D, Chapter [12](#).~~
 - (10) The board shall adopt rules establishing criteria for certifying hearing examiners as provided by Section [21.252](#).
 - (11) The board shall adopt rules to carry out the curriculum required or authorized under Section [28.002](#).
 - (12) The board shall establish guidelines for credit by examination under Section [28.023](#).
 - (13) The board shall adopt transcript forms and standards for differentiating high school programs for purposes of reporting academic achievement under Section [28.025](#).
 - (14) The board shall adopt guidelines for determining financial need for purposes of the Texas Advanced Placement Incentive Program under Subchapter C, Chapter [28](#), and may approve payments as provided by that subchapter.
 - (15) The board shall adopt criteria for identifying gifted and talented students and shall develop and update a state plan for the education of gifted and talented students as required under Subchapter D, Chapter [29](#).
 - (16) Repealed by Acts 2013, 83rd Leg., R.S., Ch. 73, Sec. 2.06(a)(1), eff. September 1, 2013.
 - (17) The board shall adopt rules relating to community education development projects as required under Section [29.257](#).
 - (18) The board may approve the plan to be developed and implemented by the commissioner for the coordination of services to children with disabilities as required under Section [30.001](#).
 - (19) The board shall establish a date by which each school district and state institution shall provide to the commissioner the necessary information to determine the district's share of the cost of the education of a student enrolled in the Texas School for the Blind and Visually Impaired or the Texas School for the Deaf as required under Section [30.003](#) and may adopt other rules concerning funding of the education of students enrolled in the Texas School for the Blind and Visually Impaired or the Texas School for the Deaf as authorized under Section [30.003](#).
 - (20) The board shall adopt rules prescribing the form and content of information school districts are required to provide concerning programs offered by state institutions as required under Section [30.004](#).
 - (21) The board shall adopt rules concerning admission of students to the Texas School for the Deaf as required under Section [30.057](#).

- (22) The board shall carry out powers and duties related to regional day school programs for the deaf as provided under Subchapter D, Chapter [30](#).
 - (23) The board shall adopt and purchase or license instructional materials as provided by Chapter [31](#) and adopt rules required by that chapter.
 - (24) The board shall develop and update a long-range plan concerning technology in the public school system as required under Section [32.001](#) and shall adopt rules and policies concerning technology in public schools as provided by Chapter [32](#).
 - (25) The board shall conduct feasibility studies related to the telecommunications capabilities of school districts and regional education service centers as provided by Section [32.033](#).
 - (26) The board shall appoint a board of directors of the center for educational technology under Section [32.034](#).
 - (27) Repealed by Acts 2001, 77th Leg., ch. 1420, Sec. 4.001(b), eff. Sept. 1, 2001.
 - (28) The board shall approve a program for testing students for dyslexia and related disorders as provided by Section [38.003](#).
 - (29) The board shall perform duties in connection with the public school accountability system as prescribed by Chapters [39](#) and [39A](#).
 - (30) The board shall perform duties in connection with the Foundation School Program as prescribed by Chapter [48](#) [42].
 - (31) The board may invest the permanent school fund within the limits of the authority granted by Section [5](#), Article VII, Texas Constitution, and Chapter 43.
 - (32) The board shall adopt rules concerning school district budgets and audits of school district fiscal accounts as required under Subchapter A, Chapter [44](#).
 - (33) The board shall adopt an annual report on the status of the guaranteed bond program and may adopt rules as necessary for the administration of the program as provided under Subchapter C, Chapter [45](#).
 - (34) The board shall prescribe uniform bid blanks for school districts to use in selecting a depository bank as required under Section [45.206](#).
- (d) The board may adopt rules relating to school districts or regional education service centers only as required to carry out the specific duties assigned to the board by the constitution or under Subsection (c).
 - (e) An action of the board to adopt a rule under this section is effective only if the board includes in the rule's preamble a statement of the specific authority under Subsection (c) to adopt the rule.
 - (f) Except as otherwise provided by this subsection, a rule adopted by the board under this section does not take effect until the beginning of the school year that begins at least 90 days after the date on which the rule was adopted. The rule takes effect earlier if the rule's preamble specifies an earlier effective date and the reason for that earlier date and:
 - (1) the earlier effective date is a requirement of:
 - (A) a federal law; or
 - (B) a state law that specifically refers to this section and expressly requires the adoption of an earlier effective date; or
 - (2) on the affirmative vote of two-thirds of the members of the board, the board makes a finding that an earlier effective date is necessary.

TEXAS EDUCATION CODE
TITLE 2. PUBLIC EDUCATION
SUBTITLE C. LOCAL ORGANIZATION AND GOVERNANCE
CHAPTER 11. SCHOOL DISTRICTS
SUBCHAPTER D. POWERS AND DUTIES OF BOARD OF TRUSTEES OF
INDEPENDENT SCHOOL DISTRICT

TEC, §11.159. MEMBER TRAINING AND ORIENTATION.

- (a) The State Board of Education shall provide a training course for independent school district trustees to be offered by the regional education service centers. Registration for a course must be open to any interested person, including current and prospective board members, and the state board may prescribe a registration fee designed to offset the costs of providing that course.
- (b) A trustee must complete any training required by the State Board of Education. The minutes of the last regular meeting of the board of trustees held before an election of trustees must reflect whether each trustee has met or is deficient in meeting the training required for the trustee as of the first anniversary of the date of the trustee's election or appointment. If the minutes reflect that a trustee is deficient, the district shall post the minutes on the district's Internet website within 10 business days of the meeting and maintain the posting until the trustee meets the requirements.
- (c) The State Board of Education shall require a trustee to complete every two years at least:
 - (1) three hours of training [~~every two years~~] on evaluating student academic performance; and
 - (2) one hour of training on identifying and reporting potential victims of sexual abuse, human trafficking, and other maltreatment of children.
- (c-1) The training required by Subsection (c)(1) must be research-based and designed to support the oversight role of the board of trustees under Section 11.1515.
- (c-2) A candidate for trustee may complete the training required by Subsection (c) up to one year before the candidate is elected. A new trustee shall complete the training within 120 days after the date of the trustee's election or appointment. A returning trustee shall complete the training by the second anniversary of the completion of the trustee's previous training.
- (d) A trustee or candidate for trustee may complete training required under Subsection (c) at a regional education service center or through another authorized provider. A provider must certify the completion of the training by a trustee or candidate.
- (e) For purposes of this section, "other maltreatment" has the meaning assigned by Section 42.002, Human Resources Code.

TEXAS EDUCATION CODE
TITLE 2. PUBLIC EDUCATION
SUBTITLE C. LOCAL ORGANIZATION AND GOVERNANCE
CHAPTER 11. SCHOOL DISTRICTS
SUBCHAPTER H. SPECIAL-PURPOSE SCHOOL DISTRICTS

TEC, §11.351. AUTHORITY TO ESTABLISH SPECIAL-PURPOSE SCHOOL DISTRICT.

