



**AN ECONOMIC REPORT  
TO THE GOVERNOR  
OF THE STATE OF TENNESSEE**



*On the State's Economic Outlook*

**JANUARY 2001**

# **An Economic Report to the Governor of the State of Tennessee On the State's Economic Outlook**

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*In Cooperation with the*  
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# Foreword

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**T**his 2001 volume, *An Economic Report to the Governor of the State of Tennessee*, is the twenty-fifth in a series of annual reports compiled in response to requests by state government officials for assistance in achieving greater interdepartmental consistency in planning and budgeting efforts sensitive to the overall economic environment. Both short-term, or business cycle-sensitive forecasts, and longer-term, or trend forecasts, are provided in this report.

The quarterly state forecast through the fourth quarter of 2002 and annual forecast through 2009 represent the collective judgement of the staff of The University of Tennessee's Center for Business and Economic Research in conjunction with the Quarterly and Annual Tennessee Econometric Models. The national forecasts were prepared by the WEFA group. Tennessee forecasts, current as of November 2000, are based on an array of assumptions, particularly at the national level, which are described in Chapter 1. (Note that since reliance is placed on state data available through November 2000, the information reported here may not correspond to revised data released early in 2001.) Chapter 2 provides detailed evaluations for major sectors of the Tennessee economy, with an agriculture section provided by the UT Agricultural Policy Analysis Center. Chapter 3 presents the long-run forecast and outlook for the state. This year, Chapter 4 focuses on welfare reform in Tennessee.

The primary purpose of this annual volume—published, distributed, and financed through the Tennessee Department of Economic and Community Development, the Tennessee Department of Revenue, and the Tennessee Department of Labor and Workforce Development—is to provide wide public dissemination of the most current possible economic analysis to planners and decision-makers in the public and private sectors.

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# EXECUTIVE SUMMARY

## U.S. ECONOMIC OUTLOOK

**T**he impressive economic expansion of the 1990s became the longest on record in February 2000, but has shown signs of slowing since then. As evidence, inflation-adjusted gross domestic product (1996 dollars)—perhaps the most widely used measure of economic growth, increased at a seasonally adjusted annual rate (SAAR) of only 2.4 percent in the third quarter of 2000. While this is down markedly from 1999's annual rate of growth of 4.2 percent, it nonetheless represents a decent pace of economic expansion.

As a result of overall conditions and Federal Reserve Bank monetary policy, inflation and unemployment have been kept largely in check. Although the consumer price index (CPI) rose at an annual rate of 3.1 percent in 2000Q3 (up from the 1999 annual increase of only 2.2 percent) the core CPI—which excludes more volatile food and energy prices—grew by only 2.4 percent (up from 2.1 percent in 1999). The labor market remained remarkably tight but showed signs of loosening in 2000. Unemployment fell to 3.9 percent in October 2000, the lowest rate since January 1970.

The longest economic expansion on record is projected to continue at a much slower rate for at least another year. Real GDP growth will pick back up only slightly, reaching a rate of 3.2 percent (SAAR) in 2001. Growth in consumer spending and business investment will be less robust than in recent years, but will continue to offset slowdowns in residential housing and government spending, as well as the drain from net exports. As further evidence of a slowdown, the rates of inflation and unemployment are expected to increase to 2.7 and 4.4 percent, respectively. The Federal Reserve Bank is not likely to change interest rates unless continued signs of a downturn warrant further rate reductions.

## **TENNESSEE'S SHORT-TERM ECONOMIC OUTLOOK**

The Tennessee economy is entering its second decade of uninterrupted growth, the longest economic expansion of modern times. At the same time, interest rate increases, sharply higher gasoline prices, capacity constraints and a less than stellar international sector are among the many factors that are now conspiring to slow the pace of economic growth. The concerns about slowing growth are evidenced by the surprise action taken by the Federal Reserve to lower interest rates in early 2001. While the economy will expand in 2001 and 2002, growth will be slower than has been the case in recent years and there is some chance of recession.

Tennessee nonagricultural job growth advanced 1.6 percent on a year-over-year basis in the first quarter of 2000, accelerating to 1.9 percent growth in the second quarter of the year. Growth slowed to 1.1 percent in the third quarter, and fourth quarter growth is projected to rebound to only 1.3 percent. Job growth for the national economy didn't show serious slippage until the third quarter of 2000 when year-over-year growth fell to zero. Healthy state labor markets have supported significant downward movement in the state unemployment rate. The statewide rate of unemployment was 5.4 percent in 1997, falling to 4.2 percent in 1998 and 4.0 percent in 1999. A further drop to 3.7 percent is anticipated in 2000, though the rate was back up to 4.1 percent in November. The higher unemployment rate is yet another indication of the slowdown that has hit the state.

Growth in Tennessee personal income has trailed the U.S. in the past several years. Nominal personal income in Tennessee was up 5.2 percent in 1997, substantially below the 6.0 percent pace set by the nation. State income growth improved to 6.4 percent in 1998, narrowing the margin against the U.S., but the gap once again widened in 1999. Tennessee's growth in 2000 is projected at 5.8 percent versus 6.4 percent for the nation. Tennessee's per capita personal income has had a similar pattern relative to the nation in recent years. In 2000, nominal per capita income in Tennessee (\$26,790) is expected to be 88.7 percent of the national average (\$30,200), down from 90.0 percent in 1997.

Taxable sales have been buoyed in recent years by sustained growth in the state economy, especially construction activity, but there are now clear signs of a slowdown. In the first quarter of 2000, the seasonally adjusted annual rate of growth in sales jumped to 16.3 percent, but was followed by a 11.4 percent fall in the second quarter and a 1.3 percent drop in the third quarter.

Tennessee nonagricultural job growth is projected to be 1.5 percent for 2000, compared to 2.1 percent for the nation. Tennessee's job growth will fall to 1.2 percent in 2001, corresponding to the decline in growth for the U.S. The situation for the state will demonstrate relatively improved performance in 2002 with 1.6 percent growth versus 1.3 percent for the nation. The unemployment rate for 2001 is projected at 4.3 percent, up from 3.7 percent in 2000. The unemployment rate will be sustained in excess of the 4 percent mark in 2002 in response to lack of acceleration in the national and state economies.

Tennessee nominal personal income growth will slow only modestly in the next two years. Following 2000's growth rate of 5.8 percent, income growth in 2001 is projected to be 5.5 percent; the same figure is projected for the national economy in 2001. Income growth in Tennessee for 2002 will likely mirror growth in 2000 (5.8 percent), over a half-percentage point ahead of the U.S. On a fiscal year basis, personal income will be up 5.4 percent in 2000/01 and will grow 5.8 percent in 2001/02.

Nominal taxable sales are projected to hold their own in 2001 with growth of 4.5 percent and will enjoy modest expansion in 2002 with 5.3 percent growth. On a fiscal year basis, taxable sales are forecast to grow 4.1 percent in 2000/01 and 4.4 percent in 2001/02.

Despite growth and prosperity in most sectors of the economy, a major concern for Tennessee agriculture is the continued downward spiral in farm income. Net farm income was just over \$141 million in 1999, less than half the income in 1998 and only 28 percent of the average net farm income for the period 1990-1998. Without direct government payments, net farm income in Tennessee would have shown a net loss of over \$67 million. Income losses were due primarily to depressed commodity market prices, drought conditions, and rising production expenses. Production agriculture contributed \$1.97 billion to Tennessee's economy in 1999 in cash receipts, with 49 percent from the crop sector and 51 percent from the livestock sector. Tobacco was the leading crop in 1999, although its value will likely decline somewhat in 2000. Despite an expected quota increase in 2001, tobacco acreage and income are expected to plummet in 2001 and

short-term recovery is unlikely. The Boll Weevil Eradication Program adopted in the state over the last year is improving cotton yields, and stronger prices could push cotton into the state's leading crop position in 2001.

Continued growth is expected in the nursery sector, while soybeans and grain prices are expected to remain very low. Cattle and calves will continue to dominate the state's livestock sector with expectations for depressed grain prices and strong beef prices in the near future as beef supplies decline with the cattle cycle. Meat production is expected to remain fairly stable in 2001 due to reduced beef production and modest increases in pork and poultry production. Growth in milk output is expected to ease slightly in 2001, which may allow prices of milk and dairy products to recover in 2001.

## **TENNESSEE'S LONG-TERM ECONOMIC GROWTH**

Economic growth is taken to mean sustained increases in production of goods and services of an economy over a period of time. There are at least two forces that drive economic growth: increases in quantity of productive inputs and increases in their quality. It is important to evaluate Tennessee's historical economic growth because it is a good measure of the state's overall economic well-being. Over the last 20 years, Tennessee's total output has grown rapidly. Similarly, over the forecast period between 2000-2009, Tennessee's inflation adjusted gross state product (GSP) is expected to grow at a compound annual rate (CAGR) of 3.6 percent. However, despite stronger rates of state growth, Tennessee

will trail the U.S. in the level of *per capita GSP*. Tennessee per capita personal income is expected to grow from 88.8 percent to 94.9 percent of the national average between 2000 and 2009.

Tennessee's structural changes, as well as the growth of different sectors, are expected to continue in the future. The sectors such as finance, insurance and real estate; services; and mining are expected to outpace the overall growth in inflation-adjusted GSP. On the other hand, the sectors such as construction, agriculture, manufacturing, and government are expected to grow slower than the overall state economy. The service sector is expected to dominate Tennessee's economy and provide the largest share of the state's jobs in 2000 and 2009. Also, a 2.3 percent annual growth rate (CAGR) is expected to characterize overall nonagricultural job growth. Similarly, over the forecast horizon, civilian labor force participation is expected to rise from 65.5 percent in 2001 to 69.0 percent in 2009. A gradual increase in Tennessee's unemployment rate is expected to occur in the next 10 years. The state's unemployment rate is expected to return over time to higher rates, consistent with the full employment rate of unemployment.

Over time, Tennessee's economy has benefitted from an ample quantity of inputs, especially its strong stock of natural resources and a large pool of potential workers. Similarly, over the forecast horizon, Tennessee's overall growth path is expected to trend upward. This upward trend can be enhanced even further by investment in the state's education system and therefore its human capital. In addition, encouragement of new private capital investment and maintenance

of the state's infrastructure are ways for Tennessee to improve its productivity and competitiveness in the years to come.

#### **FOUR YEARS OF WELFARE REFORM IN TENNESSEE**

State welfare programs changed dramatically when in 1996 President Clinton signed the Personal Responsibility and Work Opportunity Reconciliation Act, known widely as "welfare reform." This dramatic policy change was intended to convert the old entitlement program, Aid to Families with Dependent Children (AFDC) with a more restrictive block grant, to Temporary Assistance to Needy Families (TANF). Time limits, work requirements, and sanctions for noncompliance with program rules ushered in a new era of public assistance.

This chapter provides a summary of Tennessee's new version of low-income assistance—Families First. We begin by briefly describing the federal reform of 1996 and continue by presenting a detailed, yet concise, look at the most salient features of the Tennessee program. We also present an in-depth comparison of Tennessee's policies with those in the eight states that border Tennessee. The chapter concludes with a comparison of the welfare caseloads and various outcome and performance measures in these same states.

Despite broad consistency with federal guidelines, welfare reform has taken on a slightly different meaning in Tennessee. The differences between Families First and the TANF guidelines, the details of which are quite substantial, are fairly

straightforward. Specifically, Families First participants must begin working, looking for work, or training for work immediately, not merely within the first 24 months of benefits. Despite this, allowable activities are more broadly defined in Tennessee, and the network of support services is much more extensive.

The comparison of Tennessee with eight bordering states reveals a number of interesting differences in state policies, caseload demographics, and welfare outcomes. In sum, Families First policies are different from neighboring states in much the same way that they are different from the federal guidelines. Caseload characteristics are quite similar across these states, but Tennessee has relatively more single-parent families on welfare. Finally, despite less dramatic caseload reductions than those in neighboring states, Tennessee outpaces these same states in terms of a number of other outcome measures including job entry and retention rates.

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## *CHAPTER 1*

# THE U.S. ECONOMY

**T**his chapter of the *Economic Report to the Governor* provides an overview of the national economic condition. Tennessee is only a small part of an ever-expanding national and international economy, and it is important to place any state-level trends and projections within the context of the broader economic environment. While the state economy undoubtedly exhibits many independent features, it is certainly impacted by conditions at the national level.

A brief overview of economic events in the U.S. over the past year is presented first, and the discussion then turns to highlights from the short-term macroeconomic forecast. To summarize briefly in advance, the year 2001 is likely to be a continuation of 2000's slowdown in the national economy. While there are chances of a sharper slowdown—and perhaps a recession—the odds are quite low. Inflation-adjusted gross domestic product (GDP) is expected to rise at a 3.2 percent seasonally adjusted annual rate (SAAR) versus 2.4 percent in 2000Q3. Establishment employment growth of 1.2 percent (SAAR) is anticipated, versus 0.2 percent in 2000Q3. Given this smaller but still somewhat favorable rate of economic expansion, we do not expect further interest rate cuts from the Federal Reserve Bank in 2001 unless the less-likely recession scenarios unfold.



## THE YEAR IN REVIEW

The impressive economic expansion of the 1990s became the longest on record in February 2000, but has shown signs of slowing since then. As evidence, inflation-adjusted gross domestic product (1996 dollars)—perhaps the most widely used measure of economic growth—increased at a rate of only 2.4 percent (SAAR) in the third quarter of 2000. This is down markedly from 1999’s annual rate of growth of 4.2 percent. Nonetheless, it represents continued stable growth, albeit at a lower rate than the unsustainable rates observed in recent years.

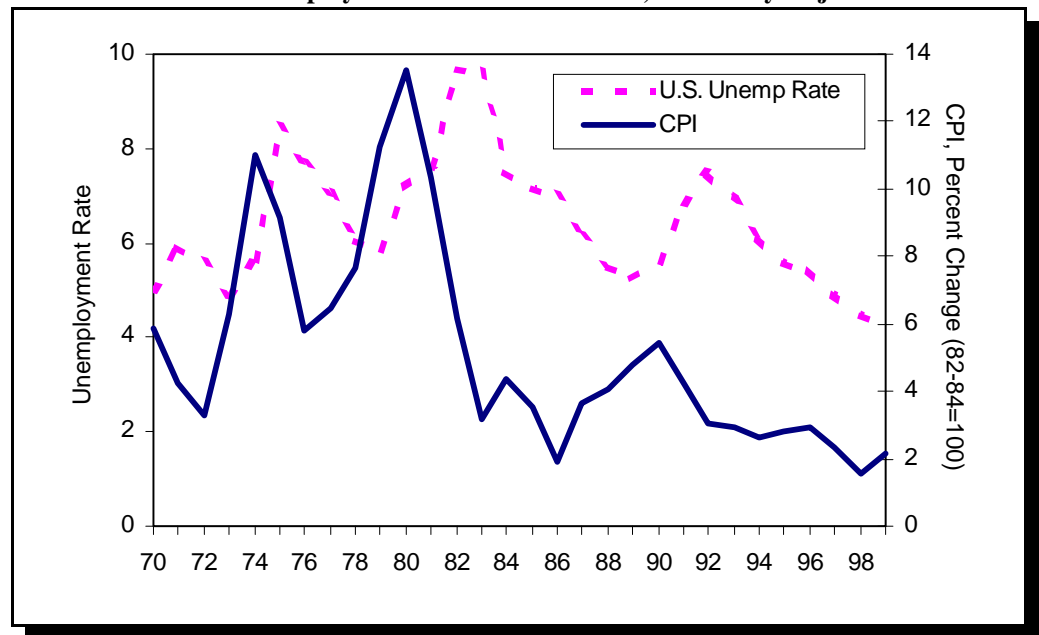
### Inflation and Unemployment

Figure 1.1 shows recent movements in two other popular barometers of economic well being, the consumer price index (CPI) and the civilian unemployment rate. The CPI measures the total cost of a typical market basket of consumer goods and services over time, relative to some base time period. The percentage change in the CPI indicates the general percentage increase in consumer prices at that particular point in time. The civilian unemployment rate indicates the share of the national labor force that is either out of work or looking for work.

