



Our Future is Higher Education

Higher Ed Conference focuses on completions.

When projections show that close to 60 percent of jobs will require a post-secondary degree or certificate by 2020, yet only 36 percent of 25 to 34 year olds have an associate's degree or higher, there is a problem.

"We have made tremendous progress getting more students into college in the last decade," said TAB CEO Bill Hammond. "The problem is we haven't done enough to get those students out of college with a degree."

Increasing the college completion rate was a major focus of the annual TAB Higher Education Conference. One goal in the 2015 Legislative Session is to pass legislation that will tie a portion of state money to universities based on improving completion rates.

"In 2013, Texas State Technical College agreed to tie 100 percent of its funding to finding their graduates work," said Hammond. "We are not pushing for something that dramatic, but we think tying 10 percent of university funding to performance would make a difference. You could set specific targets and provide a real reason for schools to meet those targets."

Partly because of meetings with TAB, community colleges in 2013 agreed to that kind of funding plan. It was thought that four-year institutions would agree to that funding plan as well, but that did not happen. "It was disappointing because we thought we had a deal," said Hammond. "To watch it fall through at the

end of the session in 2013 has only strengthened our resolve to see that it passes this time around. This is too important an issue."

The issue with the current funding system is that there is no financial incentive for universities to ensure their students graduate, and graduate on time. "Financially, as long as a student is in class on the 12th day of a semester that is all that matters," said Hammond. "Other than that there is



TAB CEO Bill Hammond introduces Higher Education Commissioner Raymund Paredes, State Rep. Dan Branch and State Rep. Myra Crowover at the TAB Higher Education Conference.

WORKFORCE Q&A

My company obtains background reports on applicants as part of our evaluation of candidates for employment. Does the Fair Credit Reporting Act apply to us and, if so, what steps are employers required to take to comply with the FCRA?

(see page 2)

SAVE THE DATE

2015 TAB Annual Conference
Feb. 17 – 18
Hyatt Regency Austin

If you are in business in Texas and want the latest insights on the people, trends and policies that will impact you in 2015 and beyond, this is the one event you must attend.

Visit www.txbiz.org to register.

TAB MISSION

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

WORKFORCE Q&A



William O. Ashcraft,
Ashcraft Law Firm

My company obtains background reports on applicants as part of our evaluation of candidates for employment. Does the Fair Credit Reporting Act apply to us and, if so, what steps are employers required to take to comply with the FCRA?

There has been an increase in the number of class actions filed against employers for violations of the federal Fair Credit Reporting Act. The FCRA applies to employers that obtain consumer reports on applicants or employees from consumer reporting agencies. A consumer report is any communication by

a consumer reporting agency concerning a person's character, general reputation, personal characteristics, mode of living or creditworthiness used to evaluate the person for employment, promotion, reassignment or retention as an employee. Examples include criminal background reports, reference checks, employment histories and license verifications.

The FCRA requires employers to notify applicants in a clear and conspicuous written stand-alone disclosure consisting solely of the disclosure that the employer may procure a consumer report from a consumer reporting agency. Employers must also get written authorization from applicants permitting the employer to obtain such reports. The authorization may be made on the disclosure form.

If an employer intends to take adverse action denying employment based in whole or in part on a consumer report, the employer is required to issue a pre-adverse action notice informing the applicant that the employment decision is pending and giving the applicant a reasonable time to contact the consumer reporting agency regarding information in the report that the applicant disputes. The employer must give the applicant a copy of the report and a summary of consumer rights under the FCRA.

When adverse action is taken, the employer is required to provide an adverse action notice to the applicant informing the person of the decision, explaining that the decision was based in whole or in part on a consumer report, and stating that the consumer reporting agency did not make the decision and cannot give specific reasons for the action. The notice must include contact information for the consumer reporting agency and inform the applicant of the right to obtain a copy of the report within 60 days and to dispute the report with the agency.

Since employers may be held liable for actual or statutory damages and punitive damages, employers should ensure that their procedures comply with the FCRA.