- (a) On the recommendation of the commissioner and after consulting with the school districts involved and obtaining the approval of a majority of those districts in each affected county in which a proposed school district is located, the State Board of Education may establish a special-purpose school district for the education of students in special situations whose educational needs are not adequately met by regular school districts. The board may impose duties or limitations on the school district as necessary for the special purpose of the district. The board shall exercise the powers as provided by this section relating to the districts established under this section.

- (b) The State Board of Education shall grant to the districts the right to share in the available school fund apportionment and other privileges as are granted to independent and common school districts.

TEXAS EDUCATION CODE
TITLE 2. PUBLIC EDUCATION
SUBTITLE C. LOCAL ORGANIZATION AND GOVERNANCE
CHAPTER 11. SCHOOL DISTRICTS
SUBCHAPTER H. SPECIAL-PURPOSE SCHOOL DISTRICTS

TEC, §11.352. GOVERNANCE OF SPECIAL-PURPOSE DISTRICT.

- (a) The State Board of Education shall appoint for each district established under Section 11.351 a board of three, five, or seven trustees, as determined by the State Board of Education. A trustee is not required to be a resident of the district.
- (b) For each military reservation school district, the State Board of Education may appoint a board of three or five trustees. Enlisted military personnel and military officers may be appointed to the school board. A majority of the trustees appointed for the district must be civilians and all may be civilians. The trustees shall be selected from a list of persons who are qualified to serve as members of a school district board of trustees under Section 11.061 and who live or are employed on the military reservation. The list shall be furnished to the board by the commanding officer of the military reservation. The trustees appointed serve terms of two years.
- (c) The State Board of Education may adopt rules for the governance of a special-purpose district. In the absence of a rule adopted under this subsection, the laws applicable to independent school districts apply to a special-purpose district.

TEXAS EDUCATION CODE
TITLE 2. PUBLIC EDUCATION
SUBTITLE C. LOCAL ORGANIZATION AND GOVERNANCE
CHAPTER 12. CHARTERS
SUBCHAPTER D. OPEN-ENROLLMENT CHARTER SCHOOL

TEC, §12.101. AUTHORIZATION.

- (a) In accordance with this subchapter, the commissioner may grant a charter on the application of an eligible entity for an open-enrollment charter school to operate in a facility of a commercial or nonprofit entity, an eligible entity, or a school district, including a home-rule school district. In this subsection, "eligible entity" means:
- (1) an institution of higher education as defined under Section [61.003](#);
 - (2) a private or independent institution of higher education as defined under Section [61.003](#);
 - (3) an organization that is exempt from taxation under Section 501(c)(3), Internal Revenue Code of 1986 (26 U.S.C. Section 501(c)(3)); or
 - (4) a governmental entity.
- (b) After thoroughly investigating and evaluating an applicant, the commissioner, in coordination with a member of the State Board of Education designated for the purpose by the chair of the board, may grant a charter for an open-enrollment charter school only to an applicant that meets any financial, governing, educational, and operational standards adopted by the commissioner under this subchapter, that the commissioner determines is capable of carrying out the responsibilities provided by the charter and likely to operate a school of high quality, and that:
- (1) has not within the preceding 10 years had a charter under this chapter or a similar charter issued under the laws of another state surrendered under a settlement agreement, revoked, denied renewal, or returned; or
 - (2) is not, under rules adopted by the commissioner, considered to be a corporate affiliate of or substantially related to an entity that has within the preceding 10 years had a charter under this chapter or a similar charter issued under the laws of another state surrendered under a settlement agreement, revoked, denied renewal, or returned.
- (b-0) The commissioner shall notify the State Board of Education of each charter the commissioner proposes to grant under this subchapter. Unless, before the 90th day after the date on which the board receives the notice from the commissioner, a majority of the members of the board present and voting vote against the grant of that charter, the commissioner's proposal to grant the charter takes effect. The board may not deliberate or vote on any grant of a charter that is not proposed by the commissioner.
- (b-1) In granting charters for open-enrollment charter schools, the commissioner may not grant a total of more than:

- (1) 215 charters through the fiscal year ending August 31, 2014;
 - (2) 225 charters beginning September 1, 2014;
 - (3) 240 charters beginning September 1, 2015;
 - (4) 255 charters beginning September 1, 2016;
 - (5) 270 charters beginning September 1, 2017; and
 - (6) 285 charters beginning September 1, 2018.
- (b-2) Beginning September 1, 2019, the total number of charters for open-enrollment charter schools that may be granted is 305 charters.
- (b-3) The commissioner may not grant more than one charter for an open-enrollment charter school to any charter holder. The commissioner may consolidate charters for an open-enrollment charter school held by multiple charter holders into a single charter held by a single charter holder with the written consent to the terms of consolidation by or at the request of each charter holder affected by the consolidation.
- (b-4) Notwithstanding Section [12.114](#), approval of the commissioner under that section is not required for establishment of a new open-enrollment charter school campus if the requirements of this subsection are satisfied. A charter holder having an accreditation status of accredited and at least 50 percent of its student population in grades assessed under Subchapter B, Chapter [39](#), or at least 50 percent of the students in the grades assessed having been enrolled in the school for at least three school years may establish one or more new campuses under an existing charter held by the charter holder if:
- (1) the charter holder is currently evaluated under the standard accountability procedures for evaluation under Chapter [39](#) and received a district rating in the highest or second highest performance rating category under Subchapter C, Chapter [39](#), for three of the last five years with at least 75 percent of the campuses rated under the charter also receiving a rating in the highest or second highest performance rating category and with no campus with a rating in the lowest performance rating category in the most recent ratings;
 - (2) the charter holder provides written notice to the commissioner of the establishment of any campus under this subsection in the time, manner, and form provided by rule of the commissioner; and
 - (3) not later than the 60th day after the date the charter holder provides written notice under Subdivision (2), the commissioner does not provide written notice to the charter holder that the commissioner has determined that the charter holder does not satisfy the requirements of this section.
- (b-5) The initial term of a charter granted under this section is five years.

- (b-6) The commissioner shall adopt rules to modify criteria for granting a charter for an open-enrollment charter school under this section to the extent necessary to address changes in performance rating categories or in the financial accountability system under Chapter [39](#).
- (b-7) A charter granted under this section for a dropout recovery school is not considered for purposes of the limit on the number of charters for open-enrollment charter schools imposed by this section. For purposes of this subsection, an open-enrollment charter school is considered to be a dropout recovery school if the school meets the criteria for designation as a dropout recovery school under Section [12.1141\(c\)](#).
- (b-8) In adopting any financial standards under this subchapter that an applicant for a charter for an open-enrollment charter school must meet, the commissioner shall not:
 - (1) exclude any loan or line of credit in determining an applicant's available funding; or
 - (2) exclude an applicant from the grant of a charter solely because the applicant fails to demonstrate having a certain amount of current assets in cash.
- (b-10) The commissioner by rule shall allow a charter holder to provide written notice of the establishment of a new open-enrollment charter school under Subsection (b-4)(2) up to 18 months before the date on which the campus is anticipated to open. Notice provided to the commissioner under this section does not obligate the charter holder to open a new campus.
- (c) If the facility to be used for an open-enrollment charter school is a school district facility, the school must be operated in the facility in accordance with the terms established by the board of trustees or other governing body of the district in an agreement governing the relationship between the school and the district.
- (d) An educator employed by a school district before the effective date of a charter for an open-enrollment charter school operated at a school district facility may not be transferred to or employed by the open-enrollment charter school over the educator's objection.

