



Annual Conference a Record Breaker

Conference brings members, candidates, lawmakers and the media together.

Highlighted by record attendance and major media coverage, the 2012 TAB Annual Conference was a big hit.

State Comptroller Susan Combs opened the conference and was followed by the major event of the first day, the U.S. Senate Candidate Forum. The forum played to a full house and was covered by major newspapers, Austin television stations and Texas Monthly magazine. The forum was a question and answer session. Candidates David Dewhurst, Tom Leppert, Ted Cruz and Craig James answered questions from TAB President and CEO Bill Hammond.

“I think we were successful in getting specific answers that will help our members make up their minds about these candidates,” said Hammond.

Texas Monthly’s Paul Burka agreed, writing in his blog:

“This was a high-quality debate, and much of the credit goes to Bill Hammond for the variety of questions that he asked. On endangered species, on the EPA, on unemployment insurance, Hammond weaved together federal issues that impact Texas.”



Former ESPN Analyst Craig James and Lt. Governor David Dewhurst speak at TAB's Senate Candidate Forum.

Hammond next moderated a panel on entitlement reform. The Center for Public Policy Priority’s Ann Dunkelberg, Texas Public Policy Foundation’s Talmadge Heflin and Thomas Suehs, Executive Commissioner of the Texas Health and Human Services Commission all gave their perspectives on what it will take to reform a system that could eventually bankrupt Texas and the nation without such reform. The first day was capped off with an awards reception for pro-business lawmakers.

Land Commissioner Jerry Patterson, opened the second day of the conference, followed by Rice University Professor and

WORKFORCE Q&A

I have heard a lot regarding pay audits by the government and pay discrimination lawsuits. How can I best protect my company in the event of such an audit or lawsuit?

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NATIONAL AFFAIRS

2012 TAB

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TAB MISSION

To make the Texas business climate the best in the world.

WORKFORCE Q&A



Shafaeqa Watkins Giarratani
and Anita Barksdale,
Fulbright & Jaworski L.L.P.

I have heard a lot regarding pay audits by the government and pay discrimination lawsuits. How can I best protect my company in the event of such an audit or lawsuit?

Recently, there has been a heightened focus on pay discrimination and wage gaps between women and men as well as minorities and non-minorities. In 2010, the Department of Labor reported that women were paid an average of 77 cents for every dollar paid to men. Moreover, the current administration has publicly stated plans to eradicate continuing wage discrepancies. The Secretary of Labor, Hilda Solis, recently stated that “the wage gap has narrowed, but not nearly enough . . . [t]he President and I are committed to ending pay discrimination once and for all.”

Various state and federal laws dictate that it is unlawful to discriminate against an employee with respect to compensation because of the employee’s race, color, religion, sex or national origin. Recent federal legislation, the Lilly Ledbetter Fair Pay Act, makes it easier for employees to bring pay discrimination claims. Specifically, the time period to initiate a compensation discrimination lawsuit under several major federal laws is now reset every time an employee receives a paycheck that is lower due to past compensation discrimination.

For companies that contract with the federal government, the Office of Federal Contract Compliance Programs (OFCCP) is now increasingly conducting compliance reviews that evaluate the company’s compensation practices. If compensation discrepancies are found between men and women or minorities and non-minorities that cannot be explained through legitimate, non-discriminatory factors, the OFCCP can recommend corrective action, which often includes back-pay to compensate allegedly aggrieved employees.

As such, employers must be diligent. To minimize risk, employers should:

- ★ Establish defensible pay practices that are consistent and evaluate what employees do and how well they do it;
- ★ Document employment decisions, including pay decisions, and keep good records of these decisions;
- ★ Promptly investigate pay complaints and take action, where necessary;
- ★ Consider performing a self-audit of compensation practices and policies with the assistance of an attorney;
- ★ Consider applying appropriate statistical analysis to evaluate any pay differences among employees, while controlling for other factors such as education and performance; and
- ★ Train managers on how to make and document pay decisions and recommendations based on merit.