Economic theory once predicted that these two indicators would move in opposite directions. Times of higher inflation would be characterized by lower unemployment, and vice versa. As observed in the Figure, however, both inflation and unemployment have been remarkably low in recent years. This has become the hallmark of the so-called “new economy,” forcing economists to revise a body of theory that had been widely accepted for a long period of time. Concerns remain, as low unemployment still raises the risk of higher labor costs and hence final product prices.

Maintaining low levels of inflation has become the primary goal of the Federal Reserve Bank (Fed), the chief executor of monetary policy in the U.S. Although prices have accelerated slightly in recent quarters, inflation remains largely in check. The CPI rose at an annual rate of 3.1 percent in 2000Q3 (up from the 1999 increase of only 2.2 percent) but the core CPI—which

**FIGURE 1.1—U.S. Unemployment and Inflation Rates, Seasonally Adjusted**



excludes more volatile food and energy prices—grew by only 2.4 percent (up from 2.1 percent in 1999). While not shown in the Figure, producer prices showed similar trends with the overall producer price index (PPI) up by 3.5 percent and core PPI up by only 1.4 percent during this period.

The labor market remained remarkably tight but showed signs of loosening in 2000. Unemployment fell to 3.9 percent in October 2000, the lowest rate since January 1970. Nevertheless, wage inflation remained largely contained. As evidence, the employment cost index—a popular leading indicator of inflationary pressure in the economy—rose by only 3.7 percent on an annual basis through 2000Q3. This growth rate is up slightly from the 1999 increase of 3.4 percent, but is still not high enough to cause alarm. On the plus side, worker productivity as measured by output-per-hour of work was up by 3.8 percent as of 2000Q3, down only slightly from

unusually high rates in recent months.

Low inflation and unemployment have been more than enough fuel for steady growth in the national economy. However, overall economic growth often conceals significant variation among the various sectors of the economy. It is important to examine the major components of the economy in order to gain a more complete picture of economic health.

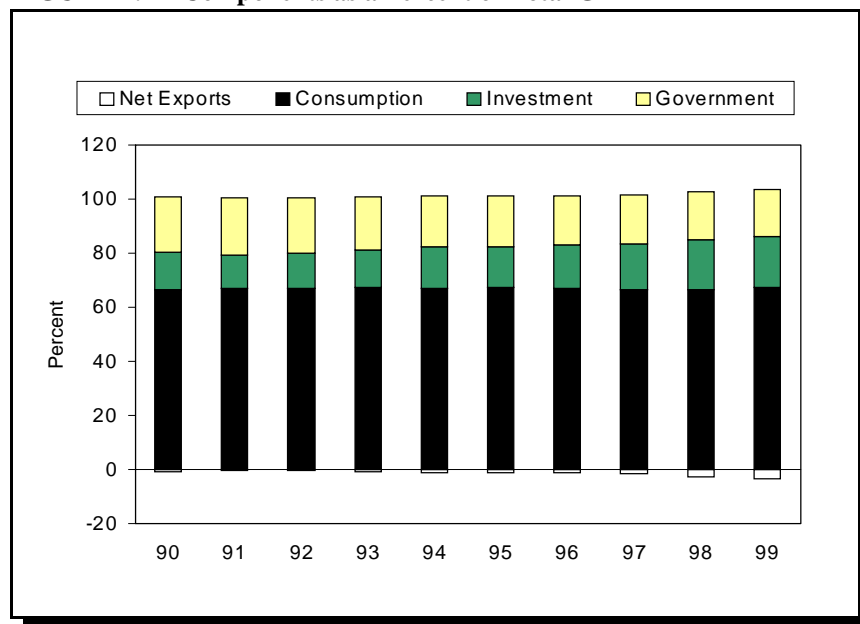
### Components of GDP

Inflation-adjusted U.S. GDP represents the total value of goods and services sold in the nation during a period of time. By definition, it is the sum of consumption spending, investment (including plant and equipment, structures, residential housing, and inventories), government spending, and spending on the international market (*net exports*—exports less imports). Trends in the shares of GDP that are contributed by these primary components are shown in

Figure 1.2. While consumption has remained relatively stable, investment has become relatively more important and government relatively less important. The drain from net exports has generally increased over time.

Consumption spending, which typically makes up about two-thirds of total real GDP, increased 4.5 percent last year, buoyed primarily by increased spending on durable and nondurable goods. For a number of reasons, this is down slightly from the 1999 increase of

**FIGURE 1.2—Components as a Percent of Total GDP**



5.3 percent. The Fed increased interest rates in February, March, and May, which increased the cost of borrowing (see inset). Furthermore, continued worries over stock price volatility, higher gasoline prices, and higher interest rates caused the index of consumer confidence to fall from a high of 144.7 in May 2000 to 133.5 in November. Despite this decline, consumer confidence is still somewhat high by historical standards.

Despite strong growth in consumer spending on goods and services, spending on residential housing continued to slow considerably from earlier, unsustainable levels. Residential fixed investment was down by 10.5 percent as of 2000Q3. This deceleration was primarily a result of rising mortgage interest rates (an 8.0 percent average 30-year rate in the third quarter of 2000, although rates have fallen in recent months). Housing starts, while still comparably high, fell by nearly 18 percent on a year-over year basis. Consumer purchases of big-ticket items also slowed somewhat, especially in terms of new automobiles.

The slowdown in *residential* fixed investment was more than offset by increased *business* fixed investment. This important component of GDP grew at a 7.8 percent annual rate as of the third quarter of 2000, down from the 1999 increase of 10.1 percent. Slightly slower growth of 5.8 percent in producer equipment investment, again driven by significant increases in software and information processing equipment, was aided by growth of 14.9 percent in investment in structures.

Government spending underwent substantial changes with the federal Treasury registering a \$65.8 billion surplus in September 2000—\$7.8

## FED POLICY, 1990 - 2000

The U.S. Federal Reserve Bank (Fed) uses several monetary policy tools in its continued attempt to control the economy's money supply and affect national economic growth. The most frequently used tool is the purchase and sale of government bonds through the Federal Open Market Committee (FOMC). The least frequently used is the control over the reserve requirement ratio, or the portion of deposits that banks must keep as reserves.

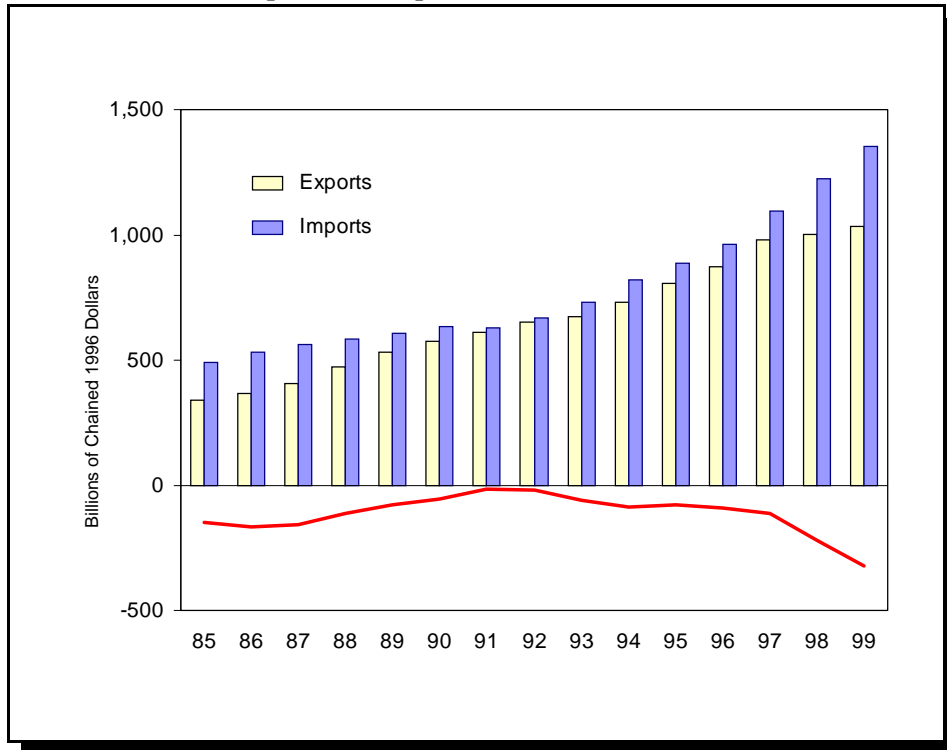
The Fed also uses the largely symbolic discount rate, which is the interest rate charged when member banks borrow money directly from the Fed, either to meet reserve requirements or short-term demands for cash. Another rate, the federal funds rate, is the interest rate charged when banks borrow from each other for similar reasons (usually on an overnight basis). It is changed not directly by Fed policy, but indirectly through actions of the FOMC.

The Fed typically raises interest rates in times of robust economic expansion in order to reduce the threat of inflation. As interest rates go up, it becomes more expensive to borrow money. This reduces the propensity among businesses and consumers to make purchases or investments, thereby slowing economic growth. As the economy slows and households and firms have less money to spend, the upward pressure on prices is somewhat alleviated as a result of Fed tightening. Furthermore, savings accounts and other assets earn more interest in the presence of higher rates, which encourages more saving and less spending.

The Fed increased interest rates in late 1997 to stem so-called "irrational exuberance" in the economy, and then cut interest rates in 1998 in order to stimulate the economy during the global economic crisis of the time. As other nations' economies gradually recovered and the U.S. economy expanded rapidly, the Fed worked to scale back the monetary stimulus through three rate increases in 1999. Contributing to the continued economic expansion that brought about these rate increases was an exceptionally tight U.S. labor market. As fewer workers were available to take jobs, wages (and eventually, prices) were gradually pushed upward.

The expansion continued into 2000, leading the Fed to increase rates in February, March, and May. Nonetheless, a sharp downturn on the stock market added to other signs of macroeconomic instability in prompting the Fed to cut rates in early January of 2001. In the first rate cut since November of 1998, the Federal Funds Rate was reduced to 6 percent and the discount rate to 5.50 percent. While we do not expect further cuts at this time, continued downturns may cause the Fed to continue along these lines.

**FIGURE 1.3—U.S. Imports and Exports**



billion more than the \$58.0 billion surplus recorded in September 1999. Driven largely by continued spending cuts at the federal level and welfare caseload reductions at the state and local levels (see Chapter 4 of this *Report*), combined government spending actually fell at a 1.5 percent seasonally adjusted annual rate as of 2000Q3. State and local spending increased by 2.7 percent, while federal spending fell by 9.0 percent primarily as a result of continued cuts in defense spending.

As is typical in the U.S., the biggest drain on domestic economic growth came from the international market, as trade imbalances continued to soar. Since spending on imports is included in consumption, it is subtracted from export spending in order to avoid double counting and to gauge the true level of export spending that contributes to U.S. economic growth.

Unfortunately, since imports have dramatically exceeded exports in recent years, this usually involves a net subtraction from real GDP.

As shown in Figure 1.3, export growth has been exceeded by import growth since 1992, leading to continued increases in trade imbalances. On a seasonally adjusted basis, exports were 15.4 percent higher in 2000Q3, but imports were 17.4 percent higher. Contributing to this was a continued increase in real exchange rates, which made

imports even cheaper relative to domestic goods and services. Despite minor turnarounds in late 1999, the U.S. is still far from closing the trade gap towards 1997 pre-crisis levels. It does seem that growth in the trade deficit has moderated in recent quarters.

### **1999 in Perspective**

In sum, 2000 finally saw a moderation of the robust spending by consumers and businesses which, when combined with reduced government spending and slightly larger trade deficits, led to slightly slower overall economic growth. As a result of this and Fed monetary policy, inflation and unemployment have been kept largely in check.

## THE U.S. FORECAST

The longest economic expansion on record is projected to continue for at least another year. Inflation adjusted GDP growth, still strong, will continue to slow slightly but will still reach 3.2 percent in 2001. Increases in consumer spending and business investment will continue to offset slowdowns in residential housing and government spending as well as the drain from net exports. As further evidence of a slowdown, inflation and unemployment will increase slightly. Each of these anticipated trends is discussed in more detail below.

### Consumption

As consumers react to higher oil prices and stock market volatility, consumer spending could slow somewhat. Nonetheless, consumption will continue to play a large role in GDP growth, increasing by 3.2 percent. Fueling the continued strength of consumption spending will be low to moderate price increases and continued increases in credit card debt. The CPI is expected to accelerate slightly by 2.7 percent (2.5 percent for core inflation) but will remain subdued.

While the labor market will not be as tight as in 1999 and 2000, conditions should remain relatively stable in 2001. Specifically, establishment employment growth is only expected to be 1.2 percent nationwide in 2001, while the unemployment rate will creep back up to 4.4 percent. However, an important side effect will be continuing growth in wages (as measured by the employment cost index) at a slightly higher rate of 4.0 percent, further fueling consumption increases into 2001. Productivity growth of 3.5

percent will at least partially offset any inflationary pressure from this wage growth.

### Investment

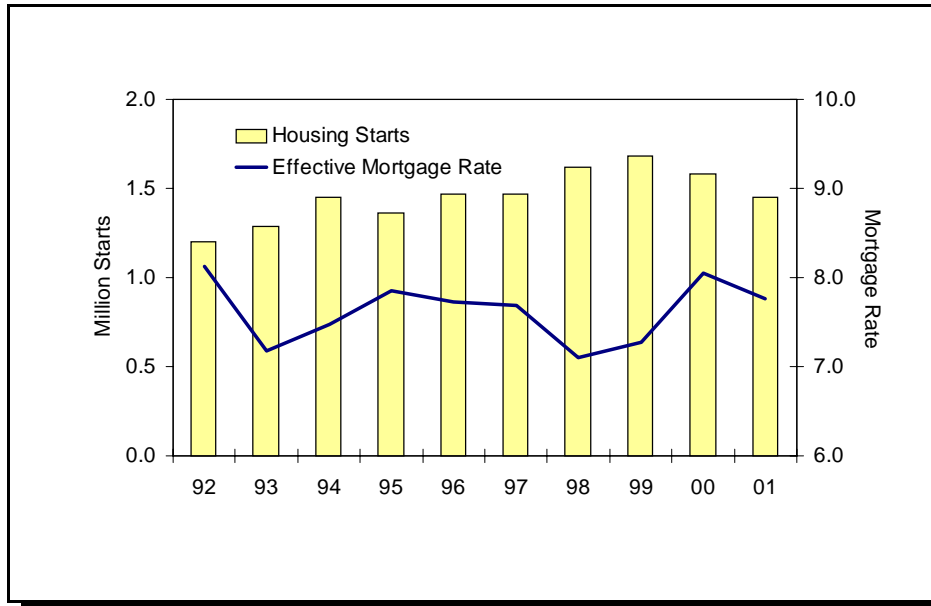
Residential and business investment will also slow slightly over the next year. As noted above, the national housing market is already retreating from the extreme peaks in early 1999. Figure 1.4 reveals this trend and shows that housing starts will continue to decline to about 1.45 million in 2001. In relatively good news for prospective homebuyers, the average effective mortgage rate should remain around 7.6 percent.