TEXAS EDUCATION CODE
CHAPTER 28. COURSES OF STUDY; ADVANCEMENT
SUBCHAPTER A. ESSENTIAL KNOWLEDGE AND SKILLS; CURRICULUM

TEC, §28.002. REQUIRED CURRICULUM.

- (a) Each school district that offers kindergarten through grade 12 shall offer, as a required curriculum:
- (1) a foundation curriculum that includes:
 - (A) English language arts;
 - (B) mathematics;
 - (C) science; and
 - (D) social studies, consisting of Texas, United States, and world history, government, economics, with emphasis on the free enterprise system and its benefits, and geography; and
 - (2) an enrichment curriculum that includes:
 - (A) to the extent possible, languages other than English;
 - (B) health, with emphasis on: ~~the importance of proper nutrition and exercise;~~
 - (i) physical health, including the importance of proper nutrition and exercise;
 - (ii) mental health, including instruction about mental health conditions, substance abuse, skills to manage emotions, establishing and maintaining positive relationships, and responsible decision-making; and
 - (iii) suicide prevention, including recognizing suicide-related risk factors and warning signs;
 - (C) physical education;
 - (D) fine arts;
 - (E) career and technology education;
 - (F) technology applications;
 - (G) religious literature, including the Hebrew Scriptures (Old Testament) and New Testament, and its impact on history and literature; and
 - (H) personal financial literacy.
- (b) The State Board of Education by rule shall designate subjects constituting a well-balanced curriculum to be offered by a school district that does not offer kindergarten through grade 12.
- (b-1) In this section, "common core state standards" means the national curriculum standards developed by the Common Core State Standards Initiative.
- (b-2) The State Board of Education may not adopt common core state standards to comply with a duty imposed under this chapter.
- (b-3) A school district may not use common core state standards to comply with the requirement to provide instruction in the essential knowledge and skills at appropriate grade levels under Subsection (c).
- (b-4) Notwithstanding any other provision of this code, a school district or open-enrollment charter school may not be required to offer any aspect of a common core state standards curriculum.
- (c) The State Board of Education, with the direct participation of educators, parents, business and industry representatives, and employers shall by rule identify the essential knowledge and skills of each subject of the required curriculum that all students should be able to demonstrate and that will be used in evaluating instructional materials under Chapter [31](#) and addressed on the assessment instruments required under Subchapter B, Chapter [39](#). As a condition of accreditation, the board shall require each district to provide instruction in the essential knowledge and skills at appropriate grade levels and to make available to each high school student in the district an Algebra II course.

- (c-1) The State Board of Education shall adopt rules requiring students enrolled in grade levels six, seven, and eight to complete at least one fine arts course during those grade levels as part of a district's fine arts curriculum.
- (c-2) Each time the Texas Higher Education Coordinating Board revises the Internet database of the coordinating board's official statewide inventory of workforce education courses, the State Board of Education shall by rule revise the essential knowledge and skills of any corresponding career and technology education curriculum as provided by Subsection (c).
- (c-3) In adopting the essential knowledge and skills for the technology applications curriculum for kindergarten through grade eight, the State Board of Education shall adopt essential knowledge and skills that include coding, computer programming, computational thinking, and cybersecurity. The State Board of Education shall review and revise, as needed, the essential knowledge and skills of the technology applications curriculum every five years to ensure the curriculum:
 - (1) is relevant to student education; and
 - (2) aligns with current or emerging professions.
- (d) The physical education curriculum required under Subsection (a)(2)(C) must be sequential, developmentally appropriate, and designed, implemented, and evaluated to enable students to develop the motor, self-management, and other skills, knowledge, attitudes, and confidence necessary to participate in physical activity throughout life. Each school district shall establish specific objectives and goals the district intends to accomplish through the physical education curriculum. In identifying the essential knowledge and skills of physical education, the State Board of Education shall ensure that the curriculum:
 - (1) emphasizes the knowledge and skills capable of being used during a lifetime of regular physical activity;
 - (2) is consistent with national physical education standards for:
 - (A) the information that students should learn about physical activity; and
 - (B) the physical activities that students should be able to perform;
 - (3) requires that, on a weekly basis, at least 50 percent of the physical education class be used for actual student physical activity and that the activity be, to the extent practicable, at a moderate or vigorous level;
 - (4) offers students an opportunity to choose among many types of physical activity in which to participate;
 - (5) offers students both cooperative and competitive games;
 - (6) meets the needs of students of all physical ability levels, including students who have a chronic health problem, disability, including a student who is a person with a disability described under Section [29.003\(b\)](#) or criteria developed by the agency in accordance with that section, or other special need that precludes the student from participating in regular physical education instruction but who might be able to participate in physical education that is suitably adapted and, if applicable, included in the student's individualized education program;
 - (7) takes into account the effect that gender and cultural differences might have on the degree of student interest in physical activity or on the types of physical activity in which a student is interested;
 - (8) teaches self-management and movement skills;
 - (9) teaches cooperation, fair play, and responsible participation in physical activity;
 - (10) promotes student participation in physical activity outside of school; and
 - (11) allows physical education classes to be an enjoyable experience for students.

- (e) American Sign Language is a language for purposes of Subsection (a)(2)(A). A public school may offer an elective course in the language.
- (f) A school district may offer courses for local credit in addition to those in the required curriculum. The State Board of Education shall:
 - (1) be flexible in approving a course for credit for high school graduation under this subsection; and
 - (2) approve courses in cybersecurity for credit for high school graduation under this subsection.
- (g) A local instructional plan may draw on state curriculum frameworks and program standards as appropriate. Each district is encouraged to exceed minimum requirements of law and State Board of Education rule. Each district shall ensure that all children in the district participate actively in a balanced curriculum designed to meet individual needs. Before the adoption of a major curriculum initiative, including the use of a curriculum management system, a district must use a process that:
 - (1) includes teacher input;
 - (2) provides district employees with the opportunity to express opinions regarding the initiative; and
 - (3) includes a meeting of the board of trustees of the district at which:
 - (A) information regarding the initiative is presented, including the cost of the initiative and any alternatives that were considered; and
 - (B) members of the public and district employees are given the opportunity to comment regarding the initiative.
- (g-1) A district may also offer a course or other activity, including an apprenticeship or training hours needed to obtain an industry-recognized credential or certificate, that is approved by the board of trustees for credit without obtaining State Board of Education approval if:
 - (1) the district develops a program under which the district partners with a public or private institution of higher education and local business, labor, and community leaders to develop and provide the courses; and
 - (2) the course or other activity allows students to enter:
 - (A) a career or technology training program in the district's region of the state;
 - (B) an institution of higher education without remediation;
 - (C) an apprenticeship training program; or
 - (D) an internship required as part of accreditation toward an industry-recognized credential or certificate for course credit.
- (g-2) Each school district shall annually report to the agency the names of the courses, programs, institutions of higher education, and internships in which the district's students have enrolled under Subsection (g-1) and the names of the courses and institutions of higher education in which the district's students have enrolled under Subsection (g-3). The agency shall make available information provided under this subsection to other districts.
- (g-3) A district may also offer a course in cybersecurity that is approved by the board of trustees for credit without obtaining State Board of Education approval if the district partners with a public or private institution of higher education that offers an undergraduate degree program in cybersecurity to develop and provide the course.
- (h) The State Board of Education and each school district shall foster the continuation of the tradition of teaching United States and Texas history and the free enterprise system in regular subject matter and in reading courses and in the adoption of instructional materials. A primary purpose of the public school curriculum is to prepare thoughtful, active citizens who understand the importance of patriotism and can function productively in a free enterprise society with appreciation for the basic democratic values of our state and national heritage.

