



TEXAS

A Publication of the Texas Association of Business
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BUSINESS REPORT



D.C. May Shut The Lights On Texas Business *Climate Change Bill Threatens Industry, Consumers*

As the leading energy producer and largest manufacturing base in America, the Texas economy is under siege by the Administration's ill-conceived cap and trade plan to reduce carbon emissions and address climate change. To increase support for the legislation, the Obama-appointed leaders of the Environmental Protection Agency (EPA) are proposing new rules under the Clean Air Act to regulate greenhouse gas emissions as if they were toxic air emissions in ways that will be even more devastating to our economy and to Texas citizens, should federal legislation not pass.

This dual attack on Texas business will cripple economic growth in our state, ironically at the same time that Texas continues to show Washington and the other states how to maintain a strong economy and create incentives for both newer, cleaner technology and renewable energy sources. Rather than look to Texas as an example of rational, affordable clean energy policy, the Administration has chosen instead to punish our state for our very success and ignore the significant investments we have made in cleaner technology and energy.

Supporters of the current cap and trade proposals reason that the only way to achieve increased use of cleaner, renewable energy and reduce greenhouse gas emissions is to artificially inflate the costs of conventional energy sources to the point that the alternatives eventually seem more attractive. Rather than let the free market function and new technologies develop on a reasonable, proven schedule, they are prepared to gamble that the massive increases in costs will somehow be offset or at least limited by reduced energy costs and energy demand in the future. This is a gamble



WORKFORCE Q&A

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(see page 2)

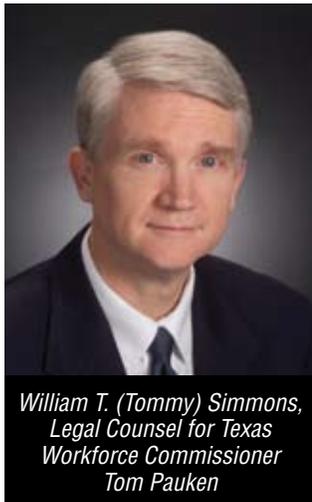
2009 TAB VOTING RECORD

The Texas Association of Business is proud to release its 2009 "For the Record" voting record, scoring how your legislators voted on pro-business issues. To view the voting record and learn more about the scoring methodology, visit us online at www.txbiz.org.

TAB MISSION

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

WORKFORCE Q&A



William T. (Tommy) Simmons,
Legal Counsel for Texas
Workforce Commissioner
Tom Pauken

I'm the new HR manager for a business with 30 employees. The owner told me there is no policy handbook, and that individual policy memos have worked fine for her. How important is it for my company to have a policy manual?

Policies and procedures are generally up to the employer to define and enforce. The employment at will doctrine in Texas gives employers the right to set policies and change them at will depending upon the needs of the business. The only exceptions are so well-established that most employers do not even consider them to be policy areas, i.e., certain practices involving pay, discrimination, safety, and benefits that are regulated under specific statutes. Policies can

be oral or written or both, but ideally, all important policies should be in writing. The best policies in the world will do no good at all if the employees are unaware of them. In Texas, policies are generally not regarded as binding employment contracts.

Along with required standards, communicate your company's goals and culture in your policies. Assemble all previous policies and procedures, whether written or unwritten, and determine what will be continued or changed in the new policies. Get input from employees and managers. Have key company personnel review the draft, incorporate any needed changes, and have the final version reviewed by an employment law attorney. Have each employee sign a form acknowledging receipt. After giving all employees copies, train supervisory personnel in how to use the handbook.

Although employers have the right to change policies at will, always try to give advance notice. Try to anticipate potential problems and think of alternatives when amending policies. If a policy change alters an employee's work relationship so adversely that a reasonable employee would quit under the circumstances, your company could risk losing an unemployment claim. Ill-advised or badly-timed policy changes could also present your company with drops in employee morale and productivity.

Above all, try to follow your own policies, especially with respect to disciplinary matters. Even-handed enforcement of fair policies helps show that a discharged employee either knew or should have known that a particular problem could lead to discharge, helps indicate that the employee was not singled out for discriminatory treatment, and can also help dispel the notion that an employee was somehow wrongfully discharged.

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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Climate Bill takes aim at Texas business

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Texas and the rest of the states can ill afford in these economic times.

A *Wall Street Journal* editorial entitled “The Cap and Tax Fiction” clearly linked the effect this dangerous climate change legislation will have on the American economy stating, “Consumers will cut back on spending, which in turn will cut back on production, which results in fewer jobs created or higher unemployment.

Some companies will instead move their operations overseas, with the same result.”

Texas Comptroller Susan Combs estimates that Texas could lose up to 425,000 new jobs by 2030 “as a result of increased energy prices due to the proposed cap and trade program.”