Unfortunately, the overall slowdown in the housing market will act as a drag on the U.S. economy. Residential investment was already down 10.5 percent (SAAR) in 2000Q3. While a slight recovery is expected, real activity in the housing sector will continue to decrease by 1.6 percent next year. We also can expect a slowdown of new housing-related purchases (e.g., furniture, fixtures, and appliances) due to reductions in the turnover of existing homes.

Business fixed investment will continue to play a significant role in overall economic growth in the year 2001, but will slow to a 7.5 percent growth rate. Producers durable equipment, which includes information processing and equipment, will drive investment growth at a rate of 9.0 percent, aided by smaller increases in investment in structures and changes in business inventories, which are getting smaller.

Despite recent rate cuts by the Federal Reserve, the federal funds rate is projected to remain unchanged for the remainder of 2001. The prime rate should also hold steady. This stability, along with lower housing starts and stable

**FIGURE 1.4—Total Housing Starts and Effective Mortgage Rates**



mortgage rates, should contribute to a soft landing for residential and business investment.

### **Government Spending**

President-elect George W. Bush has continued to push for a significant tax cut in 2001, so we should expect reductions or only very slow growth in national government spending. Despite only moderate increases in federal government spending of 0.8 percent, overall government spending should grow at a rate of 1.8 percent in 2001. This will be driven primarily by continued surpluses at the state and local levels, where spending will increase at a rate of 2.4 percent.

As is well known, the federal government will post budget surpluses for the next few years, with the year 2001 surplus projected to be about \$326.8 billion. Figure 1.5 displays movement over time in government receipts and expenditures. Federal receipts finally surpassed expenditures in 1998 and surpluses continue to build. State and local governments have enjoyed surpluses for a number

of years. Despite a moderation in overall economic growth, revenues will continue to expand. Congress may try to use some of the surplus to either decrease taxes or increase selected types of spending, which would have the obvious effect of reducing the level of the federal surplus over time.

### **Net Exports**

All signs indicate that it will be a number of years before the trade deficit improves and the current account balance makes a turn for the better. In part, however, the trade imbalance has resulted from growing net capital inflows. Foreign asset markets, which have nearly fully rebounded from tremendous problems in recent years, must outpace domestic asset markets before capital flows to the U.S. subside. Somewhat stable deficits will result in the next year based on stronger recovery abroad, a weaker domestic economy, and slightly lower exchange rates. Because of somewhat better economies abroad, exports have continued to rise in recent months, slowing the long-standing trend of widening trade deficits.

The clearest sign of international economic recovery is that foreign GDP is expected to accelerate, increasing by 3.1 percent in 2001. Foreign prices, consequently, will increase by 1.4 percent, led by firmer wholesale prices. The real U.S. dollar exchange rate will fall by 1.1 percent after rising by 5.7 percent in 2000Q3.

In terms of net trade balances, export growth in 2001 will be substantially higher, reaching an average increase of 11.2 percent. Import growth should continue to decelerate over the forecast horizon from the lofty 1999 and 2000 growth rates towards 9.7 percent next year.

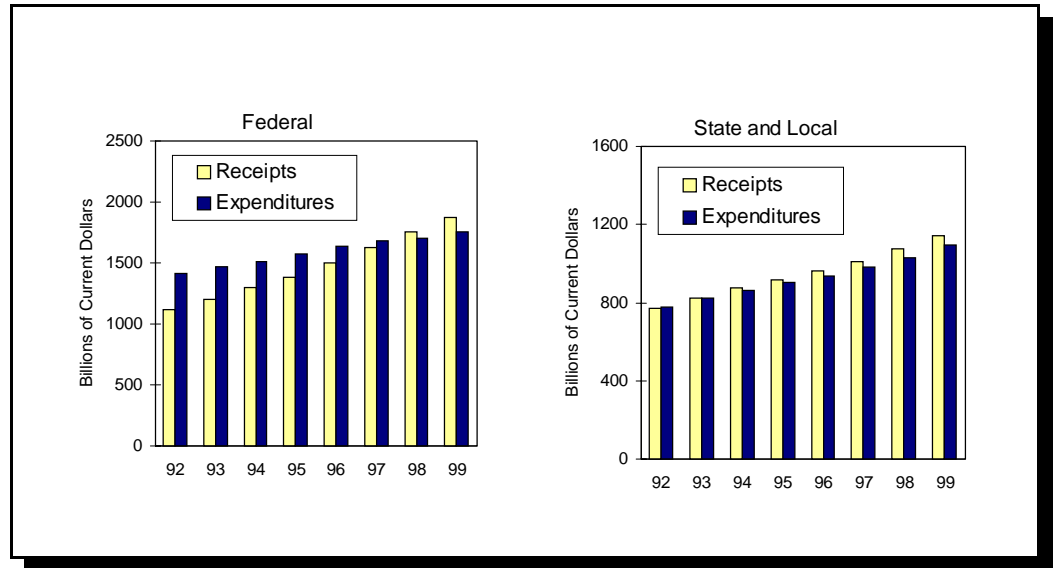
The inflation adjusted net export deficit will grow—but only slowly—as a result. Nevertheless, the trade deficit will continue to be a drag on growth until stronger economic growth abroad enables sustained reductions in the U.S. trade deficit.

### FORECAST SUMMARY

Expect the current economic expansion to continue, albeit at a slightly slower rate.

- Real GDP will increase by 3.2 percent, fueled by increases in consumption spending (3.2 percent) and business fixed investment (7.5 percent).
- Government spending will increase slightly (1.8 percent) while net exports will continue to be a drain on the domestic economy.
- The inflation rate will increase to 2.7 percent.
- The unemployment rate will rise to 4.4 percent.

**FIGURE 1.5—Government Revenues and Expenditures**



- Interest rates are likely to remain unchanged unless economic conditions warrant further rate cuts by the Federal Reserve .

### ENDNOTES

1. CBER bases its forecast on that provided by the WEFA group. Unless otherwise noted, all growth rates in this chapter are seasonally adjusted annual rates (SAAR).

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## *CHAPTER 2*

# THE TENNESSEE SHORT-TERM ECONOMIC OUTLOOK

**T**he Tennessee economy is on a roll, entering its second decade of uninterrupted growth and enjoying the longest economic expansion of modern times. There are some weaknesses in the state economy, including growing pains like tight labor markets in Middle Tennessee and prospects for a national slowdown in economic activity. While a strong foundation, coupled with recent state economic trends, should accommodate economic expansion in 2001 and beyond, the chances of an economic downturn have increased in recent months.

In this second chapter of the *Economic Report to the Governor*, the focus turns to the recent performance of the state economy, including its agricultural sector and the short-term economic outlook extending through 2002. As a brief preview, expectations call for the state to grow at a slightly slower pace in 2001 than was the case in 2000, with growth picking up a bit in 2002. The reasons for this slower trajectory are many, and include higher interest rates that were engineered through Spring of 2000 and higher fuel prices that still prevail today. More specifically, job growth in 2001 is projected at 1.2 percent, versus 1.5 percent in 2000; nominal personal income is expected to grow 5.5 percent in 2001, compared to 5.8 percent in 2000. While growth will ebb slightly in 2001 vis-a-vis 2000, these figures clearly reveal that no sharp downturn in economic activity is expected. As has been the case in recent years, there is little upside



potential to economic growth in the short term due to capacity constraints and other factors; similarly, the likelihood of a sharp contraction in economic activity remains slim as the Federal Reserve is poised to drop interest rates to prop up the economy should conditions deteriorate early in 2001.

## RECENT ECONOMIC TRENDS

Interest rate increases, sharply higher gasoline prices, capacity constraints (most notably in regional labor markets), and a less-than-stellar international sector have contributed to a slowdown in economic activity in recent quarters. In some earlier time periods these so-called *slower* rates of growth would have been viewed quite favorably and deemed acceptable. But in light of the exceptionally strong growth registered during the decade of the 1990s, many have raised their expectations regarding the acceptable pace of economic advance for the state.

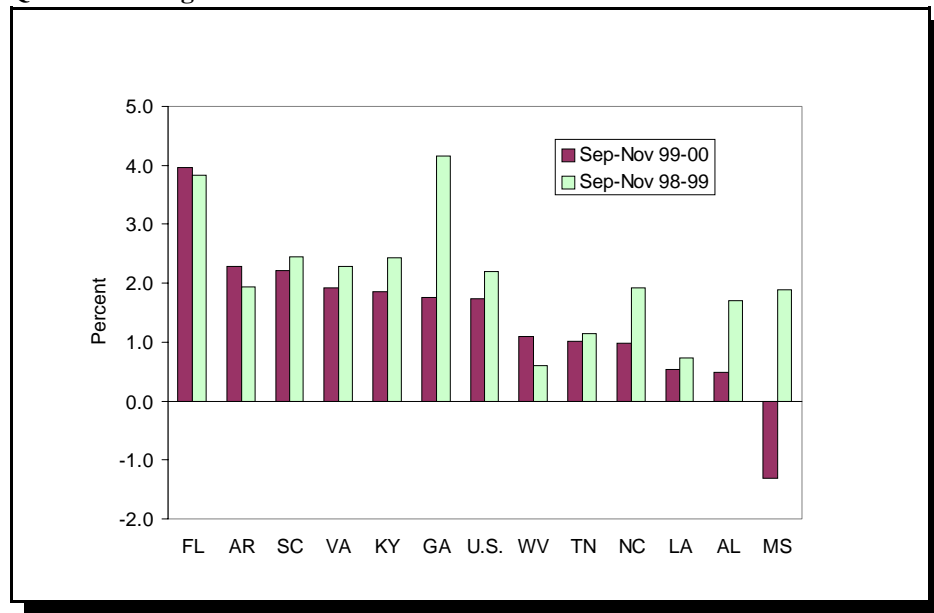
### State Labor Markets

Tennessee nonagricultural job growth advanced 1.6 percent on a year-over-year basis in the first quarter of 2000, accelerating to 1.9 percent growth in the second quarter of the year. Growth slowed to 1.1 percent in the third quarter and fourth quarter growth is projected to rebound to only 1.3 percent. Job growth for the national economy didn't

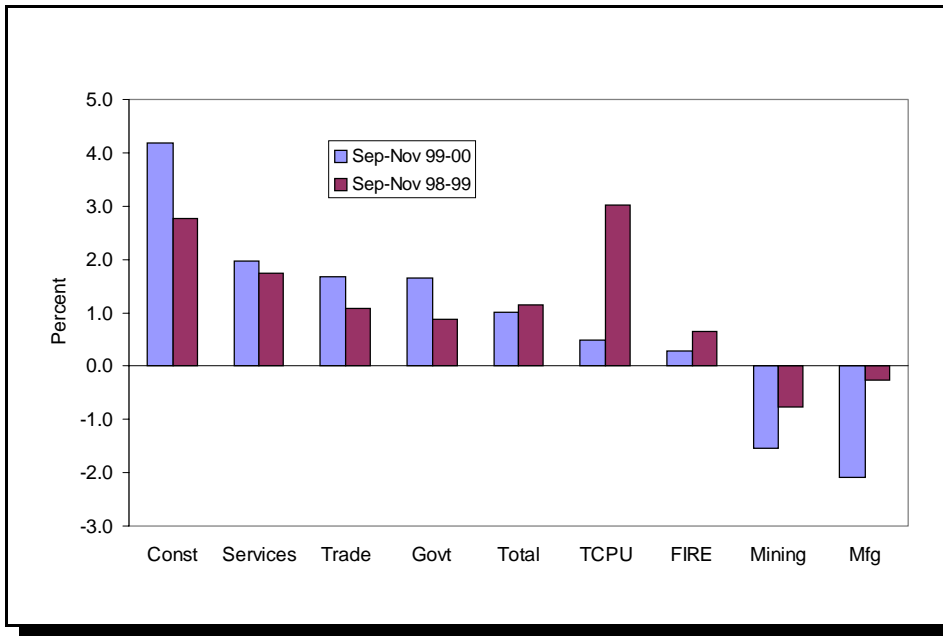
show serious slippage until the third quarter of 2000 when year-over-year growth fell to zero. Tennessee's recent job growth performance places it slightly below average for the states in the Southeast, as shown in Figure 2.1. Florida remains the perennial leader in job growth in the region.

While Tennessee's overall job situation remains respectable, the state's manufacturing sector continues to struggle as it sheds still more jobs. Between 1997 and 1999, nearly 9,000 jobs were lost in manufacturing and further job losses are anticipated for 2000. Manufacturing was able to eke out an almost imperceptible 0.01 percent year-over-year gain in the second quarter, but this was the first expansion since the first quarter of 1998. In terms of seasonally adjusted annual rates of growth (SAARs), the manufacturing sector has expanded in only three quarters going back to the last quarter of 1997. The job losses in manufacturing have dampened overall job growth

**FIGURE 2.1—Nonagricultural Job Growth, Tennessee and Southeastern States, Quarter Ending November**



**FIGURE 2.2—Tennessee Nonagricultural Job Growth by Sector, Quarter Ending November**



for the state. And since Tennessee depends more heavily on manufacturing than is the case for the national economy, this has hurt our relative performance vis-a-vis other states, although there are some exceptions in the Southeast, including South Carolina.

As bad as the overall numbers are for manufacturing, probing beneath the surface reveals a mixed bag of strengths and weaknesses. The sore spot is nondurable goods manufacturing where nearly 20,000 jobs were lost between 1997 and 1999. Only the food and rubber and plastics sectors were able to engineer positive growth during this time period. Substantial job losses have been registered in textiles, apparel, chemicals and leather. More recent data offer only modest encouragement that these trends can be slowed, as the rate of job decay has declined slightly since mid-1999. An outright reversal of these trends does not seem to be in the cards. The bright spot is durable goods manufacturing. This

sector added nearly 10,000 jobs between 1997 and 1999, and further gains are projected for 2000, though the data for the third quarter of 2000 show a decline in jobs. In contrast to the sectors within nondurable goods manufacturing, all individual sectors in durable goods manufacturing enjoyed at least *one* year of expansion during the 1997-1999 period. The largest gains took place in fabricated metals (adding

2,700 jobs) and nonelectrical machinery (adding 3,800 jobs). Unfortunately, higher interest rates and slower rates of growth for the nation will dampen growth in manufacturing, especially durable goods manufacturing, throughout the short-term forecast horizon.