- (i) The State Board of Education shall adopt rules for the implementation of this subchapter. Except as provided by Subsection (j), the board may not adopt rules that designate the methodology used by a teacher or the time spent by a teacher or a student on a particular task or subject.
- (j) The State Board of Education by rule may require laboratory instruction in secondary science courses and may require a specific amount or percentage of time in a secondary science course that must be laboratory instruction.
- (k) The State Board of Education, in consultation with the Department of State Health Services and the Texas Diabetes Council, shall develop a diabetes education program that a school district may use in the health curriculum under Subsection (a)(2)(B).
- (l) A school district shall require a student enrolled in full-day prekindergarten, in kindergarten, or in a grade level below grade six to participate in moderate or vigorous daily physical activity for at least 30 minutes throughout the school year as part of the district's physical education curriculum or through structured activity during a school campus's daily recess. To the extent practicable, a school district shall require a student enrolled in prekindergarten on less than a full-day basis to participate in the same type and amount of physical activity as a student enrolled in full-day prekindergarten. A school district shall require students enrolled in grade levels six, seven, and eight to participate in moderate or vigorous daily physical activity for at least 30 minutes for at least four semesters during those grade levels as part of the district's physical education curriculum. If a school district determines, for any particular grade level below grade six, that requiring moderate or vigorous daily physical activity is impractical due to scheduling concerns or other factors, the district may as an alternative require a student in that grade level to participate in moderate or vigorous physical activity for at least 135 minutes during each school week. Additionally, a school district may as an alternative require a student enrolled in a grade level for which the district uses block scheduling to participate in moderate or vigorous physical activity for at least 225 minutes during each period of two school weeks. A school district must provide for an exemption for:
 - (1) any student who is unable to participate in the required physical activity because of illness or disability; and
 - (2) a middle school or junior high school student who participates in an extracurricular activity with a moderate or vigorous physical activity component that is considered a structured activity under rules adopted by the commissioner.
- (l-1) In adopting rules relating to an activity described by Subsection (l)(2), the commissioner may permit an exemption for a student who participates in a school-related activity or an activity sponsored by a private league or club only if the student provides proof of participation in the activity.
- (l-2) To encourage school districts to promote physical activity for children through classroom curricula for health and physical education, the agency, in consultation with the Department of State Health Services, shall designate nationally recognized health and physical education program guidelines that a school district may use in the health curriculum under Subsection (a)(2)(B) or the physical education curriculum under Subsection (a)(2)(C).
- (l-3)
 - (1) This subsection may be cited as "Lauren's Law."
 - (2) The State Board of Education, the Department of State Health Services, or a school district may not adopt any rule, policy, or program under Subsections (a), (k), (l), (l-1), or (l-2) that would prohibit a parent or grandparent of a student from providing any food product of the parent's or grandparent's choice to:
 - (A) children in the classroom of the child of the parent or grandparent on the occasion of the child's birthday; or
 - (B) children at a school-designated function.
- (m) Section [2001.039](#), Government Code, as added by Chapter 1499, Acts of the 76th Legislature, Regular Session, 1999, does not apply to a rule adopted by the State Board of Education under Subsection (c) or (d).

- (n) The State Board of Education may by rule develop and implement a plan designed to incorporate foundation curriculum requirements into the career and technology education curriculum under Subsection (a)(2)(E).
- (o) In approving career and technology courses, the State Board of Education must determine that at least 50 percent of the approved courses are cost-effective for a school district to implement.
- (p) The State Board of Education, in conjunction with the office of the attorney general, shall develop a parenting and paternity awareness program that a school district shall use in the district's high school health curriculum. A school district may use the program developed under this subsection in the district's middle or junior high school curriculum. At the discretion of the district, a teacher may modify the suggested sequence and pace of the program at any grade level. The program must:
 - (1) address parenting skills and responsibilities, including child support and other legal rights and responsibilities that come with parenthood;
 - (2) address relationship skills, including money management, communication skills, and marriage preparation; and
 - (3) in district middle, junior high, or high schools that do not have a family violence prevention program, address skills relating to the prevention of family violence.
- (p-2) A school district may develop or adopt research-based programs and curriculum materials for use in conjunction with the program developed under Subsection (p). The programs and curriculum materials may provide instruction in:
 - (1) child development;
 - (2) parenting skills, including child abuse and neglect prevention; and
 - (3) assertiveness skills to prevent teenage pregnancy, abusive relationships, and family violence.
- (p-3) The agency shall evaluate programs and curriculum materials developed under Subsection (p-2) and distribute to other school districts information regarding those programs and materials.
- (p-4) A student under 14 years of age may not participate in a program developed under Subsection (p) without the permission of the student's parent or person standing in parental relation to the student.
- (q) Repealed by Acts 2013, 83rd Leg., R.S., Ch. 211, Sec. 78(b)(1), eff. September 1, 2014.
- (r) In adopting the essential knowledge and skills for the health curriculum under Subsection (a)(2)(B), the State Board of Education shall adopt essential knowledge and skills that address the science, risk factors, causes, dangers, [causes,] consequences, signs, symptoms, and treatment of substance abuse, including the use of illegal drugs, abuse of prescription drugs, abuse of alcohol such as by binge drinking or other excessive drinking resulting in [and] alcohol poisoning, inhaling solvents, and other forms of substance abuse. The agency shall compile a list of evidence-based substance abuse [alcohol] awareness programs from which a school district shall choose a program to use in the district's middle school, junior high school, and high school health curriculum. In this subsection, "evidence-based substance abuse [alcohol] awareness program" means a program, practice, or strategy that has been proven to effectively prevent substance abuse [or delay alcohol use] among students, as determined by evaluations that are evidence-based [use valid and reliable measures and that are published in peer reviewed journals].
- (s) In this subsection, "bullying" has the meaning assigned by Section [37.0832](#) and "harassment" has the meaning assigned by Section [37.001](#). In addition to any other essential knowledge and skills the State Board of Education adopts for the health curriculum under Subsection (a)(2)(B), the board shall adopt for the health curriculum, in consultation with the Texas School Safety Center, essential knowledge and skills that include evidence-based practices that will effectively address awareness, prevention, identification, self-defense in response to, and resolution of and intervention in bullying and harassment.
- (t) The State Board of Education, in consultation with the commissioner of higher education and business and industry leaders, shall develop an advanced language course that a school district may use in the curriculum under Subsection (a)(2)(A) to provide students with instruction in industry-related terminology that

prepares students to communicate in a language other than English in a specific professional, business, or industry environment.