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***

TEXAS BUSINESS REPORT

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End of Year Report: *2014 Chair Dale Young*

Dear Fellow Texans,

I would like to thank everyone at TAB for allowing me to serve as Chairman of the Board this year. It has been a very successful year for TAB as we have continued to see growth in our Association and growth in the strength of Texas business.

Probably the biggest positive change for the year came in May when Chris Wallace started as our new TAB President. Chris has brought a new level of energy and professionalism to the leadership structure of the Association. He is setting big goals for TAB, and I am confident he will achieve those goals working with our great staff and members.

To fit with our new goals, we have laid out an ambitious budget that will call for another year of record growth for our Association. I have no doubt that the entire staff of TAB, as they did this year, will meet those goals in 2015.

TAB also has set out to solve one of the biggest challenges facing business in Texas, health insurance. This year the Association has launched the TAB Marketplace, partnering with Arthur J. Gallagher and Company. The TAB Marketplace is there to handle all of your health insurance needs for your employees, using the latest online tools. It offers this service at a price that is affordable to both your business and your employees, and it is only open to members of TAB. If you need a reason to retain your membership in TAB, this program alone makes that decision an easy one to make.

This year also has seen continued success in TAB's work with policymakers to keep our economy

strong and Texas' business climate second to none. Well over 90 percent of the candidates endorsed by TAB's political arm BACPAC won election in November. That is an amazing track record of success and should mean more business-friendly legislation will have the support it needs to pass in 2015. TAB also had amazing success in seeing candidates supported by BACPAC win election at the federal level. It is our hope that the new Congress will make progress on issues in its next term that, to date, have been stalled in Washington D.C.



TAB Board Chair Dale Young

I cannot end this letter to you without thanking TAB CEO Bill Hammond for his continued hard work on behalf of you, our TAB members, in the halls of the Legislature and Congress. Bill continues to be a powerful driving force in the Texas policy debate and is not afraid to take on the tough issues, and that is exactly the kind of leader we can be proud of at TAB.

I hope you and your family have a wonderful holiday season. I look forward to the future of this organization as we move forward into 2015 and beyond.

Dale Young
2014 TAB Chairman

Higher Education *continued from page one*

no financial reason to ensure that those students do anything, except show up on the 12th day. We can and must do better than that."

There are many reasons why students don't finish their degree on time, or drop out of college before finishing. Many students work to finance their education, thus taking fewer classes. There are some degree plans that require more hours, meaning more classes and time to graduate. Then there are some students who become overwhelmed with family issues, or financial issues, or both. "I understand there are mitigating circumstances," said Hammond. "We know we will never have every student who is admitted to a college get a degree. The key is setting up an environment that will allow for the greatest number possible to achieve that goal. If you remove the six-year completion rates at the University of Texas and Texas A&M, fewer than 50 percent of our students manage to get a degree in six years. That means we don't have such an environment for success, and means we have our work cut out for us."

Why is this so important to TAB? Texas not only competes with other states, but competes with the world to recruit and retain business. If you look at people who are approaching retirement age, Texas ranks third in the world in educational attainment (with an associate's degree or better). For those people just starting out and beginning to move their way up in the working world, ages 25-34, Texas ranks 24th in the world. "We are falling behind," said Hammond. "We must start catching up before it is too late."

MEMBER PROFILE

Smart Start

Founded in 1996, Smart Start, Inc. is a Texas-owned and based company known as the premier provider of cost-effective services and technologies that separate drinking from driving. Smart Start is the industry-leading supplier of ignition interlock devices with a focus on preventing alcohol-impaired drivers from operating vehicles illegally when under the influence of alcohol. The company also markets a line of home-based portable alcohol monitoring devices.

Smart Start products and services are delivered through a network of over 1,200 service locations. We make our products here in the U.S.A. and manufacture our products in Dallas- Fort Worth. Smart Start serves 47 states and 17 countries with recent growth extending to Alberta and Saskatchewan in Canada.

Smart Start recently relocated our company headquarters to Grapevine, where we employ nearly 150 people. Our 65,000-square-foot building houses a 24/7 customer care center, accounting/finance department, marketing, information technology, engineering, shipping/receiving, distribution and more.