The first iteration of the cap and trade proposal, the Waxman-Markey bill, passed the House 219-212. This narrow vote was achieved only after concessions were made to different interest groups – not to better meet the goals of the bill, but simply to get a bill that could pass. The Senate

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version, by Senators John Kerry (D – MA) and Barbara Boxer (D – CA) is similar, but has even more aggressive greenhouse gas reduction targets. Supporters of the Senate bill are working to reach a compromise and bring the bill to a vote.

Global temperatures have been stable for a decade and have the potential to drop even further according to a recent *New York Times* article. This fact undercuts much of the most vociferous rhetoric about global warming coming from the radical environmental fringe. Climate change is an international issue and can only be addressed in any meaningful way by all nations together, not by the U.S. sacrificing

its own economy in hopes that other nations are prepared to do the same. It’s a fair assessment that there is no true consensus on how to combat climate change, but the Obama plan would without a doubt close Texas for business.

For more information, contact TAB Vice-President Steve Minick at sminick@txbiz.org

Potential Impact of Cap and Trade

Industry	Potential Job Impact
Oil and gas extraction	190,440
Mining and Support for Mining	157,046
Computer and Electronic Product Manufacturing	109,619
Machinery Manufacturing	97,145
Food Manufacturing	94,459
Transportation Equipment Manufacturing	90,626
Chemical Manufacturing	73,496
Plastics and Rubber Products Manufacturing	42,542
Wood Products Manufacturing	25,369
Petroleum and Coal Products Manufacturing	24,980

Source: Environmental Protection Agency

Statement of Ownership, Management, and Circulation of the Texas Business Report as Required by the United States Postal Service

The Texas Business Report, publication number 0892-6816, is a monthly publication of the Texas Association of Business, with 12 issues published annually. The cost of annual subscriptions is \$2 of TAB member dues. The annually-required publication paperwork was filed with the USPS on **October 8, 2009**.

The Texas Association of Business is headquartered at 1209 Nueces Street; Austin, TX 78701, where the Texas Business Report is also published and edited. Texas Association of Business and Bill Hammond hold ownership of the Texas Business Report. Editor of the publication is Enrique Marquez, TAB Communications Director, who also serves as the publication contact person at 512-637-7714. There is no Managing Editor for the publication. There are no known bondholders, mortgagees, and other security holders owning or holding 1 percent or more of total amount of bonds, mortgages, or other securities for the Texas Business Report.

With regards to tax status, the purpose, function, and nonprofit status of this organization and the exempt status for federal income tax purposes has not changed during preceding 12 months.

Statement of Ownership of the Texas Business Report, as a general publication, is required to be published and is included in the October issue. The Statement was signed by Enrique Marquez and dated **10-08-09**, certifying that all information furnished on the form is true and complete and with the understanding that anyone who furnishes false or misleading information on the form or who omits material or information requested on the form may be subject to criminal sanctions (including fines and imprisonment) and/or civil sanctions (including civil penalties).

	Average number of copies since October 2008	Number of copies for September 2009 issue
Total Number of Copies	4500	4500
*Mailed Outside-County Paid Subscriptions	3660	3850
*Mailed In-County Paid Subscriptions	307	318
**Paid Distribution Outside the Mails Including Sales Through Dealers and Carriers, Street Vendors, Counter Sales, and Other Paid Distribution Outside USPS	--	--
*Paid Distribution by Other Classes of Mail Through the USPS	--	--
Total Paid Distribution	3967	4168
**Free or Nominal Rate Outside-County Copies	163	162
**Free or Nominal Rate Copies Mailed at Other Classes Through the USPS	--	--
**Free or Nominal Rate Distribution Outside the Mail	114	118
Total Free or Nominal Rate Distribution	300	300
Total Distribution	4267	4468
Copies not Distributed	233	32
Total	4500	4500
Percent Paid	93%	93%

MEMBER PROFILE

Texas Instruments

Innovating For Nearly 80 Years

Texas Instruments (TI) began in 1930 under the name of Geophysical Service Inc. (GSI), the first independent contractor specializing in a specific method of geophysical exploration. In December of 1951, the name was changed to Texas Instruments Incorporated.

From involvement in national security technology to the way we watch television, TI has changed our lives in many ways. In World War II, the company was instrumental in the development of radar and sonar equipment. In the 50s, TI became known for manufacturing transistors, but as the millennium approached, the company had diversified its specialties to include defense memory, software, laptop and other digital signal processing and analog technology.

Today TI is the top analog producer and the leading producer of digital signal processors, segments of the semiconductor industry. TI has helped shape the world as we know it with many innovations making our lives better, more efficient and affordable.