(w) Repealed section 28.002 (w)

~~(w) In adopting the essential knowledge and skills for the health curriculum under Subsection (a)(2)(B), the State Board of Education shall adopt essential knowledge and skills that address the dangers, causes, consequences, signs, symptoms, and treatment of nonmedical use of prescription drugs. The agency shall compile a list of evidence-based prescription drug misuse awareness programs from which a school district may choose a program to use in the district's middle school, junior high school, and high school health curriculums. In this subsection, an "evidence-based prescription drug misuse awareness program" means a program, practice, or strategy that has been proven to effectively prevent nonmedical use of prescription drugs among students, as determined by evaluations that use valid and reliable measures and that are published in peer-reviewed journals.~~

(z) The State Board of Education by rule shall require each school district to incorporate instruction in digital citizenship into the district's curriculum, including information regarding the potential criminal consequences of cyberbullying. In this subsection:

(1) "Cyberbullying" has the meaning assigned by Section 37.0832.

(2) "Digital citizenship" means the standards of appropriate, responsible, and healthy online behavior, including the ability to access, analyze, evaluate, create, and act on all forms of digital communication.

TEXAS EDUCATION CODE
TITLE 2. PUBLIC EDUCATION
SUBTITLE F. CURRICULUM, PROGRAMS, AND SERVICES
CHAPTER 28. COURSES OF STUDY; ADVANCEMENT
SUBCHAPTER B. ADVANCEMENT, PLACEMENT, CREDIT, AND
ACADEMIC ACHIEVEMENT RECORD

TEC, §28.023. CREDIT BY EXAMINATION.

- (a) Using guidelines established by the State Board of Education, a school district shall develop or select for review by the district board of trustees examinations for acceleration for each primary school grade level and for credit for secondary school academic subjects. The guidelines must provide for the examinations to thoroughly test comprehension of the information presented in the applicable grade level or subject. The board of trustees shall approve for each subject, to the extent available, at least four examinations that satisfy State Board of Education guidelines. The examinations approved by the board of trustees must include:
 - (1) advanced placement examinations developed by the College Board; and
 - (2) examinations administered through the College-Level Examination Program.
- (b) A school district shall give a student in a primary grade level credit for a grade level and advance the student one grade level on the basis of an examination for acceleration approved by the board of trustees under Subsection (a) if:
 - (1) the student scores in the 80th percentile or above on each section of the examination;
 - (2) a district representative recommends that the student be advanced; and
 - (3) the student's parent or guardian gives written approval of the advancement.
- (c) A school district shall give a student in grade level six or above credit for a subject on the basis of an examination for credit in the subject approved by the board of trustees under Subsection (a) if the student scores in the 80th percentile or above on the examination or if the student achieves a score as provided by Subsection (c-1). If a student is given credit in a subject on the basis of an examination, the district shall enter the examination score on the student's transcript and the student is not required to take an end-of-course assessment instrument adopted under Section 39.023(c) for that subject.
- (c-1) A school district shall give a student in grade level six or above credit for a subject if the student scores:

- (1) a three or higher on an advanced placement examination approved by the board of trustees under Subsection (a) and developed by the College Board; or
 - (2) a scaled score of 50 or higher on an examination approved by the board of trustees under Subsection (a) and administered through the College-Level Examination Program.
- (d) Each district shall administer each examination approved by the board of trustees under Subsection (a) not fewer than four times each year, at times to be determined by the State Board of Education.
- (e) Subsection (d) does not apply to an examination that has an administration date that is established by an entity other than the school district.
- (f) A student may not attempt more than two times to receive credit for a particular subject on the basis of an examination for credit in that subject.
- (g) If a student fails to achieve the designated score described by Subsection (c) or (c-1) on an applicable examination described by Subsection (c) or (c-1) for a subject before the beginning of the school year in which the student would ordinarily be required to enroll in a course in that subject in accordance with the school district's prescribed course sequence, the student must satisfactorily complete the course to receive credit for the course.
- (h) This subsection applies only to a school district surrounded by a school district described by Section 11.065(a). Notwithstanding any other provision of this section, a school district's board of trustees may establish a minimum required score for each section of an examination for acceleration or an examination for credit approved by the board under Subsection (a) that is higher than the minimum required scores under Subsections (b) and (c), respectively. A minimum required score established by a board of trustees under this subsection:
- (1) may be no greater than a score in the 90th percentile;
 - (2) must be established before the beginning of a school year for examinations to be administered in the school year; and
 - (3) must apply for at least the entire school year.

TEXAS EDUCATION CODE
TITLE 2. PUBLIC EDUCATION
SUBTITLE F. CURRICULUM, PROGRAMS, AND SERVICES
CHAPTER 29. EDUCATIONAL PROGRAMS
SUBCHAPTER Z. MISCELLANEOUS PROGRAMS

TEC, §29.906. CHARACTER TRAITS INSTRUCTION.

- (a) The State Board of Education shall integrate positive character traits into the essential knowledge and skills adopted for kindergarten through grade 12, as appropriate.
- (b) The State Board of Education must include the following positive character traits:
 - (1) courage;
 - (2) trustworthiness, including honesty, reliability, punctuality, and loyalty;
 - (3) integrity;
 - (4) respect and courtesy;
 - (5) responsibility, including accountability, diligence, perseverance, and self-control;
 - (6) fairness, including justice and freedom from prejudice;
 - (7) caring, including kindness, empathy, compassion, consideration, patience, generosity, and charity;
 - (8) good citizenship, including patriotism, concern for the common good and the community, and respect for authority and the law;
 - (9) school pride; and
 - (10) gratitude.
- (c) Each school district and open-enrollment charter school must adopt a character education program that includes the positive character traits listed in Subsection (b). In developing or selecting a character education program under this section, a school district shall consult with a committee selected by the district that consists of:
 - (1) parents of district students;
 - (2) educators; and
 - (3) other members of the community, including community leaders.
- (d) This section does not require or authorize proselytizing or indoctrinating concerning any specific religious or political belief.
- (e) The agency shall:
 - (1) maintain a list of character education programs that school districts have implemented that meet the criteria under Subsection (b);
 - (2) based on data reported by districts, annually designate as a Character Plus School each school that provides a character education program that:
 - (A) meets the criteria prescribed by Subsection (b); and

- (B) is approved by the committee selected under Subsection (c); and
- (3) include in the report required under Section [39.332](#):
 - (A) based on data reported by districts, the impact of character education programs on student discipline and academic achievement; and
 - (B) other reported data relating to character education programs the agency considers appropriate for inclusion.
- (f) The agency may accept money from federal government and private sources to use in assisting school districts in implementing character education programs that meet the criteria prescribed by Subsection (b).
- (g) The State Board of Education may adopt rules as necessary to implement this section.