Employment Relations questions?

***Don't forget to call TAB's Employment Relations Hotline
for your next HR Question
1.800.856.6721, ext. 164 or E-mail smcgee@txbiz.org***

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Don't Fail Us.

Dear Texas Leaders & Educators,

Please do not turn your back on Texas students, their families and the workforce needs of Texas employers.

Texas must advance – not retreat – from the bipartisan, smart-minded education reforms passed unanimously in 2009.

If we do not deliver a quality education system that prepares our students for college and careers, Texas' ability to attract new business, improve our economy and maintain our competitiveness will surely falter.

Our very prosperity as a state, its businesses and its people stands in the balance.

In 2009, the Texas Legislature passed House Bill 3, far-reaching and ambitious public school accountability reforms and new testing requirements including STAAR (grades 3-8) and end-of-course exams (grades 9-12).

At a time when we should be adhering to the accountability and testing standards established by the Texas Legislature, we instead are witnessing a concerted effort to retreat from the very reforms that could improve our state's public education system and deliver a brighter future for Texas.

The new testing standards begin this spring, but opponents of a quality public education system are aggressively pressing to roll back reforms, delay tests and render the results meaningless. Why? They're concerned that the results will show a Texas public school system that's underperforming and failing our students.

Today in Texas public schools only 16 percent of 9th graders are career and college-ready as they graduate from high school. That must improve, or we will all pay a price.

Two-thirds of the jobs of the future will require some form of post-secondary education or college degree. Texas must create a world-class education system that prepares our students for careers and college.

If we fail in this endeavor, Texas' path to prosperity will fast become a road to ruin.

Raising standards will not increase the number of dropouts. Delaying full implementation of Texas' education reforms sends the wrong message to students, to taxpayers and to the businesses looking to invest and expand in Texas.

The improved testing and accountability standards will improve student performance and deliver an educated workforce ready to succeed. We cannot afford to accept anything less.

Send a message to Texas leaders and educators: Don't Fail Us. Make the Grade Count.

Sincerely,



Bill Hammond
President and CEO
Texas Association of Business

Make the Grade Count.



Annual Conference *continued from page one*

former State Demographer Dr. Steve Murdock. Murdock talked about the changes coming to Texas because of the shifting population and demographics.

TAB Vice President Cathy DeWitt introduced attendees to the new TAB effort to deal with prescription drug abuse. Her panel on the prescription drug epidemic featured Dr. C.M. Schade from the Texas Pain Society, Stuart Colburn from Downs Stanford PC, Johnny Hatcher from Regulatory Compliance and Security and State Senator Tommy Williams. Over the coming months, TAB's task force on the issue will be looking at new steps to deter prescription drug abuse.

Ross Ramsey from *Texas Weekly* and the *Texas Tribune*, Wayne Slater from the *Dallas Morning News* and Ken Herman from the *Austin American-Statesman* joined Hammond for the final panel of the conference. Panelists offered some humorous and frank answers about today's political climate, the race for President and the future of Texas politics.

The conference ended with the annual "Best Companies to Work For in Texas" lunch, featuring Agriculture Commissioner Todd Staples. Almost 800 people attended the luncheon, a new record attendance.

"It was one of the most informative and fun Annual Conferences in my memory," said Hammond. "I can't thank the TAB staff enough for their hard work in putting this conference together. I hope that those who came enjoyed themselves and learned as much as I did during the event and will come back next year."

MEMBER PROFILE

Houston Community College

Houston Community College (HCC) is one of the country's largest singularly-accredited, open-admission community colleges. HCC offers associate degrees, certificates, workforce training and lifelong learning opportunities for more than 75,000 students each semester. Composed of six colleges, HCC serves the greater Houston area's diverse communities by preparing individuals to live and work in today's increasingly international and technological society.

