

**Report of the State Board of Education
Committee of the Full Board
June 30, 2020**

The State Board of Education Committee of the Full Board met at 9:04 a.m. on Tuesday, June 30, 2020. Attendance was noted as follows:

Present: Keven Ellis, chair; Lawrence A. Allen, Jr.; Donna Bahorich; Barbara Cargill; Ruben Cortez, Jr.; Aicha Davis; Pat Hardy; Pam Little; Tom Maynard; Sue Melton-Malone; Ken Mercer; Georgina C. Pérez; Marisa B. Perez-Diaz; Matt Robinson; Marty Rowley

Public Testimony

The Committee of the Full Board heard public testimony on agenda items #5 and #6. Information regarding the individuals who presented public testimony is included in the discussion of that item.

DISCUSSION ITEM

**1. Commissioner's Comments
(Board agenda page I-9)**

Commissioner of Education Mike Morath presented a high-level overview of the attendance and instructional options that will be available to school districts for the 2020-2021 school year. He also provided an update on the HB 3 Texas Reading Academies.

CONSENT ITEMS

**2. Ratification of *Proclamation 2021* Deadline Extension for Publishers Affected by COVID-19
(Board agenda page I-10)
[Consent agenda item #(1)]**

Melissa Lautenschlager, director, instructional materials and implementation, explained that many publishers expressed concerns over the *Proclamation 2021* deadline because their facilities were closed or understaffed due to COVID-19. Dr. Ellis granted temporary approval to extend the deadline and this item requests State Board of Education ratification of the *Proclamation 2021* deadline extension for publishers affected by COVID-19.

MOTION AND VOTE: *It was moved by Mr. Rowley, seconded by Ms. Perez-Diaz, and carried unanimously to recommend that the State Board of Education ratify the Proclamation 2021 deadline extensions for publishers to provide pre-adoption samples, final correlations to the Texas Prekindergarten Guidelines, Certification of Editorial Review, Affidavit of Authorship or Contribution, and Report on Interoperability and Ease of Use.*

3. Review and Adoption of the Long-Term Strategic Asset Allocation Plan of the Permanent School Fund of the State Board of Education and Permanent School Fund Liquid Account
(Board agenda page I-11)
[Consent agenda item #(2)]

Holland Timmins, chief investment officer and executive administrator for the Permanent School Fund (PSF), introduced the review and adoption of the long-term strategic asset allocation plan of the PSF of the State Board of Education (SBOE) and the PSF Liquid Account.

Rhett Humphries, partner, NEPC, presented the PSF 2020 asset allocation review. Mr. Humphries discussed key themes and observations that went into NEPC's recommendation. NEPC recommended the target asset allocation to the SBOE. The asset allocation recommended by NEPC and staff is Mix B of the recommendation.

- US Large Cap Equities 14%
- US Small/Mid Cap Equities 6%
- Int'l Equities 14%
- Emerging Int'l Equities 3%
- Core Bonds 12%
- High Yield Bonds 3%
- Emerging Market Debt (Local Currency) 7%
- Treasuries 3%
- Private Equity 15%
- Real Return 4%
- Real Estate 11%
- Absolute Return 7%
- Emerging Manager Program 1%

Mr. Humphries discussed the key themes related to the pacing and asset allocation recommendation of the PSF Liquid Account. He provided an overview of the Phase 2 timeline and recommended implementation of a Moderate Risk plan.