TEXAS EDUCATION CODE
TITLE 2. PUBLIC EDUCATION
SUBTITLE F. CURRICULUM, PROGRAMS, AND SERVICES
CHAPTER 31. INSTRUCTIONAL MATERIALS
SUBCHAPTER A. GENERAL PROVISIONS

TEC §31.002. DEFINITIONS.

In this chapter:

- (1) "Instructional material" means content that conveys the essential knowledge and skills of a subject in the public school curriculum through a medium or a combination of media for conveying information to a student. The term includes a book, supplementary materials, a combination of a book, workbook, and supplementary materials, computer software, magnetic media, DVD, CD-ROM, computer courseware, on-line services, or an electronic medium, or other means of conveying information to the student or otherwise contributing to the learning process through electronic means, including open education resource instructional material.
- (1-a) "Open education resource instructional material" means teaching, learning, and research resources that reside in the public domain or have been released under an intellectual property license that allows for free use, reuse, modification, and sharing with others, including full courses, course materials, modules, textbooks, streaming videos, tests, software, and any other tools, materials, or techniques used to support access to knowledge. The term includes state-developed open education resource instructional material purchased under Subchapter B-1.
- (2) "Publisher" includes an on-line service or a developer or distributor of electronic instructional materials.
- (3) Repealed by Acts 2011, 82nd Leg., 1st C.S., Ch. 6, Sec. 67(1), eff. July 19, 2011.
- (4) "Technological equipment" means hardware, a device, or equipment necessary for:
 - (A) instructional use in the classroom, including to gain access to or enhance the use of electronic instructional materials; or
 - (B) professional use by a classroom teacher.

TEXAS EDUCATION CODE
TITLE 2. PUBLIC EDUCATION
SUBTITLE F. CURRICULUM, PROGRAMS, AND SERVICES
CHAPTER 31. INSTRUCTIONAL MATERIALS
SUBCHAPTER A. GENERAL PROVISIONS

TEC, §31.003. RULES.

The State Board of Education may adopt rules, consistent with this chapter, for the adoption, requisition, distribution, care, use, and disposal of instructional materials.

TEXAS EDUCATION CODE
CHAPTER 31. INSTRUCTIONAL MATERIALS
SUBCHAPTER A. GENERAL PROVISIONS

TEC, §31.022. INSTRUCTIONAL MATERIALS REVIEW AND ADOPTION.

- (a) The State Board of Education shall adopt a review and adoption cycle for instructional materials for elementary grade levels, including prekindergarten, and secondary grade levels, for each subject in the required curriculum under Section 28.002. In adopting the cycle, the board:
 - (1) is not required to review and adopt instructional materials for all grade levels in a single year; and
 - (2) shall give priority to instructional materials in the following subjects:
 - (A) foundation curriculum subjects for which the essential knowledge and skills have been substantially revised and for which assessment instruments are required under Subchapter B, Chapter 39, including career and technology courses that satisfy foundation curriculum requirements as provided by Section 28.002(n);
 - (B) foundation curriculum subjects for which the essential knowledge and skills have been substantially revised, including career and technology courses that satisfy foundation curriculum requirements as provided by Section 28.002(n);
 - (C) foundation curriculum subjects not described by Paragraph (A) or (B), including career and technology courses that satisfy foundation curriculum requirements as provided by Section 28.002(n); and
 - (D) enrichment curriculum subjects.
- (b) The board shall organize the cycle for subjects in the foundation curriculum so that not more than one-fourth of the instructional materials for subjects in the foundation curriculum are reviewed each biennium. The board shall adopt rules to provide for a full and complete investigation of instructional materials for each subject in the foundation curriculum every eight years. The adoption of instructional materials for a subject in the foundation curriculum may be extended beyond the eight-year period only if the content of instructional materials for a subject is sufficiently current.
- (c) The board shall adopt rules to provide for a full and complete investigation of instructional materials for each subject in the enrichment curriculum on a cycle the board considers appropriate.
- (d) At least 12 months before the beginning of the school year for which instructional materials for a particular subject and grade level will be adopted under the review and adoption cycle, the board shall publish notice of the review and adoption cycle for those instructional materials. A request for production must allow submission of open education resource instructional materials that are available for use by the state without charge on the same basis as instructional materials offered for sale.
- (d-1) A notice published under Subsection (d) must state that a publisher of adopted instructional materials for a grade level other than prekindergarten must submit an electronic sample of the instructional materials as required by Sections 31.027(a) and (b) and may not submit a print sample copy.
- (e) The board shall designate a request for production of instructional materials in a subject area and grade level by the school year in which the instructional materials are intended to be made available in classrooms and not by the school year in which the board makes the request for production.
- (f) The board shall amend any request for production issued for the purchase of instructional materials to conform to the instructional materials funding levels provided by the General Appropriations Act for the year of implementation.
- (g) In reviewing and adopting instructional materials, the board shall consider a school district's need for technology as well as instructional materials and in any biennium may limit the adoption of instructional materials to provide sufficient resources to purchase technology resources, including digital curriculum.
- (h) The board shall include information regarding open education resource instructional materials during the adoption cycle, including any cost savings associated with the adoption of open education resource instructional materials.

TEXAS EDUCATION CODE
TITLE 2. PUBLIC EDUCATION
SUBTITLE F. CURRICULUM, PROGRAMS, AND SERVICES
CHAPTER 31. INSTRUCTIONAL MATERIALS
SUBCHAPTER B. STATE FUNDING, ADOPTION, AND PURCHASE

TEC, §31.023. INSTRUCTIONAL MATERIAL LIST

- (a) For each subject and grade level, the State Board of Education shall adopt a list of instructional materials. The list includes each instructional material submitted for the subject and grade level that meets applicable physical specifications adopted by the State Board of Education and contains material covering at least half of the elements of the essential knowledge and skills of the subject and grade level in the student version of the instructional material, as well as in the teacher version of the instructional material, as determined by the State Board of Education under Section [28.002](#) and adopted under Section [31.024](#).
- (a-1) The State Board of Education shall determine the percentage of the elements of the essential knowledge and skills of the subject and grade level covered by each instructional material submitted. The board's determination under this subsection is final.
- (b) Each instructional material on the list must be:
 - (1) free from factual errors;
 - (2) suitable for the subject and grade level for which the instructional material was submitted; and
 - (3) reviewed by academic experts in the subject and grade level for which the instructional material was submitted.

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TITLE 2. PUBLIC EDUCATION
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CHAPTER 31. INSTRUCTIONAL MATERIALS
SUBCHAPTER B. STATE FUNDING, ADOPTION, AND PURCHASE

TEC, §31.024. ADOPTION BY STATE BOARD OF EDUCATION.