The job performance of manufacturing and other broad sectors of the state economy are placed in perspective in Figure 2.2 where growth rates are presented for 1999 and 2000 (estimated). Five sectors have shown improvement over the periods shown including construction, trade (combined wholesale and retail), manufacturing, services and government. (Note that for the manufacturing sector this *improvement* represents a slower rate of job decay.) Three sectors have shown deterioration including mining; finance, insurance and real estate (FIRE); and transportation, communication and public utilities (TCPU). Particularly sharp slowdowns are apparent for both FIRE and TCPU.

Healthy state labor markets have supported significant downward movement in the state unemployment rate. The statewide rate of unemployment was 5.4 percent in 1997, falling to 4.2 percent in 1998 and 4.0 percent in 1999. A further drop to 3.7 percent is anticipated in 2000. Sharp increases in the labor force were experienced in 1998 and 1999 at the same time that unemployment rates were falling. Labor force growth is expected to have slowed to 0.7 percent in 2000.

### **Income and Sales**

Growth in Tennessee personal income has trailed the U.S. in the past several years. Nominal personal income in Tennessee was up 5.2 percent in 1997, substantially below the 6.0 percent pace set by the nation. State income growth improved to 6.4 percent in 1998, narrowing the margin against the U.S., but the gap once again widened in 1999. Tennessee's growth in 2000 is projected at 5.8 percent versus 6.4 percent for the nation. Tennessee's per capita personal income has had a similar pattern relative to the nation in recent years. In 2000, nominal per capita income in Tennessee (\$26,790) is expected to be 88.7 percent of the national average (\$30,200). This is down from 90.0 percent in 1997.

Wage and salary income, the largest individual component of personal income accounting for 57.4 percent of the total, has shown strong growth in recent years. This reflects a combination of decent job and average earnings growth. Rent, interest and dividend income was up 11.9 percent in 1998, slowing to 4.2 percent in 1999; expectations are for 7.6 percent growth in 2000. Growth in proprietors income, which

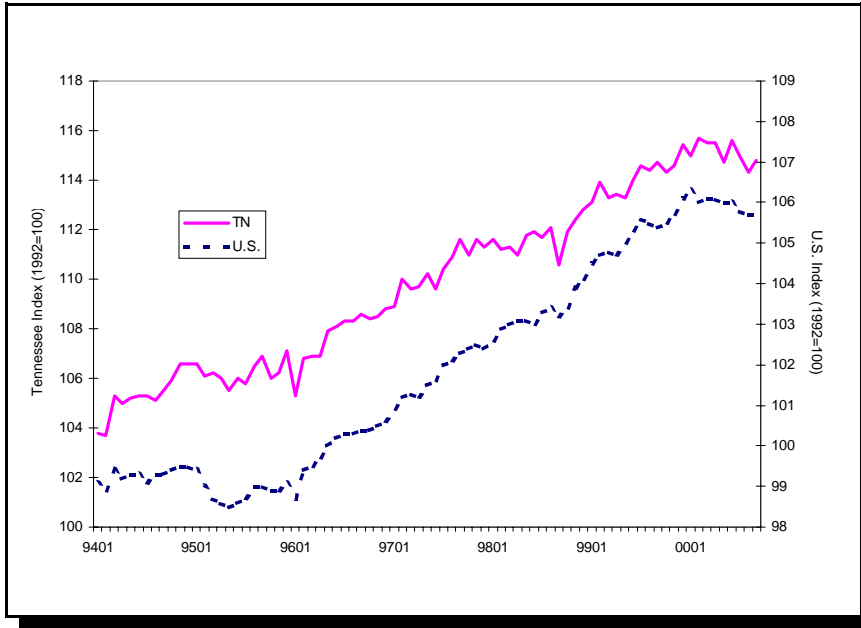
hovered between 5.7 and 5.9 percent in the 1997-1999 interval, should close out 2000 with 8.3 percent growth.

Taxable sales have been buoyed in recent years by sustained growth in the state economy (especially residential, commercial and industrial construction activity) but there are now clear signs that a slowdown is at hand. Overall sales advanced 8.8 percent in 1997, then slowed to 0.3 percent in 1998 before rebounding from a weak base with 9.2 percent growth in 1999. In the first quarter of 2000, the seasonally adjusted annual rate of growth in sales jumped to 16.3 percent, but was followed by a 11.4 percent fall in the second quarter. A smaller dip took place in the third quarter. Expectations are for calendar year 2000 sales growth of 4.4 percent. The slowdown in sales growth is apparent in a number of pivotal sales categories, including automobile dealers, miscellaneous durable goods and miscellaneous nondurable goods. Together these sectors account for over one-third of total taxable sales. The *other retail and service* category, which alone accounts for almost 30 percent of sales, has also slowed appreciably.

### **SHORT-TERM ECONOMIC OUTLOOK**

A continuation of the current economic expansion is anticipated through the short-term forecast horizon which extends through 2002. Growth will, however, slow slightly for both the nation and the state, and the chances of recession have increased in recent months. In the December meeting of the Federal Open Market Committee, concerns shifted away from the potential for rising inflation to concerns about the economy's slower

**FIGURE 2.3—Tennessee and U.S. Leading Indexes**



rate of expansion. Interest rate reductions in early 2001 now appear to be increasingly likely.

The Tennessee leading economic index, a composite statistical measure that captures anticipated economic trends six to nine months in the future, provides one perspective on future growth. In general, when the index advances (contracts) for several months in a row, an economic expansion (contraction) is likely to take place in six to nine months. The most recent index, which was released in January and reflects data for October, shows a 8.8 percent decline. (See Figure 2.3.) Since January of 2000, contractions in the index have outnumbered expansions almost two to one. The U.S. leading economic index, as well as the economic indices for the state's major metropolitan areas, have displayed similar volatility in recent quarters. The failure of these indices to establish a clear trend is indicative of an economy that is losing some of its steam. In short, the leading indexes for the U.S.

and Tennessee suggest that neither a sharp upward nor downward movement in the performance of the economy is expected into the second quarter of 2001.

The leading economic index is extremely valuable in pointing to the likely overall direction the economy will take in coming months. At the same time, it provides no detail on the expected trends for key economic measures like jobs, income and taxable sales. To complement the leading economic index, CBER maintains the *Quarterly Tennessee*

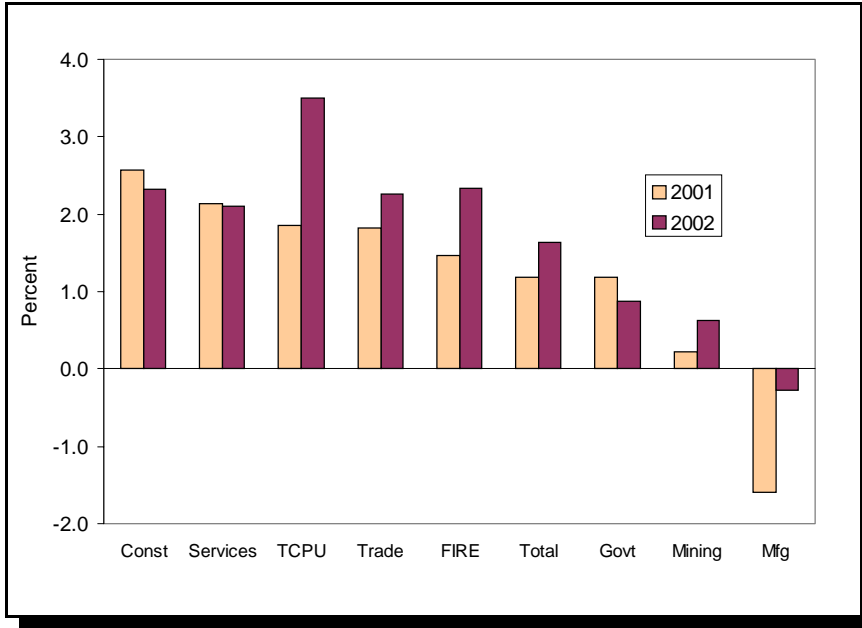
*Econometric Model (QTEM)*, which provides a detailed forecast for the state extending 10 quarters into the future. (The *Annual Tennessee Econometric Model, ATEM*, provides a long-term 10 year forecast and is discussed in Chapter 3 of this *Report*.) A summary of the forecast, including key measures of national economic activity, is presented in Table 2.1. (Additional detail on the short-term forecast is presented in Appendix A.) The downward trend in most measures of economic activity is apparent for 2001 relative to 2000. Nominal U.S. gross domestic product is expected to grow 7.4 percent in 2000, slowing to 5.4 percent in 2001 and 5.0 percent in 2002. Nominal personal income shows similar movement for the nation. Nominal personal income in Tennessee is projected to grow 5.8 percent in 2000, 5.5 percent in 2001, and 5.8 percent in 2002.

**TABLE 2.1—Selected U.S. and Tennessee Economic Indicators**

	SEASONALLY ADJUSTED													
	HISTORY			FORECAST - DATA							ANNUAL			
	200002	200003	200004	200101	200102	200103	200104	200201	200202	200203	200204	2000	2001	2002
US GDP (BIL96\$) SAAR.....	9318.9	9382.2	9447.4	9527.7	9605.7	9671.4	9745.9	9840.2	9927.0	10016.8	10098.4	9335.1	9637.7	9970.6
% CHG PREV QTR SAAR.....	5.65	2.74	2.81	3.44	3.32	2.76	3.12	3.93	3.58	3.67	3.30	5.17	3.24	3.45
% CHG SAME QTR LAST YR.....	6.10	5.35	4.00	3.65	3.08	3.08	3.16	3.28	3.34	3.57	3.62	5.17	3.24	3.45
US GDP (BIL\$) SAAR.....	9945.7	10063.3	10176.4	10343.7	10468.8	10588.7	10698.5	10828.4	10970.0	11123.6	11267.7	9984.5	10524.9	11047.4
% CHG PREV QTR SAAR.....	8.15	4.81	4.57	6.74	4.93	4.66	4.21	4.95	5.33	5.72	5.28	7.37	5.41	4.96
% CHG SAME QTR LAST YR.....	8.21	7.73	6.45	6.06	5.26	5.22	5.13	4.69	4.79	5.05	5.32	7.37	5.41	4.96
IMPLICIT DEFLATOR.GDP.....	106.7	107.3	107.7	108.6	109.0	109.5	109.8	110.0	110.5	111.1	111.6	106.9	109.2	110.8
% CHG PREV QTR SAAR.....	2.28	2.27	1.50	3.38	1.48	1.85	1.10	0.73	1.83	2.19	1.81	2.08	2.13	1.44
% CHG SAME QTR LAST YR.....	1.91	2.29	2.38	2.36	2.16	2.05	1.95	1.29	1.38	1.46	1.64	2.08	2.13	1.44
US PERS CONS DEFL (1996=100)...	107.1	107.7	108.6	109.3	109.6	110.0	110.5	110.9	111.7	112.4	113.1	107.5	109.8	112.0
% CHG PREV QTR SAAR.....	1.89	2.26	3.38	2.60	1.10	1.47	1.83	1.46	2.92	2.53	2.51	2.53	2.19	1.98
% CHG SAME QTR LAST YR.....	2.39	2.47	2.74	2.53	2.33	2.14	1.75	1.46	1.92	2.18	2.35	2.53	2.19	1.98
TN PERSONAL INCOME (MIL96\$) SAAR	138429	138241	139018	140925	142064	142757	144175	146618	148537	147782	148508	138068	142480	147861
% CHG PREV QTR SAAR.....	5.51	-0.54	2.27	5.60	3.27	1.97	4.03	6.95	5.34	-2.02	1.98	3.24	3.20	3.78
% CHG SAME QTR LAST YR.....	3.89	2.80	2.55	3.18	2.63	3.27	3.71	4.04	4.56	3.52	3.01	3.24	3.20	3.78
US PERSONAL INCOME (BIL96\$) SAAR	7695.7	7756.8	7791.5	7860.6	7939.1	8002.8	8060.4	8120.4	8175.7	8239.9	8285.8	7712.0	7965.7	8205.5
% CHG PREV QTR SAAR.....	4.92	3.21	1.80	3.59	4.06	3.25	2.91	3.01	2.75	3.18	2.24	3.81	3.29	3.01
% CHG SAME QTR LAST YR.....	4.14	4.14	3.30	3.37	3.16	3.17	3.45	3.31	2.98	2.96	2.80	3.81	3.29	3.01
TN PERSONAL INCOME (MIL\$) SAAR...	148257	148886	150974	154031	155702	157033	159313	162599	165916	166107	167962	148429	156520	165646
% CHG PREV QTR SAAR.....	7.50	1.71	5.73	8.35	4.41	3.46	5.94	8.51	8.41	0.46	4.54	5.84	5.45	5.83
% CHG SAME QTR LAST YR.....	6.38	5.34	5.37	5.79	5.02	5.47	5.52	5.56	6.56	5.78	5.43	5.84	5.45	5.83
US PERSONAL INCOME (BIL\$) SAAR...	8242.1	8354.1	8461.6	8591.6	8701.3	8803.1	8906.7	9005.5	9132.3	9261.7	9371.2	8290.9	8750.7	9192.7
% CHG PREV QTR SAAR.....	6.90	5.55	5.25	6.29	5.21	4.76	4.79	4.51	5.75	5.79	4.81	6.43	5.55	5.05
% CHG SAME QTR LAST YR.....	6.63	6.71	6.14	5.99	5.57	5.37	5.26	4.82	4.95	5.21	5.22	6.43	5.55	5.05
TN NONAGRIC JOBS (THOUS).....	2717.2	2713.5	2723.1	2734.4	2743.6	2751.7	2755.7	2772.2	2781.2	2799.2	2812.0	2714.3	2746.4	2791.1
% CHG PREV QTR SAAR.....	2.05	-0.53	1.42	1.66	1.36	1.18	0.59	2.41	1.31	2.61	1.84	1.46	1.18	1.63
% CHG SAME QTR LAST YR.....	1.88	1.13	1.30	1.14	0.97	1.41	1.20	1.38	1.37	1.73	2.04	1.46	1.18	1.63
US NONAGRIC JOBS (MIL).....	131.6	131.6	132.2	132.5	133.0	133.2	133.6	134.1	134.6	135.1	135.4	131.5	133.1	134.8
% CHG PREV QTR SAAR.....	3.10	0.00	1.84	0.91	1.52	0.60	1.21	1.51	1.50	1.49	0.89	2.12	1.20	1.30
% CHG SAME QTR LAST YR.....	2.49	1.94	1.85	1.45	1.06	1.22	1.06	1.21	1.20	1.43	1.35	2.12	1.20	1.30
TN UNEMPLOYMENT RATE (%).....	3.7	3.7	4.0	4.1	4.2	4.3	4.5	4.4	4.5	4.5	4.5	3.7	4.3	4.5
US UNEMPLOYMENT RATE (%).....	4.0	4.0	4.1	4.2	4.3	4.5	4.6	4.6	4.5	4.5	4.5	4.1	4.4	4.5
BANK PRIME INTEREST RATE (%)....	9.2	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.3	9.3	9.2	9.5	9.4
TN MFG JOBS (THOUS).....	507.0	507.6	507.8	500.1	501.3	497.0	498.6	498.8	498.2	496.1	498.4	507.4	499.2	497.9
% CHG PREV QTR SAAR.....	-0.13	0.45	0.14	-5.91	0.95	-3.34	1.23	0.16	-0.47	-1.65	1.86	-0.25	-1.61	-0.27
% CHG SAME QTR LAST YR.....	0.01	-0.56	-0.36	-1.40	-1.13	-2.08	-1.81	-0.26	-0.62	-0.18	-0.03	-0.25	-1.61	-0.27
TN TAXABLE SALES (MIL96\$).....	17340	17188	17765	18161	17890	17682	18082	18706	18355	18522	18534	70249	71815	74118
% CHG PREV QTR SAAR.....	-13.04	-3.45	14.11	9.22	-5.83	-4.57	9.36	14.55	-7.31	3.70	0.26	1.83	2.23	3.21
% CHG SAME QTR LAST YR.....	1.29	-0.09	1.88	1.14	3.17	2.87	1.78	3.00	2.60	4.75	2.50	1.83	2.23	3.21
TN TAXABLE SALES (MIL\$).....	18571	18512	19293	19850	19608	19450	19981	20745	20502	20819	20962	75516	78889	83029
% CHG PREV QTR SAAR.....	-11.39	-1.26	17.97	12.07	-4.80	-3.17	11.36	16.22	-4.61	6.32	2.78	4.40	4.47	5.25
% CHG SAME QTR LAST YR.....	3.71	2.38	4.68	3.70	5.58	5.07	3.57	4.51	4.56	7.04	4.91	4.40	4.47	5.25
TN AVG ANNUAL WAGE.NONAG (96\$)...	28986	28913	28959	29166	29310	29470	29597	29739	29794	29568	29686	28905	29386	29697
% CHG PREV QTR SAAR.....	3.17	-1.01	0.64	2.89	1.99	2.20	1.74	1.94	0.74	-3.01	1.61	0.81	1.66	1.06
% CHG SAME QTR LAST YR.....	1.11	0.16	0.22	1.41	1.12	1.92	2.20	1.97	1.65	0.33	0.30	0.81	1.66	1.06
TN AVG ANNUAL WAGE.NONAG (\$)....	31044	31139	31449	31878	32124	32416	32705	32981	33280	33234	33575	31073	32281	33268
% CHG PREV QTR SAAR.....	5.12	1.23	4.04	5.57	3.12	3.70	3.61	3.42	3.68	-0.55	4.16	3.36	3.89	3.06
% CHG SAME QTR LAST YR.....	3.53	2.64	2.97	3.98	3.48	4.10	3.99	3.46	3.60	2.52	2.66	3.36	3.89	3.06