	Phase 1 Allocations	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
Cash	60.0%	55.0%	50.0%	45.0%	40.0%	33.0%	26.0%	20.0%
Total Cash	60.0%	55.0%	50.0%	45.0%	40.0%	33.0%	26.0%	20.0%
Large Cap Equities	0.0%	3.0%	5.0%	8.0%	10.0%	13.0%	17.0%	20.0%
Small/Mid Cap Equities	0.0%	2.0%	2.0%	2.0%	3.0%	5.0%	5.0%	5.0%
Int'l Equities (Unhedged)	0.0%	0.0%	3.0%	5.0%	7.0%	9.0%	12.0%	15.0%
Total Equity	0.0%	5.0%	10.0%	15.0%	20.0%	27.0%	34.0%	40.0%
TIPS	0.0%	3.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Core Bonds	0.0%	5.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Short Duratinon (1-3 year BC Ag)	40.0%	32.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
Total Fixed Income	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%
Expected Return 10 yrs	1.1%	1.5%	1.9%	2.2%	2.6%	3.1%	3.6%	4.0%
Expected Return 30 yrs	2.1%	2.4%	2.8%	3.1%	3.5%	3.9%	4.4%	4.7%
Standard Dev	1.5%	1.8%	2.5%	3.1%	3.8%	4.9%	6.1%	7.1%
Sharpe Ratio (10 years)	0.29	0.43	0.47	0.49	0.49	0.48	0.47	0.46
Sharpe Ratio (30 years)	0.20	0.35	0.41	0.43	0.44	0.43	0.43	0.42

Mr. Timmins provided background information regarding the General Land Office (GLO) portfolio and the GLO's plan related to their need for cash and their distribution to the Available School Fund (ASF).

Mr. Humphries discussed next steps, including approval of the asset allocation recommendations, transitioning toward the new targets across the SBOE and the Liquid Account portfolios, and beginning the process of issuing requests for proposals (RFPs).

MOTION AND VOTE: *It was moved by Mr. Maynard, seconded by Mr. Cortez, and carried unanimously, to recommend that the State Board of Education:*

- 1) *adopt the recommendation of NEPC and PSF staff to approve the long-term strategic asset allocation of the Permanent School Fund, shown as Mix B on page 14 of the NEPC presentation titled “2020 Asset Allocation Update, Texas Permanent School Fund;”*
- 2) *adopt the recommendation of NEPC and PSF staff to approve the long-term strategic asset allocation of the Permanent School Fund Liquid Account, shown as the Moderate Risk option on page 17 of the same NEPC presentation;*
- 3) *authorize PSF staff to begin implementation of the liquid asset classes in the Fund and the Liquid Account as adopted in this motion; and,*
- 4) *authorize PSF staff and BNY during the implementation of the asset allocation for the Fund and Liquid Account adopted July 2020 to compare Fund and asset class performance to the appropriate benchmarks based on actual allocations as the assets are invested until the implementation is complete, at which time the appropriate new benchmark will become static at the strategic target.*

4. Review of the Report on Permanent School Fund Percentage Distribution Rates Under Consideration for Fiscal Years 2022 and 2023

(Board agenda page I-12)
[Consent agenda item #(3)]

Mr. Timmins stated that this agenda item fulfills the requirement that the State Board of Education report the distribution rates under consideration to the Legislative Budget Board and the Governor prior to their adoption. He noted several factors that allow for a higher distribution rate in the coming biennium than in the current biennium and stated that staff and NEPC recommendations are similar.

Carlos Veintemillas, deputy chief investment officer and director of fixed income, presented the PSF staff presentation discussing the Texas PSF Distributions to the Available School Fund. He discussed the factors considered in determining an appropriate distribution rate for the PSF that preserves intergenerational equity. The staff recommendation was for the board to adopt a range for the distribution rate of between 3.76% and 4.68% for fiscal years 2022-2023, respectively. Mr. Veintemillas added that this range will allow the SBOE to distribute significantly higher amounts than the current distribution.

Keith Stronkowsky, senior consultant, NEPC, discussed the factors NEPC used to make its recommendation, stating that the only difference in the variables was the inflation rate. NEPC's recommendation was for a range in the distribution rate of between 3.50% and 4.75% for fiscal years 2022-2023.

MOTION AND VOTE: *It was moved by Mr. Maynard, seconded by Mr. Cortez, and carried to recommend that the State Board of Education approve a range for the distribution rate of between 3.76% and 4.68% for fiscal years 2022 and 2023.*

ACTION ITEM

5. Proposed New 19 TAC Chapter 61, School Districts, Subchapter B, Special Purpose School Districts, §61.01, Applicability of State Law for Special Purpose School Districts

(Board agenda page I-13)
[Official agenda item #(2)]

Public testimony was provided by the following individuals:

NAME: Justin Louder
AFFILIATION: Texas Tech University (TTU) K-12

NAME: Beth Cooper
AFFILIATION: The University of Texas at Austin High School Special Purpose District

Monica Martinez, associate commissioner, standards and support services, explained the process that was used to develop the proposed new rule text related to special purpose school districts.