- (a) By majority vote, the State Board of Education shall:
- (1) place each submitted instructional material on the list adopted under Section [31.023](#);
or
 - (2) reject instructional material submitted for placement on that list.
- (b) Not later than December 1 of the year preceding the school year for which the instructional materials for a particular subject and grade level will be purchased under the cycle adopted by the board under Section [31.022](#), the board shall provide the list of adopted instructional materials to each school district.

TEXAS EDUCATION CODE
TITEL 2. PUBLIC EDUCATION
SUBTITLE F. CURRICULUM, PROGRAMS, AND SERVICES
CHAPTER 31. INSTRUCTIONAL MATERIALS
SUBCHAPTER A. GENERAL PROVISIONS

TEC, §31.035. SUPPLEMENTAL INSTRUCTIONAL MATERIALS.

- (a) Notwithstanding any other provision of this subchapter, the State Board of Education may adopt supplemental instructional materials that are not on the list adopted under Section [31.023](#). The State Board of Education may adopt supplemental instructional material under this section only if the instructional material:
 - (1) contains material covering one or more primary focal points or primary topics of a subject in the required curriculum under Section [28.002](#), as determined by the State Board of Education;
 - (2) is not designed to serve as the sole instructional material for a full course;
 - (3) meets applicable physical specifications adopted by the State Board of Education;
 - (4) is free from factual errors;
 - (5) is suitable for the subject and grade level; and
 - (6) is reviewed by academic experts in the subject and grade level.
- (b) The State Board of Education shall identify the essential knowledge and skills identified under Section [28.002](#) that are covered by supplemental instructional material adopted by the board under this section.
- (c) Supplemental instructional material is subject to the review and adoption cycle provisions, including the midcycle review and adoption cycle provisions, of this subchapter.
- (d) A school district or open-enrollment charter school may requisition supplemental instructional material adopted under this section only if the district or school requisitions the supplemental instructional material along with other supplemental instructional materials or instructional materials on the list adopted under Section [31.023](#) that in combination cover each element of the essential knowledge and skills for the course for which the district or school is requisitioning the supplemental instructional materials.
- (e) Repealed by Acts 2011, 82nd Leg., 1st C.S., Ch. 6, Sec. 67(5), eff. July 19, 2011.
- (f) A school district or open-enrollment charter school that requisitions supplemental instructional materials shall certify to the agency that the supplemental instructional materials, in combination with any other instructional materials or supplemental instructional materials used by the district or school, cover the essential knowledge and skills identified under Section [28.002](#) by the State Board of Education for the subject and grade level for which the district or school is requisitioning the supplemental instructional materials.
- (g) Repealed by Acts 2011, 82nd Leg., 1st C.S., Ch. 6, Sec. 67(5), eff. July 19, 2011.

TEXAS EDUCATION CODE
TITLE 2. PUBLIC EDUCATION
SUBTITLE F. CURRICULUM, PROGRAMS, AND SERVICES
CHAPTER 31. INSTRUCTIONAL MATERIALS
SUBCHAPTER D. ADMINISTRATIVE PENALTIES AND PENAL PROVISIONS

TEC, §31.151. DUTIES OF PUBLISHERS AND MANUFACTURERS

- (a) A publisher or manufacturer of instructional materials:
- (1) shall furnish any instructional material the publisher or manufacturer offers in this state at a price that does not exceed the lowest price at which the publisher offers that instructional material for adoption or sale to any state, public school, or school district in the United States;
 - (2) shall automatically reduce the price of instructional material sold for use in a school district or open-enrollment charter school to the extent that the price is reduced elsewhere in the United States;
 - (3) shall provide any instructional material or ancillary item free of charge in this state to the same extent that the publisher or manufacturer provides the instructional material or ancillary item free of charge to any state, public school, or school district in the United States;
 - (4) shall guarantee that each copy of instructional material sold in this state is at least equal in quality to copies of that instructional material sold elsewhere in the United States and is free from factual error;
 - (5) may not become associated or connected with, directly or indirectly, any combination in restraint of trade in instructional materials or enter into any understanding or combination to control prices or restrict competition in the sale of instructional materials for use in this state;
 - (6) shall deliver instructional materials to a school district or open-enrollment charter school;
 - (7) shall, at the time an order for instructional materials is acknowledged, provide to school districts or open-enrollment charter schools an accurate shipping date for instructional materials that are back-ordered;
 - (8) shall guarantee delivery of instructional materials at least 10 business days before the opening day of school of the year for which the instructional materials are ordered if the instructional materials are ordered by a date specified in the sales contract; and
 - (9) shall submit to the State Board of Education an affidavit certifying any instructional material the publisher or manufacturer offers in this state to be free of factual errors at the time the publisher executes the contract required by Section [31.026](#).
- (b) The State Board of Education may impose a reasonable administrative penalty against a publisher or manufacturer who knowingly violates Subsection (a). The board shall provide for

a hearing to be held to determine whether a penalty is to be imposed and, if so, the amount of the penalty. The board shall base the amount of the penalty on:

- (1) the seriousness of the violation;
 - (2) any history of a previous violation;
 - (3) the amount necessary to deter a future violation;
 - (4) any effort to correct the violation; and
 - (5) any other matter justice requires.
- (c) A hearing under Subsection (b) shall be held according to rules adopted by the State Board of Education.
- (d) A penalty collected under this section shall be deposited to the credit of the state instructional materials and technology fund.
- (e) An eligible institution, as defined by Section [31.0241](#)(a), that offers open education resource instructional materials under Section [31.0241](#) is not a publisher or manufacturer for purposes of this section.

TEXAS EDUCATION CODE
TITLE 2. PUBLIC EDUCATION
SUBTITLE H. PUBLIC SCHOOL SYSTEM ACCOUNTABILITY
CHAPTER 39. PUBLIC SCHOOL SYSTEM ACCOUNTABILITY
SUBCHAPTER B. ASSESSMENT OF ACADEMIC SKILLS

TEC, §39.02341. TRANSITION TO ELECTRONIC ADMINISTRATION OF ASSESSMENT INSTRUMENTS

- (a) The agency, in consultation with the State Board of Education, shall develop a transition plan to administer all assessment instruments required under Section [39.023](#) electronically beginning not later than the 2022-2023 school year. The plan must:
 - (1) evaluate the availability of Internet access for each school district in this state;
 - (2) identify changes to state law or policy necessary to improve the availability of Internet access described by Subdivision (1);
 - (3) evaluate the state's experience with administering online assessment instruments, including the occurrence or effects of power outages or other types of disruptions of Internet service, and actions taken by the state to mitigate the occurrence and effect of those disruptions; and
 - (4) identify and evaluate actions taken by the state to improve the administration of online assessment instruments.
- (b) The agency shall implement the transition plan beginning on September 1, 2021. In order to ensure legislative approval of the transition plan, this subsection expires August 31, 2021.
- (c) Not later than December 1, 2020, the agency shall submit to the governor, the lieutenant governor, and the members of the legislature a report on the plan developed under Subsection (a). The report must include:
 - (1) information from school districts assessing the needs of those districts in transitioning to electronic administration;
 - (2) any recommended changes to state law to assist in the transition; and
 - (3) a recommended timeline for statewide implementation of electronic administration.
- (d) This section expires September 1, 2023.