“Smart Start builds mission critical products that reduce unnecessary risks, save money for authorities and tax payers, all while enhancing road-users’ safety,” said Smart Start’s CEO/President Jim Ballard. “We are committed to smart solutions for monitoring authorities and our customers who share the vision for safer roads. We continuously seek to improve our state-of-the-art technology and are proud of our exceptional customer service.”

The company has recorded over 500 million alcohol-free starts and prevented nearly seven million alcohol-based engine starts. As an alternative to incarceration, Smart Start’s ignition inter-

lock devices ensure safer roadways by reducing the number of vehicles with impaired operators. Through continuous monitoring, offenders are given the opportunity to remain active as contributing members of society who are able to both work and provide for their families without compromising community roadway safety.

Smart Start, Inc. sets the standard in alcohol monitoring technology. SmarTrac, our proprietary software, effectively manages test data, monitoring and confidentiality. Smart Start is the first to introduce a patented camera technology to the Ignition Interlock industry. With the newly introduced IN-HOM™ S.M.A.R.T. Mobile™ device, we have created a patented, low cost home monitoring solution that will revolutionize alcohol monitoring efforts. Smart Start devices provide GPS tracking, E911 service, and facial detection.

One of the most innovative successes in Smart Start’s product portfolio will be a new drug detection technology known as Intelligent Finger Printing (IFP). This patented device is set to revolutionize the way on-site drug tests are performed. Needing only a fingerprint sample, the non-invasive device can detect primary drugs of abuse while confirming the user’s identity. IFP provides rapid results in less than 10 minutes using a portable hand-held reader.

“We are proud to be associated with an organization like TAB, which fights for issues that impact business in Texas” said Ballard. Smart Start continues to develop and introduce new technologies and services to the industry while maintaining commitment to its mission of making roadways safer for all communities, ultimately saving lives.

Please visit our website www.SmartStartInc.com for more information.

“We are proud to be associated with an organization like TAB, which fights for issues that impact business in Texas.”

***- Jim Ballard,
President and CEO
Smart Start***



Chamber of Commerce Good For Business... Good IN Texas

There is no secret that the state of Texas boasts a healthy and robust business climate. TAB works diligently each day to advocate for business on various fronts to ensure this remains the case. While it is often TAB that makes the headlines, it is important to note that TAB is not the sole champion for business in the state. Across Texas, local chambers of commerce serve their communities with excellence to ensure sound government, economic development, and high quality of life. It is also because of their efforts that research shows a positive economic impact on businesses including customer loyalty and purchase decisions based on chamber membership.

In the U.S. there are nearly 7,000 chambers of commerce. Among them is an elite group that has been recognized for exceptional operations by receiving accreditation through the United States Chamber of Commerce (USCC). The USCC Accreditation Program is designed to facilitate continuing excellence in the chamber industry and to foster a pro-business environment across America. It is the only program of its kind that defines excellence in chamber planning/operations and recognizes outstanding contributions toward positive change in the communities.

Nationwide this group is comprised of 213 chambers. Once again Texas leads the way and the stars of Texas are shining bright. Of the 213 Accredited Chambers in the U.S., 25 or nearly 12% are from Texas. In that group of 25, 36% (9) have achieved the highest designation of 5-Star Accreditation. Recently, the U.S. Chamber released its list of chambers of commerce that had either earned re-accreditation (chambers are reviewed every five years) or their first accreditation. TAB would like to congratulate the latest group of

chambers to earn their accreditation. These organizations have worked incredibly hard to serve the business community with excellence.

| Recently Accredited or Re-Accredited | 2014 Accreditation Rating |
|--------------------------------------|---------------------------|
| Greater Irving – Las Colinas | 5 – Star (re-accredited) |
| San Angelo | 5 – Star (re-accredited) |
| Denton | 4 – Star (re-accredited) |
| Lufkin/ Angelina County | 5 – Star (re-accredited) |
| Fort Bend | 5 – Star (re-accredited) |
| Frisco | 4 – Star (re-accredited) |