Von Byer, general counsel, reviewed the proposed rule text, explained each section, and identified the parts of the Texas Education Code (TEC) that would apply and those that would not apply to special purpose school districts.

MOTION: *It was moved by Mr. Maynard and seconded by Mr. Rowley to recommend that the State Board of Education approve for first reading and filing authorization 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.*

MOTION AND VOTE: *It was moved by Dr. Ellis, seconded by Mr. Maynard, and carried unanimously to recommend that the State Board of Education amend §61.101(d)(3) to add, “The superintendent may not participate in the nomination process for the advisory board.”*

VOTE: *A vote was taken on the motion to recommend that the State Board of Education approve for first reading and filing authorization 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, as amended by the Committee of the Full Board. The motion carried unanimously.*

DISCUSSION ITEMS

The following two items were postponed from the June 29, 2020, Committee of the Full Board meeting.

3. Discussion of Proposed Revisions to 19 TAC Chapter 116, Texas Essential Knowledge and Skills for Physical Education
(Board agenda page I-5)

Ms. Ramos explained the draft work group recommendations for revisions to the physical education Texas Essential Knowledge and Skills (TEKS). The board provided specific feedback on the current draft of proposed revisions. Additionally, the board requested that TEA convene the content advisors to review the current draft and provide recommendations for revisions based on the following feedback.

- Ensure absolute alignment between the health education and physical education TEKS to ensure there are no gaps or duplication of content.
- Ensure that additional specificity is added to the standards for Kindergarten-Grade 8 and ensure the student expectations are measurable, differentiated, and scaffolded.
- Take an additional look at the national standards for physical education, especially at the elementary grades. Ensure that the national standards serve as the basis for the TEKS and are appropriately tailored for Texas, but do not copy the language verbatim.
- Ensure that specific games and activities are reserved for the TEKS Guide rather than the standards.

4. Discussion of Proposed Revisions to 19 TAC Chapter 115, Texas Essential Knowledge and Skills for Health Education
(Board agenda page I-7)

Invited testimony was provided by the following individual:

NAME: Lori Kuykendall
AFFILIATION: SBOE work group member

Ms. Ramos provided an update on the draft recommendations for revisions to the health education TEKS. Ms. Ramos shared the recommendation that the current advanced health course be replaced with a new course, Your Health in the Real World.

The board recommended changes to the current draft and requested that staff convene an additional work group to address the following feedback. Additionally, the committee requested that TEA direct the work group to view the webcast of the board's discussion of revisions to the health education TEKS.

- Consider recommendations shared by content advisor Dr. Feyi Obamehini
- Avoid delineating between risk avoidance vs. risk reduction and instead address both concepts
- Revisit of the language regarding committed relationships in the marriage student expectations (SEs)
- Include puberty and menstruation SEs no later than fourth grade and SEs dealing with physical, social, and emotional changes associated with puberty in fifth grade
- Move SEs regarding the reproductive process to fifth grade and the SE on the cellular process of fertilization to sixth grade for horizontal alignment with science TEKS
- Add language on postpartum depression preferably at middle school and at high school
- Add parents to list of trusted adults in all SEs where identified and make consistent throughout the health TEKS
- Examine language regarding tick-borne illnesses and epilepsy and ensure topics have been sufficiently addressed
- Reinstate language regarding fetal development to the health TEKS
- Review the SEs on human trafficking across all strands, ensure SEs are aligned and language is used consistently, and that the topic is addressed at the appropriate grades
- Consider removing or reducing coverage of anatomy and physiology SEs in favor of content addressing cognitive development (including adolescent brain development and its impact on decision-making)
- Ensure consistency of language regarding the following terms: online/digital, abuse/sexual abuse, sexual abstinence/abstinence
- Consider adding language addressing the evaluation of peer influence and how students can assess the influence of peers, where applicable
- Revisit self-harm and suicide coverage and review the feedback from the Texas Medical Association (TMA) on these topics
- Add language regarding asymptomatic STDs and review SEs that address STDs and STIs for consistent terminology and review the feedback provided from TMA regarding STD and STI terminology