TEXAS EDUCATION CODE
TITLE 2. PUBLIC EDUCATION
SUBTITLE I. SCHOOL FINANCE AND FISCAL MANAGEMENT
CHAPTER 43. PERMANENT SCHOOL FUND AND AVAILABLE SCHOOL FUND

TEC, §43.001. COMPOSITION OF PERMANENT SCHOOL FUND AND AVAILABLE SCHOOL FUND.

- (a) Except as provided by Subsection (b), the permanent school fund, which is a perpetual endowment for the public schools of this state, consists of:
- (1) all land appropriated for the public schools by the constitution and laws of this state;
 - (2) all of the unappropriated public domain remaining in this state, including all land recovered by the state by suit or otherwise except pine forest land as defined by Section [88.111](#); and property described by Section [12.128](#);
 - (3) all proceeds from the authorized sale of permanent school fund land;
 - (4) all proceeds from the lawful sale of any other properties belonging to the permanent school fund;
 - (5) all investments authorized by Section [43.003](#) of properties belonging to the permanent school fund; and
 - (6) all income from the mineral development of permanent school fund land, including income from mineral development of riverbeds and other submerged land.
- (b) The available school fund, which shall be apportioned annually to each county according to its scholastic population, consists of:
- (1) the distributions to the fund from the permanent school fund as provided by ~~Sections~~ [Section](#) [5\(a\) and \(g\)](#), Article VII, Texas Constitution;
 - (2) one-fourth of all revenue derived from all state occupation taxes, exclusive of delinquencies and cost of collection;
 - (3) one-fourth of revenue derived from state gasoline and special fuels excise taxes as provided by law; and
 - (4) all other appropriations to the available school fund made by the legislature for public school purposes.
- (c) The term "scholastic population" in Subsection (b) or any other law governing the apportionment, distribution, and transfer of the available school fund means all students of school age enrolled in average daily attendance the preceding school year in the public elementary and high school grades of school districts within or under the jurisdiction of a county of this state.
- (d) Each biennium the State Board of Education shall set aside an amount equal to 50 percent of the distribution for that biennium from the permanent school fund to the available school fund as provided by ~~Sections~~ [Section](#) [5\(a\) and \(g\)](#), Article VII, Texas Constitution, to be placed, subject to the General Appropriations Act, in the state technology and instructional materials fund established under Section [31.021](#).

TEXAS EDUCATION CODE
TITLE 2. PUBLIC EDUCATION
SUBTITLE I. SCHOOL FINANCE AND FISCAL MANAGEMENT
CHAPTER 43. PERMANENT SCHOOL FUND AND AVAILABLE SCHOOL FUND

TEC, §43.0052. QUARTERLY REPORTS.

Each quarter, the State Board of Education shall provide to the School Land Board a financial report on the portion of the permanent school fund assets and funds for which the State Board of Education is responsible. The report must include:

- (1) target and actual asset allocations, by asset type, based on fair market value or net asset value;
- (2) investment performance by asset type;
- (3) benchmarks and benchmark performances; and
- (4) costs of implementing and administering the permanent school fund liquid account under Section [51.414](#), Natural Resources Code, including costs associated with contracts for:
 - (A) professional investment management;
 - (B) investment advisory services; and
 - (C) custodial services for the account.

TEXAS EDUCATION CODE
TITLE 2: PUBLIC EDUCATION
SUBTITLE I. SCHOOL FINANCE AND FISCAL MANAGEMENT
CHAPTER 42. FOUNDATION SCHOOL PROGRAM
SUBCHAPTER A. GENERAL PROVISIONS

TEC, §48.004. ADMINISTRATION OF THE PROGRAM.

The commissioner shall adopt rules and take action and require reports consistent with this chapter as necessary to implement and administer the Foundation School Program.

Added by Acts 1995, 74th Leg., ch. 260, Sec. 1, eff. May 30, 1995.

Transferred, redesignated and amended from Education Code, Section 42.004 by Acts 2019, 86th Leg., R.S., Ch. 943 (H.B. [3](#)), Sec. 1.013, eff. September 1, 2019.

TEXAS EDUCATION CODE
TITLE 2: PUBLIC EDUCATION
SUBTITLE I. SCHOOL FINANCE AND FISCAL MANAGEMENT
CHAPTER 48. FOUNDATION SCHOOL PROGRAM
SUBCHAPTER F. FINANCING THE PROGRAM

TEC, §48.251. FINANCING; GENERAL RULE.

- (a) The cost of the Foundation School Program for a school district is the total sum of:
 - (1) the sum of the tier one allotments and other funding as follows:
 - (A) the basic allotment under Subchapter B;
 - (B) the student-based allotments under Subchapter C; and
 - (C) the additional funding under Subchapter D; and
 - (2) the tier two allotment under Subchapter E.
- (b) The sum of the Foundation School Program maintenance and operations costs for all accredited school districts in this state constitutes the total maintenance and operations cost of the Foundation School Program.
- (c) The program shall be financed by:
 - (1) state available school funds distributed in accordance with the law;
 - (2) ad valorem tax revenue generated by local school district effort; and
 - (3) state funds appropriated for the purposes of public school education and allocated to each district in an amount sufficient to finance the cost of each district's Foundation School Program not covered by other funds specified in this subsection.

TEXAS GOVERNMENT CODE
TITLE 10. GENERAL GOVERNMENT
SUBTITLE A. ADMINISTRATIVE PROCEDURE AND PRACTICE
CHAPTER 2001. ADMINISTRATIVE PROCEDURE
SUBCHAPTER B. RULEMAKING

TGC, §2001.039. AGENCY REVIEW OF EXISTING RULES.

- (a) A state agency shall review and consider for readoption each of its rules in accordance with this section.
- (b) A state agency shall review a rule not later than the fourth anniversary of the date on which the rule takes effect and every four years after that date. The adoption of an amendment to an existing rule does not affect the dates on which the rule must be reviewed except that the effective date of an amendment is considered to be the effective date of the rule if the agency formally conducts a review of the rule in accordance with this section as part of the process of adopting the amendment.
- (c) The state agency shall readopt, readopt with amendments, or repeal a rule as the result of reviewing the rule under this section.
- (d) The procedures of this subchapter relating to the original adoption of a rule apply to the review of a rule and to the resulting repeal, readoption, or readoption with amendments of the rule, except as provided by this subsection. Publishing the Texas Administrative Code citation to a rule under review satisfies the requirements of this subchapter relating to publishing the text of the rule unless the agency readopts the rule with amendments as a result of the review.
- (e) A state agency's review of a rule must include an assessment of whether the reasons for initially adopting the rule continue to exist.