CENTER FOR BUSINESS AND ECONOMIC RESEARCH, UT-KNOXVILLE.

**FIGURE 2.4—Tennessee Nonagricultural Job Growth by Sector, 2001-2002**



### Jobs and the Unemployment Rate

Tennessee nonagricultural job growth is projected to be 1.5 percent for 2000, compared to 2.1 percent for the nation. Tennessee’s job growth will fall to 1.2 percent in 2001, corresponding to the rate of growth for the U.S. The situation for the state will demonstrate relatively improved performance in 2002 with 1.6 percent growth versus 1.3 percent for the nation.

As shown in Figure 2.4, only the state’s manufacturing sector will lose jobs in 2001 and 2002, struggling against a tide of slower national growth and higher interest rates that prevailed through 2000. Both the nondurable and durable goods sectors will contract in 2001; contraction will continue for nondurable goods throughout the short-term forecast horizon, while durable goods will find some renewed strength as 2002 progresses. Construction, another interest rate and cyclically sensitive sector of the state economy, will show a further cooling. Down from the 3.4

percent rate of growth in 2000, jobs will expand 2.6 percent in 2001 and 2.3 percent in 2002. The trade and services sectors, which together represent over one-half of all nonagricultural jobs in the state, will enjoy good growth in the near term. Trade is projected to gain ground at a 1.8 percent pace in 2001 and a 2.3 percent pace in 2002. Jobs in services will be up 2.1 percent in both 2001 and 2002.

The currently low levels of unemployment will be eroded slowly as 2001 and 2002 unfold.

The unemployment rate for 2001 is projected at 4.3 percent, up from 3.7 percent in 2000. This slight upward movement in the unemployment rate will correspond to a sharp rise in the number of unemployed people in 2001. The unemployment rate will be sustained above 4 percent in 2001 and 2002 in response to lack of acceleration in the national and state economies. The unemployment picture for the state compares favorably with its national counterpart. The U.S. unemployment rate should close out 2000 at 4.1 percent, increasing to 4.4 percent in 2001 and 4.5 percent in 2002.

### Income, Sales, Interest Rates and Inflation

Tennessee nominal personal income growth will slow only modestly in the next two years from the pace of 2000. Following 2000’s growth rate of 5.8 percent, income growth in 2001 is projected to be 5.5 percent; the same figure is projected for the national economy in 2001. Inflation-adjusted personal income should advance 3.2 percent in

2000 and 2001, with slight improvement to 3.8 percent growth in 2002. Nominal personal income growth in Tennessee for 2002 will likely mirror growth in 2000 (5.8 percent), over a half-percentage point ahead of the U.S. On a fiscal year basis, personal income will be up 5.4 percent in 2000/01 and grow 5.8 percent in 2001/02.

Growth in wage and salary income will lag overall personal income growth in coming quarters. Rent, interest and dividend income should expand 5.8 percent in 2001 and 6.2 percent in 2002. Proprietors income will be up 4.7 percent and 8.4 percent, in 2001 and 2002, respectively. Per capita personal income, which is projected to grow 4.8 percent in 2000, will slow to 4.3 percent in 2001 and rebound with 4.8 percent growth in 2002.

Nominal taxable sales are projected to hold their own in 2001 with growth of 4.5 percent and will enjoy modest expansion in 2002 with 5.3 percent growth. On a fiscal year basis, taxable sales are forecast to grow 4.1 percent in 2000/01 and 4.4 percent in 2001/02. Automobile sales, which fell on a seasonally adjusted basis in the third quarter of 2000, will scratch out positive growth in 2001 and then show stronger growth in 2002. Miscellaneous durable goods and miscellaneous nondurable goods will sustain decent growth in the 6 percent range in 2001 but then slow slightly in 2002.

At the time of this writing, the forecast calls for the prime interest rate to rise to 9.5 percent in 2001 from the 9.2 percent rate registered in 2000. However, action on the part of the Federal Reserve to lower interest rates to stave

off a further decline in growth is a distinct possibility in early 2001. Inflation, as captured by the implicit deflator for gross domestic product, will be 2.1 percent in 2001, essentially the same rate of growth in prices as recorded in 2001. Inflation will be more subdued in 2002, coming in at 1.4 percent.

## **TENNESSEE AGRICULTURE: OUTLOOK FOR 2001**

*Kelly H. Tiller, Daryll E. Ray,  
Daniel G. De La Torre Ugarte\**

### **Tennessee Production Agriculture Review**

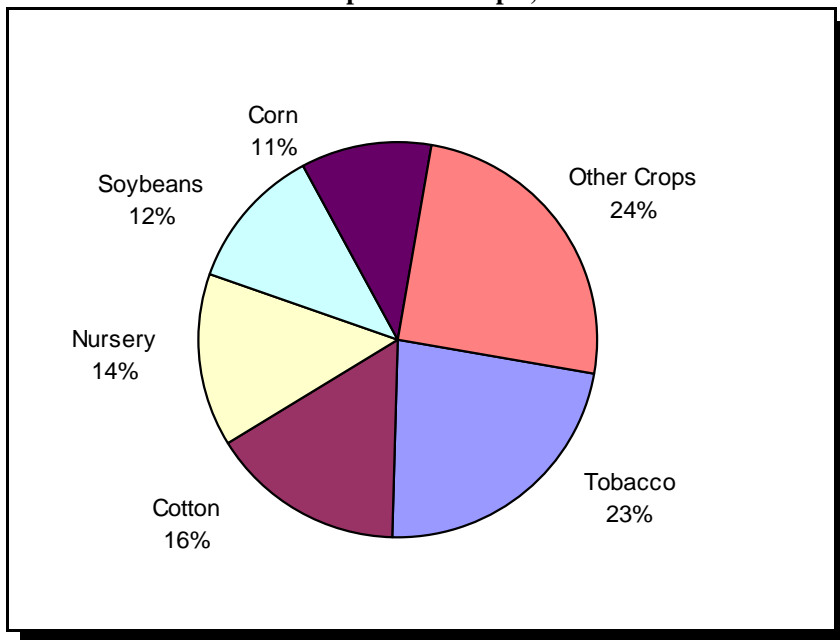
Despite growth and prosperity in most sectors of the economy, a major concern for Tennessee agriculture is the continued downward spiral in farm income. Farm income losses in Tennessee have outpaced national averages. Net farm income—a measure of value of production indicating the farm operators' share of the net value-added to the national economy—was just over \$141 million in 1999, less than half the income in 1998 and only 28 percent of the average net farm income for the period 1990-1998. Without direct government payments (such as disaster payments, market loss payments, and Agricultural Market Transition Act or AMTA payments) totaling \$208 million, net farm income in Tennessee would have shown a net loss of over \$67 million. This marks the first time since record keeping began in 1949 that direct government payments were necessary to allow for a positive net farm income for Tennessee

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agriculture.

The decline in farm receipts was primarily due to depressed commodity market prices, compounded by drought conditions. Cash receipts from farm marketings were down more than 10 percent in 1999 compared to 1998 and nearly 12 percent below the five-year average of \$2.23 billion. While farm receipts are plummeting, production expenses in the state are rising, further worsening the position of farms in the state. In 1999, production expenses in Tennessee were up more than \$23 million over the 1998 level, at just over \$2.5 billion. Total production level expenditures have increased nearly 25 percent in Tennessee over the last five years. Projections are for a continued reduction in incomes in the foreseeable future, as crop and livestock prices are not expected to rise sharply without unexpected supply or demand shifts and as production expenses are expected to continue to climb.

**FIGURE 2.5—Tennessee Crop Cash Receipts, 1999**



Source: Tennessee Agricultural Statistics Service.

Production agriculture contributed \$1.97 billion to Tennessee's economy in 1999 (the most recent data available) through cash receipts from farm marketings. This represents a decline of more than 10 percent over the previous year. Agriculture receipts were slightly higher for livestock than for crops for the first time since 1991. Crop receipts contributed \$963 million (49 percent) and livestock receipts contributed \$1.01 billion (51 percent) to agricultural receipts in the state. The composition of crop receipts in the state is shown in Figure 2.5. Tobacco receipts led all crops, contributing \$218 million in 1999. Cotton receipts fell sharply, from \$214 million in 1998 to \$151 million in 1999. Nursery receipts climbed to a record level of \$138 million in 1999 to become the state's third-highest valued crop. Low prices and poor weather conditions caused soybean receipts to plummet to \$114 million, a decline of more than half compared to their 1998

level and just ahead of corn cash receipts of \$103 million. Among the state's other major crops were fruits and vegetables (led by tomatoes, snap beans, apples, and peaches), contributing a combined \$87 million to crop cash receipts; floriculture, contributing \$58 million; and wheat and hay, contributing \$41 million and \$20 million, respectively.

Figure 2.6 shows the composition of the \$1.01 billion in livestock cash receipts in Tennessee in 1999. Cattle and calves, contributing nearly two out of every five dollars in livestock receipts,



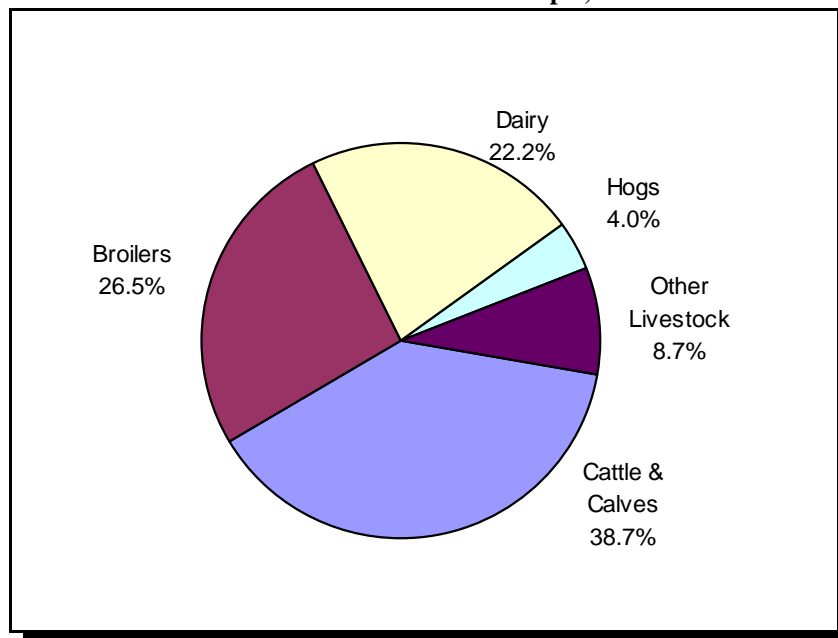
again dominated livestock. Up four percent from the previous year, they were the source of \$391 million in agricultural receipts in 1998. Receipts from broilers and dairy products were slightly lower in 1999, generating \$268 million in cash receipts. The third-leading livestock commodity was dairy products, contributing \$224 million. Hog cash receipts fell by one-third in 1999 to \$40 million. Continued low prices and their impact on farm numbers are the primary cause for the significant reduction. Hog cash receipts were nearly two-thirds lower than they were in 1996. Eggs

contributed \$27 million to livestock receipts; and equine, sheep and lambs, honey, trout, and catfish were other major contributors to livestock receipts in the state.