Semiconductors must be manufactured in an extremely clean environment (a hundred times cleaner than an operating room). The circuits have become even more sensitive to smaller and smaller contaminants and defects, which means more controlled mini-environments and the designs have to be more defect-tolerant. Today they make chips the size of a pencil eraser with over 1 billion transistors on them. In five years, the company hopes to house tens of billions of transistors using the same space.

TI continues to innovate through design, sales and manufacturing operations in more than 30 countries, and has become integrated in the technological fabric of our lives. Just think how many times you use this type of technology on a daily basis.

TI believes that healthy communities help build a healthy company and they encourage employees to become involved in their community. Bonds with the community and looking to the future are important to

making TI successful. To that end, the company is an unwavering supporter of math and science education from K-12 and beyond in local communities. TI has programs in place that encourage and financially support students who pursue science and engineering university studies.

TI has benefited from legislative initiatives that include access to global markets through free trade agreements, the expansion of talented workforce through high standards, investments in public and higher education, a competitive environment and a strong infrastructure.

The challenge TI faces is maintaining a pro-business environment domestically and have access and compete in markets around the globe. To help meet their needs in Austin and in Washington, TI has been a proud member of the Texas Association of Business since 1967.

“We rely on TAB to enhance the business climate business in Texas through employment relations programs, networking and, most importantly, their legislative expertise,” said TI’s State & Community Affairs Director Gray Mayes. “TAB is an important and effective advocate on behalf of issues that impact businesses both in Austin and in Washington.”

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*- Gray Mayes
TI State & Community
Affairs Director*



TI is a world leader in the semiconductor industry

TAB Board Ballot

For the election of Directors-at Large nominated to serve January 1, 2010 through December 31, 2012.

As prescribed by the Constitution of Texas Association of Business (TAB), the following active TAB members in good standing have been nominated to serve on the TAB Board of Directors for a three-year term. According to the TAB Constitution, any member, upon receiving the ballot, shall have six (6) days from the date on the ballot or date of mailing (whichever is later) within which to offer substitute nominations for one or more of the nominees for whom substitution is suggested. If no substitute nominations are made as prescribed within ten (10) calendar days from the date of mailing, the list of nominees shall automatically be elected as members of the Board for the specified term indicated on the ballot.

Mr. John Ansbach - Frisco,
EFA Processing

Mr. Ivy Jay Arroyo - Round Rock,
McCreary, Veselka, Bragg & Allen

Mr. Chad Barron - Austin,
Red Fly Studios

Mr. David Baumann - Dawn,
Dawn Custom Cattle Feeders

Mr. Brad Bierstedt - Weslaco,
Magic Valley Electric Cooperative

Mr. Henry Boehm - Brenham,
AMA Home Health

Mr. Rick Bonner - Wichita Falls,
Tumbleweed Specialties

Mr. Joe Dee Brooks - Levelland,
Allied Oilfield

Ms. Owen Daniel - Fort Worth,
Midland Manufacturing Company

Mr. Odie Dollins - Comanche,
Durham-Ellis Pecan Company

Mr. Steve Durham - Hockley,
EnviroCon Termite & Pest

Mr. Steve Everett - Huntsville,
KSAM-FM/KHVL-AM

Mr. Thomas "Ted" Farmer, Jr. -
Galveston, Farmer's Marine Copper
Works

Mr. Eric Fox - Fort Worth,
Lockheed Martin Aeronautics

Ms. Celia Goode-Haddock -
College Station, University Title

Mr. Terrel Hardin - Canadian,
King Well Service

Mr. Troy Hughes - Frisco,
Granite Outlet of Frisco

Ms. Janice Jackson - Grapevine,
Jackson Transportation Services, Inc.

Ms. Lara Laneri Keel - Austin,
Texas Lobby Group

Mr. Chris Kesterson - Dallas,
Debt Settlement America

Mr. John Lionberger - Houston,
Burns and McDonnell Engineering

Mr. Heath McBride - Marble Falls,
MK Gas

Mr. Brett Mears - Houston,
Palmer Logistics

Ms. Shannon Meroney - Austin,
Aetna

Mr. Jeff Morris - Dallas,
Alon USA

Ms. Marsha Newberry - Grand Prairie,
Signature Contracting Services LLC

Ms. Jo Betsy Norton - Austin,
Texas Mutual Insurance

Mr. David Perkins - Dallas,
TXI

Mr. Ken Pritchett - Denton,
Stripes Parking Lot Service Inc.

Ms. Terri Ricketts - McKinney,
IESI Corporation

Mr. David Roznowski - Houston,
Lyondell Basell

Mr. Marty Self - San Angelo,
Automated Fire Protection

Ms. Angie Sims - Kermit,
Buster's Well Service, Inc.