Other chambers that are accredited or have been re-accredited this year are:

| Chamber of Commerce | 2014 Accreditation Rating |
|----------------------|---------------------------|
| Cleburne | 3 – Star |
| Flower Mound | Accredited |
| Galveston | 4 – Star |
| Grapevine | 4 – Star |
| Greater Beaumont | 5 – Star |
| Greater Boerne | 4 – Star |
| Greater San Antonio | 4 – Star |
| Laredo | 4 – Star |
| Longview | 5 – Star |
| Lubbock | 5 – Star |
| McAllen | 5 – Star |
| McKinney | 4 – Star |
| Nacogdoches County | 4 – Star |
| Pearland | 4 – Star |
| Richardson | 5 – Star |
| Rockport-Fulton | 5 – Star |
| Round Rock | 5 – Star |
| San Antonio Hispanic | 5 – Star |
| Tyler Area | 4 – Star |

Congratulations to ALL of our chamber partners! We are honored to work alongside you and thank you for your work on behalf of the businesses of our great state.

QUOTES

“Teaching is hard. Education is difficult. Children born in poverty are hard to educate, and it’s expensive. Yeah, yeah, yeah, but so what? They’re our children. We have got to educate those children. They’re the future of Texas.”

– TAB CEO
Bill Hammond
in the *Austin American-Statesman*.

“There are lots of things that are really good about Texas, obviously,” he said, adding the state is No. 1 in business climate. “But we need to make some investments. We need to do things a little bit better in certain areas.”

– TAB
CEO Bill
Hammond in
the *Wichita Falls Times-Record-News*.



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Talk **About** Business

A Degree of Importance



Bill Hammond, TAB CEO

To maintain Texas' hard earned reputation as an economic powerhouse, the higher education community must maintain its focus and do a better job of preparing our students to enter the workforce.

We all know the world is changing. In 1973 only 28 percent of jobs nationally required some kind of post-secondary training. By 2020 that number nationally will be 65 percent. In Texas, the number is 59 percent. Today, only 34 percent of people ages 25 to 35 have that kind of training. You can see that we have a lot of ground to make up, and we don't have a lot of time to do it.

The good news is that we have made great strides in the last decade. Many more Texans, in particular Hispanic and African American students, are going to college. Many are the first in their families to do so. I cannot stress how important it is that these students are entering the system, and that we continue to see those numbers grow.

Here is where the problem lies. While more and more students are attending college, many are not finishing their education. Yes, completion rates are going up, but

they are not going up at a rate to move Texas ahead. Consider that when you don't count the flagship universities of Texas and Texas A&M, fewer than 50 percent of all college students graduate in six years.

Texas students must be prepared to compete in a global economy. When you compare Texas with the rest of the world, our level of college attainment is falling far behind. For example: Texas ranks number three in the world in terms of educational attainment levels for people between the ages of 55 and 64. Texas ranks number 24 in the world for people between the ages of 25 to 34. Those numbers count people with an Associate's degree or higher.

In a recent column, outgoing University of Texas System Chancellor Dr. Francisco Cigarroa questioned why the Texas Association of Business would put up a billboard for the day on Interstate 35 questioning low completion rates and urging our institutions to do better. He said it was an "unusual place to begin a serious dialogue about an important issue." What the billboard did was lead to that column, and this one, which was the point. There was no

beginning point for the discussion. Now there is.

It is time to be more aggressive about reaching our goals. It is unfair to taxpayers, students and parents for this high failure rate to continue. Currently, state funding for colleges is based on how many students are in classrooms on the 12th day of a semester. After that, it doesn't matter what happens to those students from a funding standpoint. One solution is tying a small percentage of their state funding to increasing completion rates. I'm not talking about doing what Tennessee has done, tying all university funding to results; I'm simply talking about 10 percent. Community colleges came to the table and agreed that 10 percent of their funding should be tied to results. It is time for our four-year institutions to do the same.

While our universities do important work in research and innovation, we must not lose sight of the core mission for our schools, which is to graduate students who are ready for the real world. We must get away from simply attracting them into an education system, where they will end up with a lot of debt and no diploma or certificate to show for it.