### Outlook for Major Crops

*Tobacco.* Tobacco has played an important role in Tennessee agriculture for many generations. No other major crop in Tennessee comes close to generating the level of income that tobacco does. Net income per acre averages near \$2,000 for tobacco. Tobacco is the mainstay on a large number of small farms, with average tobacco acreage in the state near four acres. While tobacco has been a stable source of income for a large number of Tennessee farm families for generations, its future in the state is less certain. Burley tobacco quotas in Tennessee have been cut nearly two-thirds since 1997.<sup>1</sup> Figure 2.7 shows

**FIGURE 2.6—Tennessee Livestock Cash Receipts, 1999**



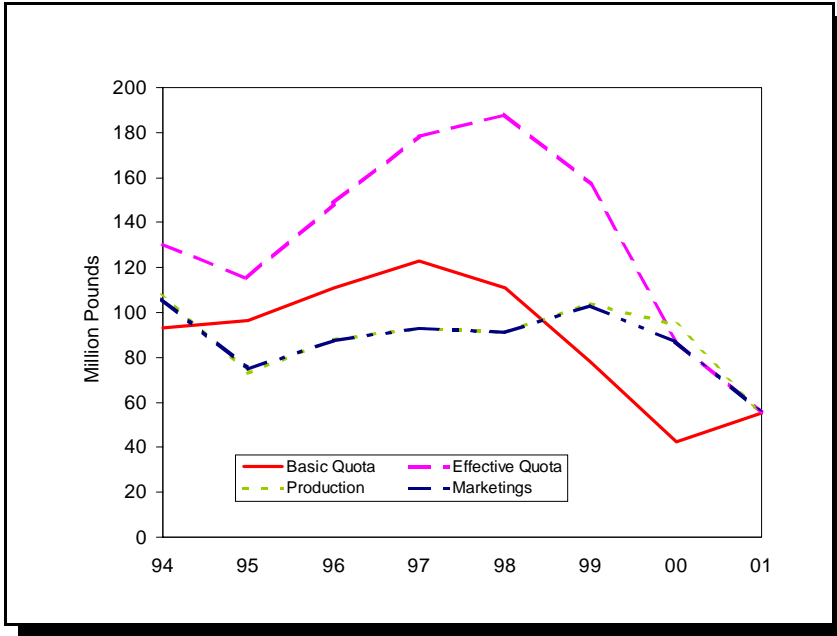
Source: Tennessee Agricultural Statistics Service.

the state's basic and effective quota since 1994 and projections for 2001. The 2000 basic burley tobacco quota in Tennessee was set at 42.4 million pounds. Assuming that manufacturer purchase intentions change little over the 2000 level, export levels and forfeited 1999 burley pool stocks indicate that the 2001 quota could increase 30 to 40 percent. While this projection is considerably more optimistic than the outlook appeared only a short time ago (prior to forfeiture of 250 million pounds of 1999 burley pool stocks to the CCC and forgiveness of loans on the forfeited poundage), a 30 percent increase in the 2001 basic quota still only results in a basic quota of about 55 million pounds in Tennessee next year. Tennessee has historically marketed less tobacco than the annual quota, allowing significantly higher effective quotas to buffer the impacts of recent quota reductions.

Figure 2.7 also shows the pounds of burley tobacco produced and marketed in Tennessee.

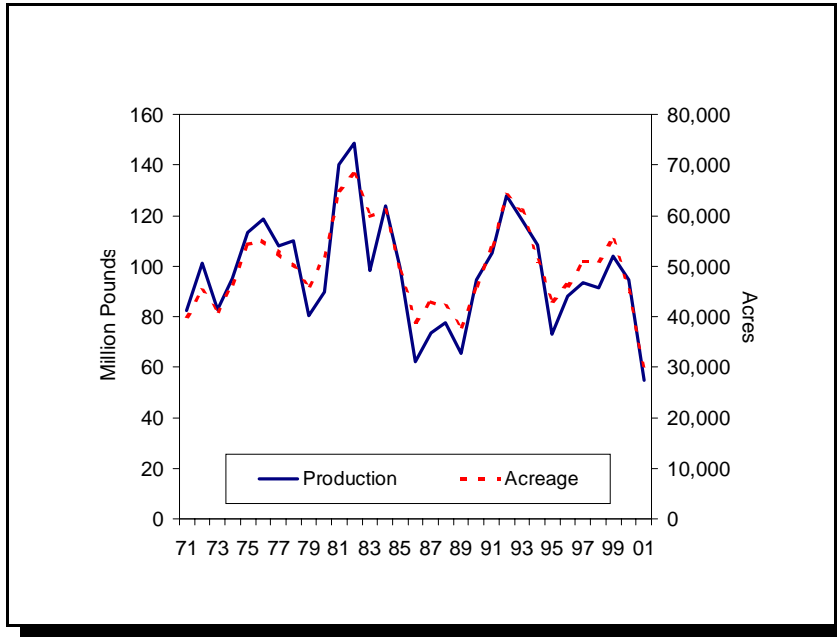
During the 1990s, tobacco production in Tennessee has averaged 100.4 million pounds.

**FIGURE 2.7—Tennessee Burley Tobacco Quotas, Production and Marketings, 1994-2000**



Source: Tennessee Agricultural Statistics Service, FSA.

**FIGURE 2.8—Tennessee Burley Tobacco Production and Harvested Acreage, 1994-2000 and 2001 Projections**



Source: Tennessee Agricultural Statistics Service.

While the basic quota dipped below the historical production average in 1999 (down to 77.9 million pounds), effective quota remained sufficiently high so that acreage and production were not significantly affected. In fact, harvested acreage in 1999 was the highest level since 1993 and, combined with average yields, production in 1999 was up 13.5 percent over 1998—its highest level since 1994. Projections for the 2000 marketing year are for production of 94.5 million pounds. Effective quota for 2000 is 87 million pounds, indicating that declining basic quotas have now eroded the buffer protection of the effective quota. The result is that despite a more optimistic outlook for quota next year, Tennessee growers will still be forced to reduce tobacco acreage drastically in 2001 as effective quota continues to decline sharply.

Over the 1990s, tobacco acreage in Tennessee has averaged 52,000 acres. As effective quota in 2000 dipped below recent production levels, Tennessee farmers significantly reduced their tobacco acreage, as seen in Figure 2.8. Preliminary estimates put the 2000 tobacco acreage at 45,000 acres, which is 18 percent below the 1999 harvested acreage of 55,000. In spite

of a 10,000—acre reduction in tobacco acreage, production did not fall proportionately due to high yields estimated to be near 2,100 pounds per acre. Projections are for the 2000 effective quota (87 million pounds) to actually constrain marketings of the 2000 crop (projected to be about 94.5 million pounds), which means that effective quota in 2001 is likely to be at or slightly below basic quota. Thus, the brunt of the quota reduction of recent years will be felt in the state in 2001 when effective quota will limit production to a level significantly below the production levels of the last decade.

If the basic quota in Tennessee increases by 30 percent in 2001 to 55 million pounds, assuming the 1990-99 average yield of 1,920 pounds, tobacco acreage could decline to under 29,000. This would be a reduction of more than one—third over the 2000 acreage and a 47 percent reduction from the 1999 acreage. So while the prospect of increasing quotas in 2001 is certainly positive for the tobacco industry, Tennessee burley production is not expected to rebound to the levels of the last decade over the next few years.

*Major Row Crops.* On the heels of last year's drought, soybeans in the state suffered from hot, dry conditions in August and an early October freeze affecting double-cropped beans. The current forecast for the 2000 crop yield is 26 bushels per acre, up considerably from last year's extremely low yield crop, but still the second-lowest yield since 1989. Production of soybeans in 2000 is expected to be just over 30 million bushels, still below recent average production levels. Current soybean prices in Tennessee are

ranging from \$4.65 to \$5.21 per bushel, slightly higher than the 1999 statewide average price of \$4.69. With comparable prices and higher production in 2000, soybean receipts in Tennessee are projected to rise somewhat in 2000, but continue to be far below recent historical levels. While yields are always an uncertain factor, the outlook does not appear to brighten significantly for soybeans in the near future. It appears that the export market will continue to affect short-run price variation, while the size of the U.S. and South American (primarily, Brazil) crops will have longer-run impacts on prices. Projections for strong crops combined with 2001 U.S. planting intentions above 74 million acres should limit upward movement in price, and may even exert further downward pressure.

The current production estimate for Tennessee's 2000/2001 cotton crop is now about 720,000 bales—the highest total since 1995. Despite hot, dry conditions in August, an increase in production is heavily credited to the Boll Weevil Eradication Program and its positive effect on Tennessee's yields. Forecasted yields are 606 pounds per acre, slightly better than average, and 20 percent higher than the 1999 level. Cotton prices have rebounded somewhat from their low 1999 levels, up to the mid-\$50s per hundred weight by the end of 2000 with spring futures near \$66 per hundred weight. Record global cotton consumption is forecasted in 2000/2001, benefitting U.S. cotton exports which could push U.S. prices above \$70 on the futures market. If tobacco acreage plummets as expected in 2001 and soybean prices remain depressed, cotton could become the state's largest cash crop in 2001.

Tennessee's corn crop for 2000 is shaping up to be better than initially projected, with yields predicted to be 112 bushels per acre. If realized, that would be a ten bushel increase over the 1999 yield and five bushels higher than the five-year average yield. Total production on 590,000 acres is now projected to be more than 66 million bushels. Nationally, corn production is expected to be high in 2000, with higher planted acreage and record yields. Large production coupled with recently lowered export projections are contributing to expectations for increasing carryover stocks. Unless exports continue to strengthen, stocks will likely continue to rise and market prices will remain weak, near the two dollar per bushel range.

*Other Crops.* Commercial floriculture and nursery production has increased tremendously nationally and in the state over the last decade. Nationally, the industry has more than doubled from 1988 to 1998 with sales totaling \$10.6 billion in 1998. According to the 1998 Census of Horticultural Specialties, Tennessee producers of horticultural products accounted for \$215 million in sales and ranked 13th in the U.S. in total horticultural sales. The rate of growth in the Tennessee horticultural industry has outpaced national growth, with sales increasing nearly 160 percent from 1988 to 1998. About 63 percent of Tennessee's horticultural sales are nursery plants, annual bedding plants, and herbaceous perennials. Tennessee leads all states in the production and sale of Dogwood and Redbud trees, and ranks second in the production and sale of Birch, Red Maple, Sugar Maple, Sweetgum, Willow, and Flowering Cherry trees. The Tennessee

Agricultural Statistics Service will conduct a comprehensive survey of commercial nursery and floriculture producers in 2001. Growth in the green industry in Tennessee is projected to continue over the next three to five years.

Projections are for harvested hay acreage to be 55,000 acres greater in 2000 compared to 1999. After two consecutive dry years, the fear of drought may be the reason hay acreage was increased so significantly. Management practices, including more frequent hay cuttings, may also contribute to the increase. Tennessee hay yields (excluding alfalfa hay) in 2000 are forecast at 2.3 tons per acre, which would be a record yield. With more harvested acres and very high yields, hay production in the state is projected to be up more than 18 percent compared to 1999, with total production exceeding 4.3 million tons. With very dry conditions in the fall, many Tennessee cattle producers were forced to begin feeding hay earlier than usual as pasture conditions deteriorated. Thus, planted hay acreage may continue to be high again in 2001.

#### **Outlook for Major Livestock Commodities**

Over the last year, Tennessee's livestock operations have continued their downward trend, with the cattle, milk cow, and hog operations all currently at historic low levels. Over the last 25 years, the number of Tennessee cattle operations has declined 40 percent. Over the same period, the number of dairy operations has declined by 90 percent, and the number of hog operations declined by 94 percent. This downward trend is expected to continue, despite expectations for low feed grain prices and increased demand. Expectations are for beef and dairy production to

remain concentrated in upper east Tennessee (primarily Greene County) and south central Tennessee. Pork production will likely remain concentrated in the northwest and western regions of the state. Meat production is expected to remain fairly stable in 2001 due to reduced beef production and modest increases in pork and poultry production.

*Cattle and Calves.* Cash receipts from cattle and calves were up slightly (4 percent) in 1999 and are expected to remain strong in 2000. The cattle industry is poised to continue its dominance of the state's livestock sector in the near future. Continued depressed prices for feed grains in 2000 and projections for continued low prices, barring unforeseen supply shifters such as major droughts, are holding a positive outlook for cattle and calves from the production-cost side. Cheap corn and expected higher prices into early 2001 could increase cattle numbers in the state in 2001. Market prices for fed cattle are hovering in the low \$70s per hundred weight, and are expected to remain strong in the near future as beef supplies decline with the cattle cycle. Fed cattle are at their highest price level in nearly seven years. Average animal weight is at a record heavy level as the market continues to demand higher grading beef and as producers substitute cheaper feed grains for pastures.

Retail prices for Choice beef are expected to average near \$3.04 per pound in 2000, up from \$2.88 per pound in 1999. Prices may average near \$3.09 per pound in 2001, being held down somewhat by increasing supplies of competing meats, primarily pork and poultry, at relatively lower prices. According to the USDA, retail beef

prices have been at record levels since spring, but likely only reflect the lower end of the strong demand that has developed for higher quality beef over the past year. Not only is domestic consumption large, but exports remain on a record setting pace for 2000 and are expected to remain strong into 2001. Continuing strength of the U.S. dollar coupled with weaker Australian currency and larger Australian herds are leading to increasing beef imports—expected to be up about 5 percent this year to near 3 billion pounds. As cattle inventories decline over the next couple of years, analysts caution that the beef industry will have to become more competitive or may risk losing market share to pork and poultry, which have even lower relative prices.

*Dairy.* Growth in milk output is expected to ease slightly in 2001, which may allow prices of milk and dairy products to recover in 2001. Since late 1999, very large supplies have put prices under pressure, even as the strong economy generated the strongest demand in many decades. With expectations for continued expansion of consumer incomes and spending (although more slowly), demand for dairy products—especially those used by restaurants or as ingredients in prepared foods—is expected to remain strong over the next year. In 2001, farm milk prices are projected to average about the same or slightly higher than in 2000, but far below their 1998 levels. However, the strongest 2001 prices are expected late in the year, and if milk production increases continue, the rise may not be realized.

*Other Livestock Commodities.* Broiler production in third-quarter 2000 was 7.5 billion pounds,

nearly unchanged from a year earlier. Total egg production for 2000 is estimated at 7.038 billion dozen—less than 2 percent higher than in 1999. After relatively strong production increases in most of the 1990s, the U.S. broiler industry is slowing its rate of expansion. Broiler prices have recently been strengthened by slower domestic production growth and export expansion. Over the first half of 2000, broiler exports were up more than 25 percent over the previous year, totaling 2.8 billion pounds. Over 35 percent of the exports were to Russia, Estonia, and Latvia, with exports to Hong Kong, China, Korea, and Taiwan also rising. The outlook for broiler prices in 2001 will depend crucially on whether production increases remain moderate, as the strength of the export market is projected to continue.

A rally in hog prices this year and prospects for low feed grain prices are resulting in projections of an increase in pork production, following the industry's recent contraction. While the number of hogs harvested in the state this year has been below the 1999 level, an increase in average weight has resulted in an expected slight increase in pork production. Hog prices in 2000 are expected to average in the mid-\$40s per hundred weight. This represents an increase of nearly one-third over the last two years. During most of 2001, expectations are for hog prices to range from the mid-\$40s per hundred weight to the mid-\$30s per hundred weight. There are still, however, concerns about packing capacity toward the end of 2001. If hog marketings exceed processing capacity, prices could slide well below the mid-\$30s.

Pork exports are expected to total about 1,258 million pounds this year, down about 2 percent from 1999. Large food aid shipments to Russia in late 1999 account for most of the difference between exports in 2000 and 1999. Japan, Canada, and Mexico account for almost 80 percent of U.S. pork exports. The USDA projects that the U.S. will import over 4.4 million hogs this year and 4.1 million in 2001. Large Canadian hog exports to the U.S. are primarily the result of rapidly expanding Canadian hog production and slowly expanding Canadian processing capacity, coupled with higher Canadian labor costs.