- Ensure the standards are aligned with Texas legal definitions of sexual abuse and sexual assault
- Ensure that SEs addressing inappropriate online content are focused on strategies to resist consumption and communication of inappropriate online content
- Reconsider the following in the healthy eating and physical activity strand: the amount of coverage of food allergies needed in Kindergarten-Grade 5, whether there is adequate coverage of sugar intake and portion control, and the coverage of sorting foods into food group and the identification of nutritional value of foods
- Review the TMA feedback regarding overdose, vaping, and drugs and the grade levels at which they are addressed
- Reconsider adding the topic of infatuation at Grade 6
- Consider the idea of process standards seeking help and support in order to avoid repetition of the idea throughout the standards
- Consider adding more focus on stress, including positive aspects of stress, resilience to stress, and recognizing stress
- Consider the addition of language on how to help students assess thoughts and seek adult support if needed and review feedback from TMA on this topic
- Review the standards throughout to focus less on discussion and identification and more on active demonstration, including developing plans
- Consider moving coverage of online safety to start in Kindergarten and start coverage of sexting and pornography in Grade 5
- Consider moving coverage of conflict resolution to start in Kindergarten and adding how to mend broken friendships
- Revisit coverage of body image
- Consider the addition of the influence of personal, peer, and family values and beliefs on decisions
- Consider the addition of developing personal standards for dating and demonstrating strategies for difficult relationships
- Consider the addition of ways to gather support from trusted adults and peers and identifying alternative activities that promote sexual abstinence or return to abstinence
- Consider the addition of the topic of personal space starting in Kindergarten to lead up to the foundations of consent in later grades and review feedback from TMA on personal space
- Review the list of positive character traits that are addressed in the current health TEKS
- Ensure that prevention of childhood obesity is adequately addressed in the TEKS and that the language is not structured in a way that will result in the shaming of students
- Consider addressing developmental health regarding eating disorders and obesity
- Consider combining in Grades 7-8 student expectations (25)(K) and (25)(L) regarding contraception and strengthening the language on prevention screening and contraception
- Ensure tone regarding teen pregnancy/teen parenthood is neutral and is not structured in a way that will result in the shaming of students

6. Discussion of Proposed Revisions to 19 TAC Chapter 112, Texas Essential Knowledge and Skills for Science
(Board agenda page I-16)

Public testimony was provided by the following individual:

NAME: Steven Ward, Sr.
AFFILIATION: Self

Ms. Martinez provided an update on the work of the science TEKS review work groups. She highlighted the draft of recommendations from Work Group B for four high school courses and the draft of recommendations from the work group on scientific and engineering practices. The committee provided the following direction for the work groups.

General

- Organization of high school courses does not need to be consistent
- Kindergarten through grade 8 TEKS should be consistent in terms of strands and organization
- The board's intent is to stay away from Next Generation Science Standards (NGSS) and the TEKS should not be an exact replica of NGSS
- Significant changes should not be made unless there is a clear benefit for the change

Scientific and engineering practices

- Consider renaming scientific and engineering practices to scientific processes and engineering connections and modifying language of the standards to better differentiate them from the K-12 Framework
- Revisit engineering practices and add standards that require student to produce an end product
- Revisit the considerable emphasis on phenomena and argumentation
- Ensure standards are written in a manner all teachers can understand and that are developmentally appropriate
- Historical context is important; consider adding these standards back in
- Reinsert the language from current high school student expectation (3)(A)

Chemistry

- Reconsider removal of chemical and physical properties and chemical and physical changes

7. Ethics Training
(Board agenda page I-8)

The committee postponed this item to Friday, July 2.

8. Update on Texas Essential Knowledge and Skills (TEKS) Review
(Board agenda page I-39)

The committee did not discuss this item.

9. Discussion of Pending Litigation

(Board agenda page I-41)

The committee did not discuss pending litigation; therefore, no executive session was held.

Dr. Ellis adjourned the meeting at 7:20 p.m.