



► Our research is critical to helping the Federal Reserve better understand labor markets and underlying economic conditions so we can more effectively achieve our dual-mandate objectives.

The Federal Reserve has a “dual mandate” of achieving full employment as well as price stability. Regarding our full employment objective, the U.S. economy has made good progress since the Great Recession, with the unemployment rate now standing at 4.9 percent.

In the Eleventh District, we all know the economy has faced headwinds from weak energy prices as well as a stronger dollar. Despite these challenges, the Texas unemployment rate, as well as other measures of labor market slack, have remained below those of the nation. In this issue of *Southwest Economy*, Anil Kumar and Michael Weiss write about the reasons for this in their article, “Less Involuntary Part-Time Work Suggests Texas Economic Strength.” They argue that involuntary part-time employment—the number of people settling for part-time work while wanting full-time employment—is lower in Texas than in the rest of the nation largely due to more flexible labor markets and less regulation, factors that have contributed to a greater relative availability of full-time positions.

While Texas has generally had a hands-off policy regarding state labor markets, it has created targeted exceptions. One example is the Texas Enterprise Zone program, which funnels tax breaks to businesses in economically challenged areas in order to spur greater economic development and job growth. While studies suggest that enterprise zone programs spur job creation, their impact on the financial health of residents is less clear.

In their article, “Texas Enterprise Zone Benefits for Poor Prove Elusive,” Wenhua Di and Daniel Millimet examine the program’s impact on financial health of residents in and around designated zones. They find that this program tends to improve the ability of residents to repay retail loans, while increasing the incidence of mortgage delinquencies and bankruptcy filings. Their article suggests that more could be done to examine the design and impact of this program.

As this issue of *Southwest Economy* makes clear, Dallas Fed research is intended to inform decision-making by policymakers at the local, state and federal levels. Our research is critical to helping the Federal Reserve better understand labor markets and underlying economic conditions so we can more effectively achieve our dual-mandate objectives.

A handwritten signature in black ink that reads "Robert S. Kaplan". The script is fluid and cursive.

Robert S. Kaplan
President and Chief Executive Officer
Federal Reserve Bank of Dallas