#### **TENNESSEE'S SHORT-TERM FORECAST SUMMARY**

- Tennessee's nominal personal income growth in 2000 is expected to be 5.8 percent versus 6.4 for the nation. Income growth in 2001 is expected to be 5.5 percent, the same as the nation.
- Tennessee's nominal per capita personal income in 2000 is expected to be 88.7 percent of the national average, down from 90.0 percent in 1997.
- Tennessee's nonagricultural job growth is projected to be 1.5 percent in 2000, 1.2 percent in 2001 and 1.6 percent in 2002.
- Tennessee's unemployment rate for 2001 is projected at 4.3 percent, up from 3.7 in 2000. The rate will be sustained in excess of the 4 percent mark in 2002.
- Nominal taxable sales will grow 4.5 percent and 5.3 percent in 2001 and 2002, respectively.

- A major concern for Tennessee agriculture is the continued downward spiral in farm income.
- Tennessee tobacco acreage and income are expected to plummet in 2001 and short-term recovery is unlikely.
- Meat production is expected to remain fairly stable in 2001.
- Growth in milk output is expected to ease slightly in 2001, allowing for prices of milk and dairy products to recover.

### **ENDNOTES**

1. A tobacco poundage quota is required to market tobacco in the U.S. under the no-net-cost federal tobacco program. A tobacco grower must own or lease sufficient pounds of quota to cover tobacco production.

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## *CHAPTER 3*

# THE TENNESSEE LONG-TERM OUTLOOK

**T**he previous two chapters of this *Report* have carefully examined current economic conditions and the short-term forecasts for the U.S. and Tennessee economies. Traditionally, in this third chapter the focus falls on Tennessee’s past economic performance and long-term prospects for its economy. This discussion begins with an examination of the last 20 years of Tennessee’s economic growth and the key economic factors that have contributed to this process of expansion. Following the presentation of historical trends, the analysis turns to projected long-term trends in output, employment and personal income.

### HISTORY OF TENNESSEE’S ECONOMIC GROWTH

*“The economic historian is a prophet looking backwards”*

(W. W. Rostow, 1952)<sup>1</sup>

Typically, economic growth is taken to mean sustained increases in production of goods and services of an economy over a period of time. Centuries ago, economists were not particularly concerned about economic growth, as it was considered to occur naturally and take care of itself. Economic growth



would simply take place as more *inputs* — workers, land and machinery — were thrown into the processes of producing goods and services. To the extent efforts were made to promote growth, emphasis fell on increasing inputs used in production processes. In this modern era, it is recognized that input growth *alone* does not account for all growth in output. There has been considerable discussion in recent years regarding productivity gains arising through the use of modern computers and improvements in worker productivity through formal and on-the-job training. Today's output-per-working-hour is ten times as valuable as output-per-working-hour a hundred years ago.<sup>2</sup> Therefore, one can argue that there are at least two forces that drive economic growth: increases in *quantity* of productive inputs and increases in their *quality*.

There are six primary inputs to the state's production process: *natural resources, labor, human capital, private capital (equipment and buildings), public capital (e.g., roads and water systems), and entrepreneurship*. Natural resources such as land, water, oil, and mineral deposits have all proven to be important to Tennessee's historical growth in production and output. However, given the nature of these inputs, there is very little that can be done to increase their stock. Other inputs such as labor, physical and human capital, and entrepreneurship can be quantitatively and qualitatively measured and can be influenced by public policy. Some of these factors will be examined closely in the following sections.

### **Growth of Tennessee's Output**

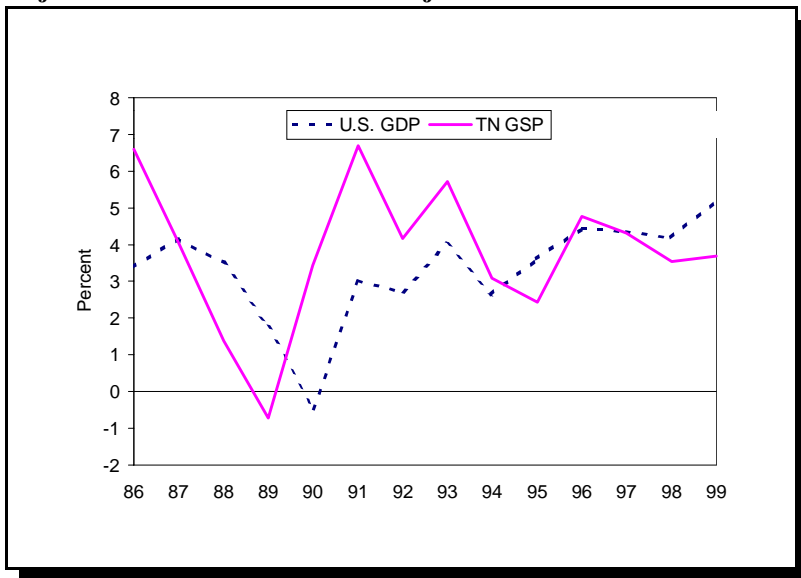
The discussion of long-term historical trends starts with the growth of gross domestic product (GDP)

for the national economy and growth in gross state product (GSP) for the Tennessee state economy. GDP and GSP measure the total market value of all final goods and services produced in the U.S. and Tennessee economies, respectively, in a given year. To distinguish between true economic expansion as opposed to growth in output due to price changes, both indicators are adjusted for inflation (1996 chain-weighted dollars) in the following discussion.

Over the last 20 years, Tennessee's total output has grown rapidly. Figure 3.1 illustrates annual percentage growth in Tennessee inflation-adjusted GSP and U.S. inflation-adjusted GDP. Despite the impressive growth of inflation-adjusted GSP in comparison to inflation-adjusted U.S. GDP, the state's level of per capita GSP still lags the nation. For instance, in 1991 Tennessee's inflation-adjusted GSP per capita was \$23,104 while the nation's inflation-adjusted GDP per capita was \$26,437. This represented only 87.4 percent of the average U.S. value. In 1995 the gap between the state's GSP per capita and the U.S. GDP per capita was lowered to 92.3 percent. Unfortunately, this trend did not continue and Tennessee was not able to catch up with the national economy. In fact, rather than improving, Tennessee's situation deteriorated, and by 1999 Tennessee's GSP per capita was 89.8 percent of the national average.

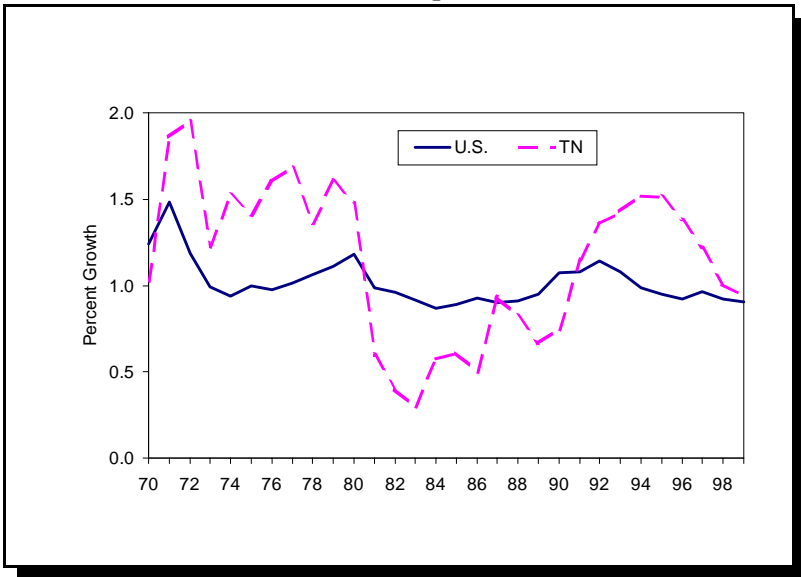
Engineering further improvement in output growth requires increases both in *the quantity* of productive inputs (such as an increase in labor force, capital stock, etc.) and increases in their *quality* (as reflected by a more educated workforce or new private-sector technologies). Over time, Tennessee's economy has benefitted from an

**FIGURE 3.1—Annual Percentage Changes in Tennessee Inflation-Adjusted GSP and U.S. Inflation-Adjusted GDP**



Source: Bureau of Economic Analysis website.

**FIGURE 3.2—U.S. and Tennessee Population Growth**



Source: BLS, *Current Population Survey*

ample quantity of inputs, especially its strong stock of natural resources and a large pool of potential workers. While Tennessee has ample inputs to accommodate further growth in output, promoting growth in *output-per-person* and

ensuring convergence with national measures of well-being will require sustained public-and private-sector investments that will enhance productivity and competitiveness.

### Quantitative and Qualitative Growth of Tennessee's Productive Inputs

*Tennessee's Labor Force.* The labor force includes those who currently hold a job (including the underemployed) and the unemployed. In most statistics, workers are viewed similarly, as is their work effort—a job is a job—an unemployed worker is an unemployed worker. The reality is that there are sharp differences in the characteristics and productivity of different members of the labor force. In the long run, the labor force is determined by the fertility rate of the state, in-migration from out of state, and the degree of participation of different segments of the population (for example, senior citizens and women). Worker productivity depends on skills, education and training, as well as the private capital the workers have at their disposal on the job.

As illustrated by Figure 3.2, over the last 30 years, Tennessee's population growth has fluctuated considerably. These fluctuations in population have significantly impacted the size of the state's labor force pool and helped to determine the pattern of Tennessee's labor force and employment growth. During the last 30 years, several factors, such as

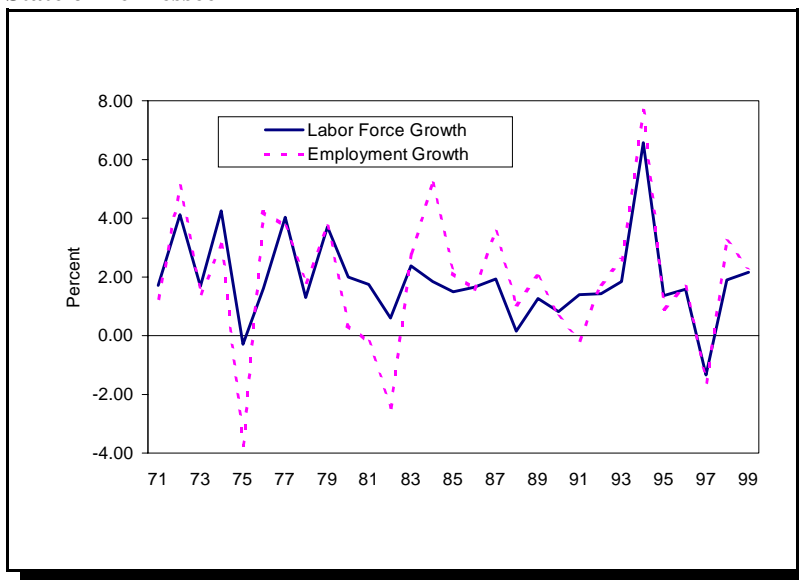
job availability, earnings potential, and quality of life (including the quality of public schools), have contributed to migration in the state. As it takes some time for fertility growth to have an impact on the state's labor force, short-term population changes can be more important to economic development. The composition and the size of the state's labor pool have changed as more women and senior citizens have joined the labor force.

The state economy has gone through considerable structural changes during the period shown in Figure 3.2. These structural changes have impacted the labor force and employment growth, as well as the mix of industry and overall level of economic activity in the state. During the 1970s, the manufacturing and trade sectors were dominant and employed the majority of the state's labor force. However, during the 1980s and 1990s manufacturing has declined in relative importance, and services, wholesale and retail trade have become the dominant sectors of Tennessee's economy. The same sectors now employ the majority of Tennesseans.

Employment growth went through significant changes in the last 30 years and, not surprisingly, followed the path of the state's labor force growth. Figure 3.3 illustrates Tennessee's civilian labor force and employment growth as a percentage change in number of employed people, from 1970-1999. Periods of strong growth correspond to periods of national economic expansion, while periods of job contraction reflect national recessions.

*Tennessee's Human Capital.* Human capital is considered to be workers' knowledge and skills used in production of goods and services. Every production process requires the presence of a certain degree of human capital which is usually obtained through a combination of formal education and experience. This suggests that promoting worker and economy-wide productivity requires a three-way partnership involving workers, employers and educators. All are stakeholders, and all have a role in promoting sound human capital investments. An improvement in Tennessee's educational system is one way of improving the state's human capital and therefore the quality of the labor force and its productivity. Historically, Tennessee's investment in education has not compared well with other states. In earlier years in the state's economic

**FIGURE 3.3—Labor Force Growth and Employment Growth in the State of Tennessee**

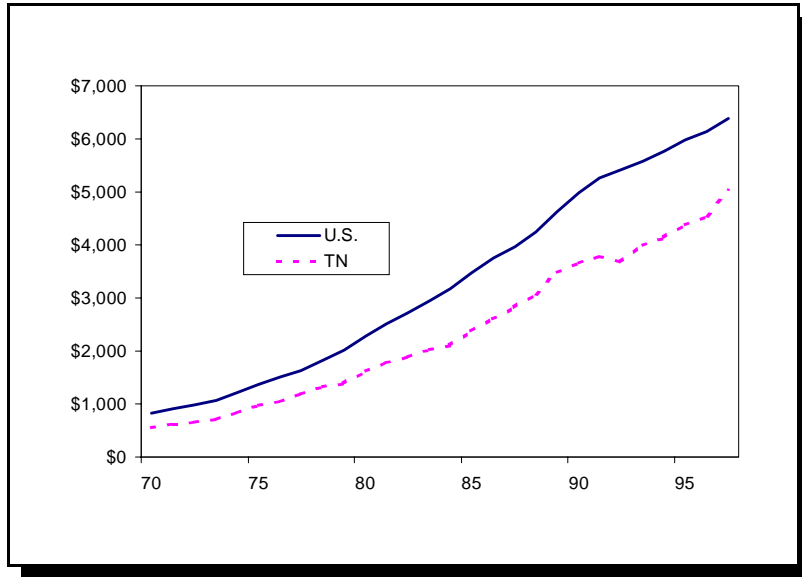


Source: Tennessee Department of Labor and Workforce Development, *Labor Market Report*, and Bureau of Labor Statistics, *Current Population Survey*.

development, the sheer size of the labor force was sufficient to ensure growth. But today, an

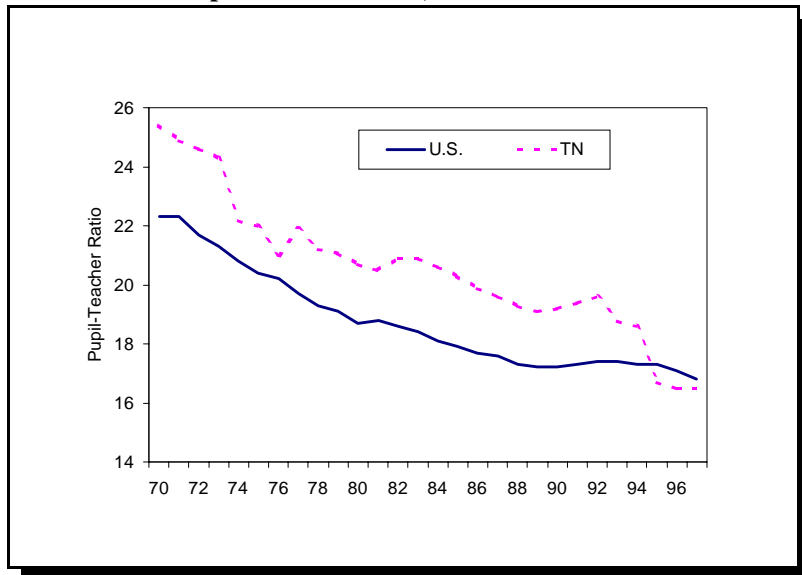
educated and trained work force is essential. One problem has been Tennessee's rather limited

**FIGURE 3.4—Expenditures per Pupil in Average Daily Attendance for Public Elementary and Secondary Schools, U.S. and Tennessee (Nominal Levels)**



Sources: U.S. Department of Education, National Center for Education Statistics, *State Education Facts: 1969 to 1989*. NCES, August 1992. Table 15. U.S. Department of Education, National Center for Education Statistics, *Revenues and Expenditures for Public Education*.