Ms. Lisa Spradlin - Fort Worth,
Farris Laboratories, Inc.

Ms. Lady Theresa Thombs, DJ - Haltom
City, The Rockaway Company

Mr. Duple Travillion - Memphis,
FedEx Corporation

Dr. Thomas F. Williams, DDS -
Beaumont, Dr. Thomas F. Williams, DDS

Mr. Thomas Wise - Austin,
Superior Health Plan

TAB Applauds 2009 Champions for Free Enterprise

The Texas Association of Business (TAB) recently published the 2009 *For the Record* lawmaker scorecard for the 81st Legislative Session. For the Record offers insight into how individual lawmakers voted on the issues critical to businesses, taxpayers and families.

The 2009 *For the Record* used twelve votes to score senators and eleven votes to score state representatives. Legislators who score 90-100 in the 2009 session based on our voting criteria are recognized as Champions for Free Enterprise. TAB proudly recognizes the 2009 Champions for Free Enterprise:

Senate

Craig Estes
Troy Fraser
Glenn Hegar
Mike Jackson
Robert Nichols
Dan Patrick
Florence Shapiro
Tommy Williams

House

Charles "Doc" Anderson	Linda Harper-Brown
Jimmie Don Aycock	Charlie Howard
Leo Berman	Carl Isett
Dennis Bonnen	Jodie Laubenberg
Betty Brown	Ken Legler
Fred Brown	Tryon Lewis
Angie Chen Button	Doug Miller
Warren Chisum	Sid Miller
Wayne Christian	Rob Orr
Frank Corte	John Otto
Brandon Creighton	Tan Parker
Myra Crownover	Diane Patrick
Drew Darby	Ken Paxton
John Davis	Larry Phillips
Joe Driver	Debbie Riddle
Gary Elkins	Ralph Sheffield
Allen Fletcher	Mark Shelton
Dan Flynn	Larry Taylor
Charlie Geren	Randy Weber
Kelly Hancock	Beverly Wooley
Rick Hardcastle	



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Talk **About** Business

Why Is Texas Leaving Its Children Behind?



Bill Hammond, TAB President

The Texas business community has an essential role in the public dialogue on education. Why? Because employers are the main consumer of the education system. Our state's ability to produce an educated workforce affects whether companies will locate their operations in Texas. To date, our state has been successful in attracting and retaining some of the most influential companies in America.

To build upon that success, Texas must address the most overwhelming challenge facing our state: educating and preparing our booming Hispanic population to enter the workforce or pursue a post-secondary education. With over fifty percent of Hispanic students dropping out of high school, this challenge is becoming a grave crisis. The education that we are providing these students misses the mark; something must be done.

At the center of this issue is bilingual education, a controversial topic for both its racial and political implications. There are some who view bilingual education reform as a watering down of education, a perspective that shapes policy and leads to the growing number of dropouts in Texas.

The current approach has produced negligible positive results, as students who show the slightest bit of progress

in learning English are immediately moved out of bilingual programs. Hispanics make up the majority of students in the largest school districts in Texas. The current head-in-the-sand system ignores the reality of demographic trends that will shape our state for generations to come.

A recent *Texas Monthly* profile of El-Paso's Ysleta Independent School District provides insight into what could and perhaps should be the future of bilingual education. Select schools in the district teach advanced English and Spanish in a dual language environment that has yielded stunning results. I recently visited a Central Texas school that utilizes similar techniques with remarkable success.

Students who have participated in dual language programs are "outscored native English speakers on the [Texas Assessment of Knowledge and Skills] tests." The Ysleta success provides Texas with a benchmark that other schools with large Hispanic populations can view as a model for their own programs. Whether the Ysleta model will gain traction remains to be seen, but Texas must provide our English learners with rigorous and relevant instruction to better prepare them to meet future challenges. Does the current statewide model that does not

hold schools accountable for progress, and then encourages students to enter English-only classrooms before they are prepared really meet the needs of the student in the long run?

During the most recent session, the Governor signed into law House Bill 3, a watershed bill to improve public school accountability. In creating a more honest academic system, the public can hold the Texas Education Agency and the education establishment accountable for student performance.

It is not a stretch to say that what's going on in Ysleta is a revolutionary approach. However, the political realities make changing the way Texas educates English learners more difficult than the obstacles that made passing HB 3 arduous. Overcoming divisive issues like immigration, race, and politics in order to make true progress is absolutely necessary to create a better education system producing students ready to enter the workforce.

In a moment in our nation's history when financial turmoil has gripped the lives of all Americans, the Lone Star State has shined brighter than the rest of the country. However, our state must not only focus on the challenges of today, but focus on the future to guarantee success for all Texans.