Through access to education and training, HCC is a key economic development center for the community. Dr. Zachary Hodges, President, Houston Community College Northwest, and TAB Board Member since 2011, believes it is both his responsibility and the responsibility of the whole college to be an advocate for community development by positioning college resources to have the greatest impact. HCC is home to servant leaders interested in building partnerships and working collaboratively with all partners.

The issue of completion is being carefully examined by HCC and the greater community. HCC is well aware of the remediation and retention issues facing all colleges. The college is accepting the challenge of producing more completers to feed into the degree-seeking pipeline or to emerge job-ready upon finishing at HCC.

One of the strongest examples of effective collaboration with community partners has resulted through the HCC Center for Entrepreneurship. The Center focuses on creating small businesses through classroom instruction taught by entrepreneurs and providing experiential learning at the grass-roots level of our communities.

The Center provides a series of courses on entrepreneurship and building a successful business plan. After acquiring the basic skills, students may take their ideas and enter the Business Plan Competition. Cash prizes are awarded to encourage students to launch their business. A student with a dream, a college with a smart plan for making it happen, and leaders in the community that support the idea equal the formula for success in the 21st century.

"My belief is that human capital development = economic development = community development, and this is being actively carried out through the HCC Center for Entrepreneurship. Our efforts align perfectly with the TAB's legislative agenda to create more jobs. HCC will be accountable to employers and our community for creating a 21st century workforce," Hodges said.

Key HCC Points of Interest:

- ★ Estimates indicate that 80% of new jobs require education or training beyond high school, and these jobs represent the fastest-growing and highest-paying segments of the new economy.
- ★ The community as a whole benefits from increased job and investment opportunities, higher business revenues, greater availability of public funds and an eased tax burden.
- ★ HCC contributes roughly \$155 million in income to the service area economy annually due to its operations.
- ★ #1 Texas community college for placing students in jobs when they graduate.
- ★ HCC is ranked fifth in the nation in granting associate degrees with 3,285 degrees awarded this year.
- ★ 25 of HCC's workforce programs are recognized as exemplary by the State of Texas, more than any other community college in the State.
- ★ HCC is partnering with the Goldman Sachs 10,000 Small Businesses initiative, along with the city of Houston, which includes a \$25 million commitment to provide loans to help local small businesses.

"Our efforts align perfectly with the TAB's legislative agenda to create more jobs."

*- Dr. Zachary Hodges
President
Houston Community
College Northwest*



Dr. Zachary R. Hodges, President of HCC Northwest, addresses West Houston community members about the critical role of the community college.

The Testing Ad

This month the Texas Association of Business bought a full page ad in the *Austin American-Statesman* defending the current school accountability system and testing structure that is going into effect this year. (The ad as it appeared in the *Statesman* is on page three)

“It is vital that we not water down the new accountability system by ignoring the results of the end of course exams or not giving it a real grade,” said Bill Hammond, TAB President and CEO. “It is also critical that we not delay implementation of the new system. This is not the time to go back; we must move forward and continue to improve our education system.”

The main reaction to the ad was to say that we test our students too much. The new system, however, is designed to do the opposite. Most high schools give students final exams, and the new end of course exams are meant to replace those finals. Given the fact that high school students, starting with the freshman class this year, won't have to take a TAKS-like exam on top of all other

testing, will mean fewer tests, not more. That also will mean those students won't have to take practice tests that go along with that single high stakes test.

There is a growing call that we delay the implementation of the system by another year. TAB has taken a position that the testing schedule should be maintained because the information is needed in order to know how to move forward to make our schools better.

“The results may show that we have a long way to go to reach the education goals of this state,” said Hammond. “We shouldn't be afraid of that. We need to know where we are so that we can put policies into place to improve the system.”

“Without some kind of testing and accountability system where we can measure what our students are learning and where there needs to be improvement, we will move farther away from the kind of education system that we need to meet the workforce needs of Texas employers,” said Hammond.

QUOTES

“Only when we confront the fact that our education system still needs improvement can we actually start down the road to get there.”

