The downturn in energy and a stronger dollar have created headwinds for economic growth in the Eleventh District. Despite these challenges, the Texas economy continues to grow. In their annual *Southwest Economy* regional outlook, Keith Phillips and Christopher Slijk forecast that employment in Texas will increase about 1 percent in 2016. While this is lower than job growth of 3.7 percent in 2014 and 1.5 percent in 2015, it is still highly impressive in light of recent challenges.

Layoffs in Texas were concentrated in the mining and manufacturing sectors in 2015, with oil- and gas-related employment declining 19.4 percent and manufacturing payrolls shrinking 4.1 percent. Due to diversification of the state's economy over the past three decades, the energy industry now accounts for approximately 2 percent of employment and 9 percent of gross domestic product, a much smaller share of activity than in the 1980s, when the oil price collapse pushed the Texas economy into a deep recession. In-migration of people and firms has been a key underpinning of the resiliency of the Texas economy.

As we look ahead, I firmly believe that improving educational attainment will be critical to the prosperity of this state. In their article, Anthony Murphy and Camden Cornwell focus on how increasing the financial literacy of young adults can help enhance the future economic well-being of Texans. They cite a decision by state lawmakers that mandated a financial literacy curriculum for high school students. They argue that financial literacy is strongly correlated with the ability to make better decisions about spending and saving such as decisions relating to buying a home and planning for retirement.

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While we face myriad challenges in 2016 and beyond, I am very optimistic about the future prosperity and vibrancy of Texas. The state continues to be a magnet for people and businesses from around the nation and the world. It is a great place to live and to work. It has a culture of optimism and a can-do attitude that encourages tackling issues head-on. I am confident that, working together, we will make changes that set us on a course for continued success and prosperity.

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