

# Year in Review

## Eleventh Federal Reserve District

**T**he vibrant economy of the Eleventh Federal Reserve District became the focus of national attention in 2011 as the region grew significantly faster than the nation. Employment increased by 2 percent—212,000 jobs—compared with 1.3 percent nationally. The district employs over 11 million workers.

Texas, which makes up the major part of the Eleventh District, was the last state to enter the recent recession and one of the strongest coming out, moving from recovery to expansion in 2011. A source of Texas economic strength, oil and gas extraction recorded a 25 percent increase in the number of drilling rigs in 2011, almost reaching its mid-2008 peak. Texas exports grew at a faster pace than in the rest of the U.S., and housing continued to mend.

The district's economy appears poised for another year of moderate growth as leading economic indicators increased at the end of 2011. Slower growth in exports and energy will likely be offset by a gradual improvement in construction and fewer cuts in state and local government jobs.

### Monetary Policy and Research

The Dallas Fed began providing to the public a timely state-level gauge of service sector activity with the introduction midyear of the Texas Service Sector Outlook Survey (TSSOS). The service sector drives the Texas economy, and TSSOS fills a regional data gap. Both TSSOS and the established Texas

Manufacturing Outlook Survey (TMOS) are routinely cited in the business media and have proved to be reliable indicators of the Texas economy.

The Bank conducts high-level research that contributes to the understanding of our dynamic economy. Research staff had 27 new submissions and nine acceptances in refereed journals. The Bank's economists presented research at 40 meetings, organized or chaired sessions or served as discussants at 20 conferences, gave 31 academic seminars at universities, central banks or other research institutions and presented over 260 speeches to area, district and national audiences.

The Globalization and Monetary Policy Institute continued to expand its reach and activities. The institute's staff, fellows and research associates circulated working papers that were read extensively worldwide, and several of those papers were accepted for publication in leading international academic journals, such as the *Journal of International Economics*. The institute cosponsored a conference with the Swiss National Bank in Zurich on the globalization of inflation and held its inaugural public lecture, "Globalization and Monetary Policy: From Virtue to Vice?," delivered by Jürgen Stark, member of the executive board of the European Central Bank.

### Financial Services

The new Go Direct® Contact Center began operations in March 2011 to support the All-Electronic Treasury Initiative. To accom-

## One of the most diverse regions of the country, culturally, economically and geographically

moderate expansion of Go Direct operations, staff members were relocated to a new space on the ground floor of the Dallas building that was previously used for check processing. Staff levels were increased to handle phone calls generated by the Treasury's announcement and promotion of the initiative, designed to move federal benefit recipients from paper to electronic payments.

To reduce operating costs, the Bank replaced the San Antonio office's cash services operation with a cash depot administered by the Houston Branch. The Dallas Fed has completed a multiyear upgrade to its high-speed currency processing machines, thereby increasing processing capability to 100,000 notes per hour.

### Banking Supervision and Discount and Credit

The Bank continued its active participation in the implementation of the Dodd-Frank Wall Street Reform and Consumer Protection Act, signed into law in July 2010. In addition to the 39 state member banks and 459 bank holding companies the Dallas Fed supervises, the Bank on July 21, 2011, became the federal supervisor for 23 savings-and-loan holding companies (SLHCs) in the Eleventh District, ranging in size from less than \$150 million to more than \$100 billion in assets. Banking Supervision added staff to oversee SLHCs and to prepare for implementing enhanced supervision standards for the largest financial services organizations as required by

Dodd-Frank.

To reduce the cost to and burden on depository institutions, the Federal Reserve System announced an initiative to simplify administration of the framework under which organizations calculate and maintain reserves.

### Office of Minority and Women Inclusion

As mandated by the Dodd-Frank Act, the Bank established an Office of Minority and Women Inclusion (OMWI). The OMWI is designed to ensure that minorities and women are fairly included in employment-related activities and that minority- and women-owned businesses have an increasing role as providers of goods and services. Further, the OMWI's influence extends to efforts to support financial literacy and economic education in the Bank's service areas.

### Public Outreach

The Bank remains committed to providing high-quality informational and educational programs that improve financial literacy and help the public know and understand the structure and role of the Fed.

The Bank's economic education programs reach several thousand educators each year, and through them, tens of thousands of students. The Economics Scholars Program, presented in cooperation with Austin College, brought together 150 participants from 44 universities and colleges across 14 states.

The Community Development pro-

gram advanced the concept of asset building through events across Texas. Partnering with RAISE Texas, Texas Rural Innovators and local hosts, Bank staff brought together practitioners, service providers and policymakers in Texas' rural communities to explore innovative ways to help families achieve financial security. The Bank also organized and hosted conferences on Hispanic migration, labor and social trends to widen understanding of this dynamic population; social influences on health to understand how groups are collaborating with leaders in community development and health; and housing issues for people with disabilities to identify challenges, new initiatives and financing opportunities.

The Dallas Fed held events across the Eleventh District to provide an opportunity for CEOs of financial institutions to meet with the Bank's top leaders and discuss regional economic issues and matters affecting banking. The Bank reached more than 3,000 banks and credit unions at roundtables on economic topics in communities across the district and hosted four webcasts on current economic issues.

The Bank's Community Depository Institutions Advisory Council and San Antonio Regional Bank Council continued to provide essential information about the changing practices of financial institutions, in particular community banks. In 2011, the Bank formed a Corporate Payments Council—whose members represent large retail operations—so it can stay in touch with the evolving payment services practices of the corporate community.