– TAB President and CEO Bill Hammond, *Houston Chronicle*, Let's make new exams count.

“I do not understand Commissioner Scott's making excuses for the educators.”

– TAB President and CEO Bill Hammond, *Texas Tribune*, Texas school chief's remarks on testing draw backlash.

“Gov. Perry has always been good for Texas business.”

– TAB President and CEO Bill Hammond, *Denton Record Chronicle*, Local officials weigh in on Perry's withdrawal.

Texas Dreams ★ Washington Realities
HOW WASHINGTON POLICIES IMPACT TEXAS FUTURE

June 6 & 7, 2012

AGENDA HIGHLIGHTS

- ★ REGULATORY OVERLOAD
EPA, Endangered Species, Keystone Pipeline
- ★ BUDGET AND ECONOMICS
Cutting the deficit, Reforming entitlements
- ★ THE AFFORDABLE HEALTH CARE ACT
- ★ NATIONAL POLITICS
- ★ PERSONAL VISITS WITH MEMBERS OF CONGRESS

INVITED GUESTS

- ★ House Speaker John Boehner
- ★ Senator Marco Rubio
- ★ Congressman Paul Ryan
- ★ Senator John Cornyn
- ★ Senator Kay Bailey Hutchison
- ★ Congressman Jeb Hensarling
- ★ Dick Armey

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Talk **About** Business

Just Say Yes To Drug Testing



Bill Hammond, TAB President

Employers are the folks who pay 100 percent of unemployment insurance (UI) costs, and most agree that when someone loses a job, through no fault of his or her own, a safety net should exist.

While providing that safety net is a covenant that employers make with employees, there is also a covenant made by people who get those unemployment benefits. Those receiving UI benefits should be ready and available for work when it is offered. Someone who is on drugs is neither ready nor available.

The majority of employers in America require a drug test before hiring someone (57 percent, according to a September 2011 study by the Society for Human Resource Management). If you cannot pass a drug test, you are saying to an employer, “you can’t hire me.” People who fail a drug test simply aren’t keeping up their end of the bargain to be ready and available for work.

It’s unfair to employers to be asked to subsidize someone’s drug habit, which is exactly what they are doing by paying for someone’s unemployment benefits, and then the recipient is unable to enter the job market.

The federal government should give the State the power to require drug testing as a prerequisite for receiving unemployment benefits. I’m not talking about forcing those already unemployed to pay for those tests, nor am I talking about the State of Texas paying for them. We can use a small portion of the unemployment fund, paid for by employers, to finance the testing. Not only would the testing eliminate the people who aren’t ready and available for work, but it will also tell employers that those who pass the test are ready immediately and are drug free.

When a person goes to apply for a new job, he or she could provide a card for the prospective employer indicating that he or she has already passed a drug test to be eligible for unemployment benefits. In many cases that would move the prospective employee to the top of the list. It would greatly increase the chance that they will be hired. To say people receiving unemployment benefits shouldn’t be drug tested is missing the point. Chances are they will be drug tested when they are offered a job anyway. Implementing the testing on the front end would mean that an employer wouldn’t have to go through the expensive administrative process

of extending an offer, have that offer accepted, and then have to administer a drug test, which is the way the law works today.

It has been argued that people like me who support drug testing to qualify for unemployment benefits, are somehow trying to diminish public support for the system as a whole. That couldn’t be farther from the truth. I think that the system will gain public support if people know that the folks receiving benefits are actually employable. This might also make it possible for people to find jobs more quickly, especially as the economy continues to recover. That would financially strengthen the unemployment system as a whole.

Drug abuse is a very real problem for employers today, certainly one of the most critical problems facing the workforce. Abuse of drugs, both illegal drugs and legal prescription drugs, cause hours of lost productivity, increase health care costs, and high absenteeism.

Every effort that the federal and state government can make to reduce the abuse of drugs and to get people working again is one that will greatly benefit all employers and the State and country as a whole.