**FIGURE 3.5—Pupil-Teacher Ratios, U.S. and Tennessee**



Sources: U.S. Department of Education, National Center for Education Statistics, *Digest of Education Statistics*.

resources to fund education. The state also has chosen to fund education at relatively modest levels relative to other states, the Southeast and the nation. The state has followed the nation's overall rising trend in education expenditures, but has not come close to the nation's average spending on education. Figure 3.4 illustrates long-term funding trends *vis a vis* the nation. The Basic Education Program (BEP), which was implemented in the early 1990s, appears to have kept the funding gap between Tennessee and the nation constant,

rather than allow it to grow as has the case before the 1990s. Further encouragement is offered by Figure 3.5, which shows pupil-teacher ratios for Tennessee and the U.S. Until 1995, an average teacher in Tennessee had more students in the classroom than an average teacher across the U.S. The situation has improved with the BEP. The introduction of the BEP helped reverse this historical pattern. Tennessee's classes are now slightly smaller than the nation's. This is encouraging as there is evidence to show that smaller class sizes improve educational outcomes.

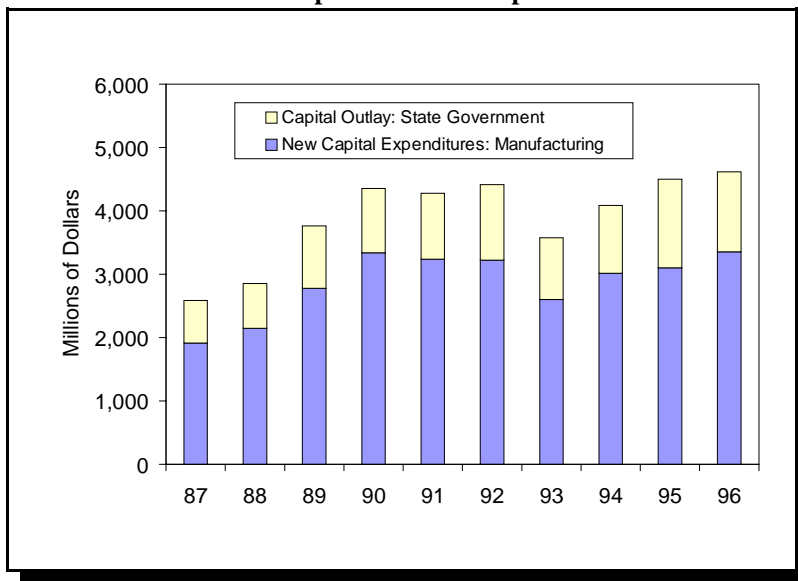
*Tennessee's Physical Capital.* Private capital such as machines, buildings and equipment, and public capital (i.e.,

infrastructure) such as roads, parks and school buildings are used to support the process of economic growth and development. Private capital investments depend upon the profitability of business operations in the state; public capital investments are intended to foster private-sector competitiveness and promote the quality of life of Tennesseans. Figure 3.6 illustrates nominal levels of the new capital spending by manufacturing firms and the total capital outlay by state government during the 1988-1996 time period. The data indicate the upward trend of Tennessee's total investment. For instance, the state's total investment went from \$2.6 billion in 1987 to \$4.6 billion in 1996. Despite the overall increasing trend, the state's total investment as a share of the state's personal income fails to reveal the same pattern. Figure 3.7 illustrates the pattern of total spending on capital investment as a share of total spending on capital investment as a share of state personal income. For instance, in 1990 Tennessee's total investment was at 5.3 percent of personal income while in 1993 and 1996 this figure was 3.6 and 3.9 percent, respectively. The Tennessee Department of Economic and Community Development maintains an alternative data series on *new* capital investment in the state, which shows very strong growth in recent years.

As indicated earlier, economic growth also depends on *quality* of productive inputs. New private-sector

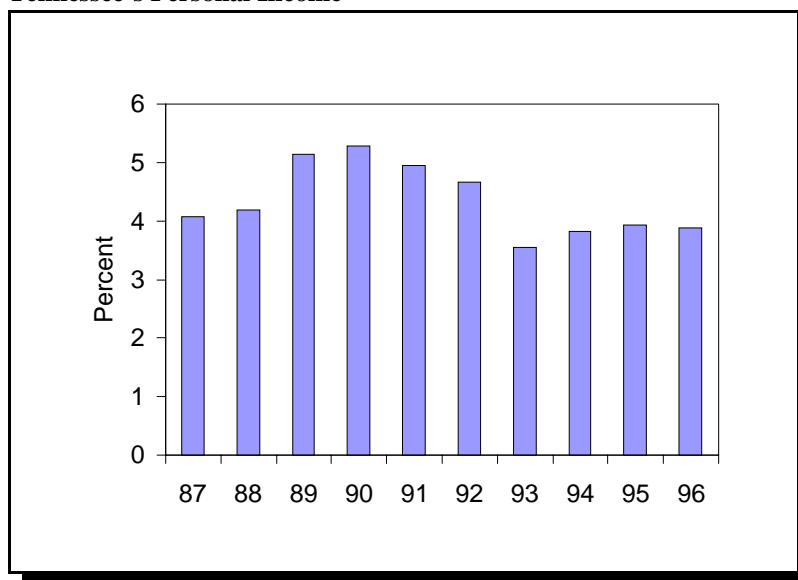
capital investments not only raise the overall capital stock, but also offer the promise of new technologies, production process and management technologies that can promote productivity and competitiveness. Similarly, new public investment

**FIGURE 3.6—Nominal Expenditures on Capital Investment**



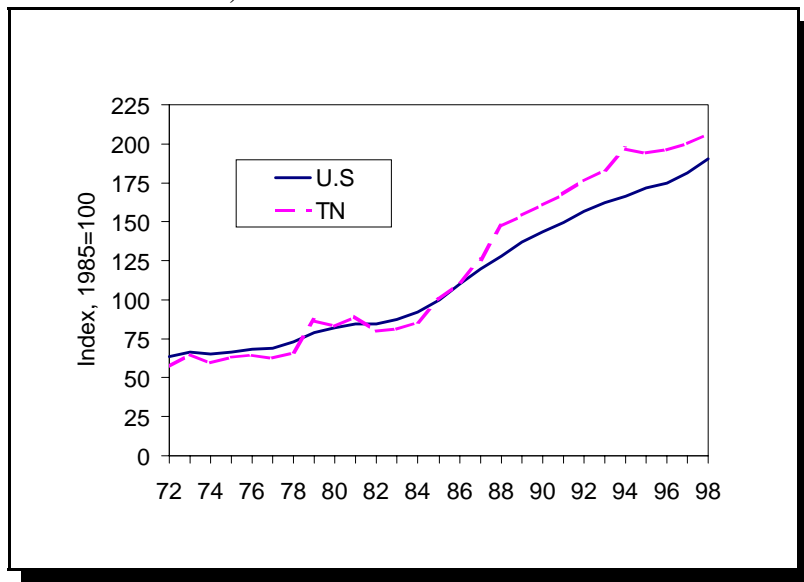
Source: *Annual Survey of Manufacturers*, Central States, All Manufacturing Industries.

**FIGURE 3.7—Expenditures on Capital Investment as a Share of Tennessee's Personal Income**



Source: *Annual Survey of Manufacturers*, Central States, All Manufacturing Industries and Bureau of Economic Analysis website.

**FIGURE 3.8—Expenditure Index, Research and Development, Tennessee and U.S., 1972–1998**



Source: NSF, Web CASPAR

may be of higher quality than old infrastructure and can contribute to the state’s economic growth and development.

*Tennessee’s Entrepreneurship.* Entrepreneurship is the effort used in organizing and coordinating production and the sale of goods and services. Entrepreneurship usually corresponds to grassroots creation of firms and jobs from within the economy. Over the last 15 years, Tennessee has experienced a significant increase in the number of new business establishments and improvement and growth of existing firms. The state’s business environment has appealed to many entrepreneurs who were willing to invest and organize their production in our state. In 1986, there were 99,960 firms registered in the state of Tennessee, while in 1999 this number was 121,480—an increase of 21.5 percent. By employing the available technological advances, successful entrepreneurs can operate more

efficiently by producing more output from the same level of inputs. Achieving technological progress is done through research and development. Such investment, coupled with investments in education, are considered to be the key driving forces of economic growth. A merger of technology and human capital creates more effective inputs in production, which in turn enhances the economy’s growth potential. Figure 3.8 illustrates Tennessee and U.S. expenditure indices on research and development.

### **TENNESSEE’S LONG-TERM FORECAST**

The long-term forecast is a trend projection of Tennessee’s growth path. In the long term, growth is dictated by increases in the quantity and quality of inputs as discussed above. The short-run or cyclical forecast, in contrast, looks at the economy’s likely performance in light of current trends of expansion or contraction. The following discussion presents the long-term trend forecast for the state economy through the year 2009 emphasizing impacts on output, employment and personal income.

#### **Output**

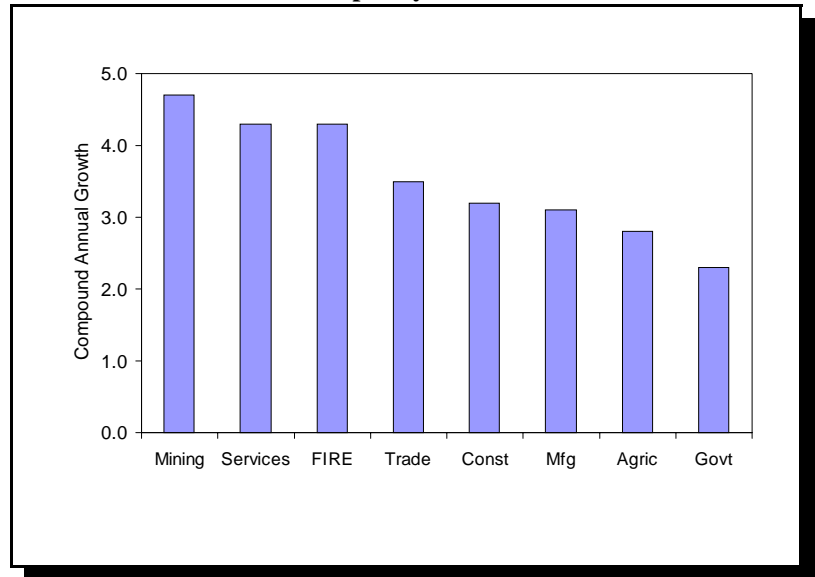
Over the forecast period between 2000-2009, Tennessee’s inflation-adjusted GSP is expected to grow at a compound annual rate (CAGR) of 3.6 percent. The annual growth rates will fluctuate slightly from year-to-year, but no serious fluctuations in output growth are expected. In

contrast, inflation-adjusted U.S. GDP is expected to grow at a slightly slower annual rate of 3.5 percent (CAGR). However, despite stronger rates of state growth, Tennessee will trail the U.S. in the level of per capita GSP. In 2001, Tennessee's inflation-adjusted GSP per capita is expected to be \$30,629 while the nation's inflation-adjusted GDP per capita should be \$34,774. The state's GSP per capita is expected to stand at 88 percent of the U.S. average in 2001. The forecast for the years following 2001 predicts only a slight narrowing of the gap between the state's inflation-adjusted GSP per capita and the U.S.

inflation-adjusted GDP per capita. By 2009, Tennessee's inflation-adjusted GSP per capita will be 88.8 percent of the nation's GDP per capita.

As Tennessee's structural changes continue to occur, so will the growth of different sectors. The compound annual growth of sectors such as mining (4.7 percent); finance, insurance and real estate (4.3 percent); and services (4.3 percent) is expected to outpace the overall growth in real GSP. Sectors such as construction (3.2 percent), manufacturing (3.1 percent), agriculture (2.8 percent) and government (2.3 percent) are expected to lag behind overall GSP growth. Figure 3.9 illustrates compound growth rates for selected sectors. Despite the expected slowdown in the manufacturing sector, this sector will still continue to provide the largest share of the state's inflation-adjusted GSP in 2000. This pattern is expected to change in 2009 as the service sector is expected to provide the largest share of GSP. The relative contribution of specific sectors in

**FIGURE 3.9—Growth in Output by Sector**



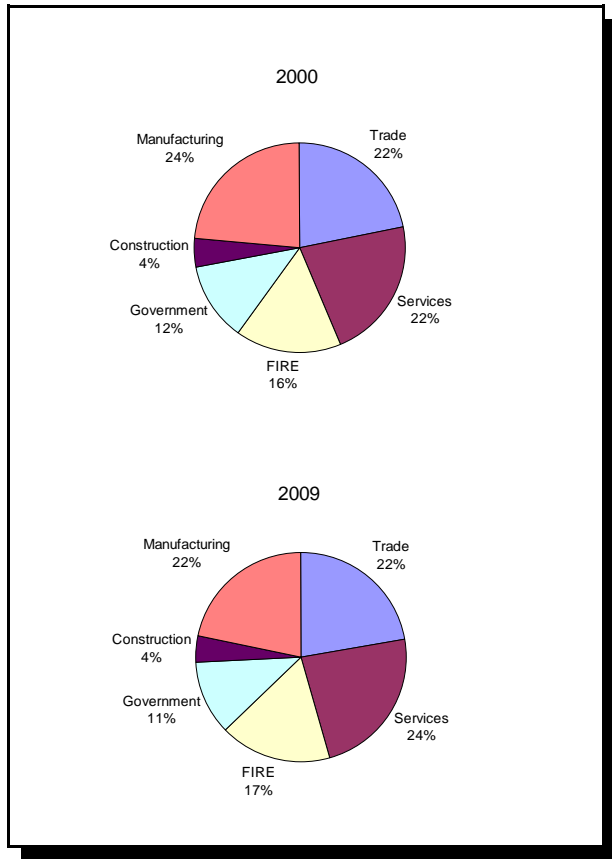
Source: Center for Business and Economic Research. Calculated by authors.

terms of their share in the state's GSP for years 2000 and 2009 is illustrated in Figure 3.10. Slight changes in size of sectoral shares are expected to occur in the manufacturing, services, government and FIRE sectors during the 2000-2009 time period. On the other hand, the construction and trade sectors are expected to capture approximately the same shares of the state's pie in years 2000 and 2009.

### Employment

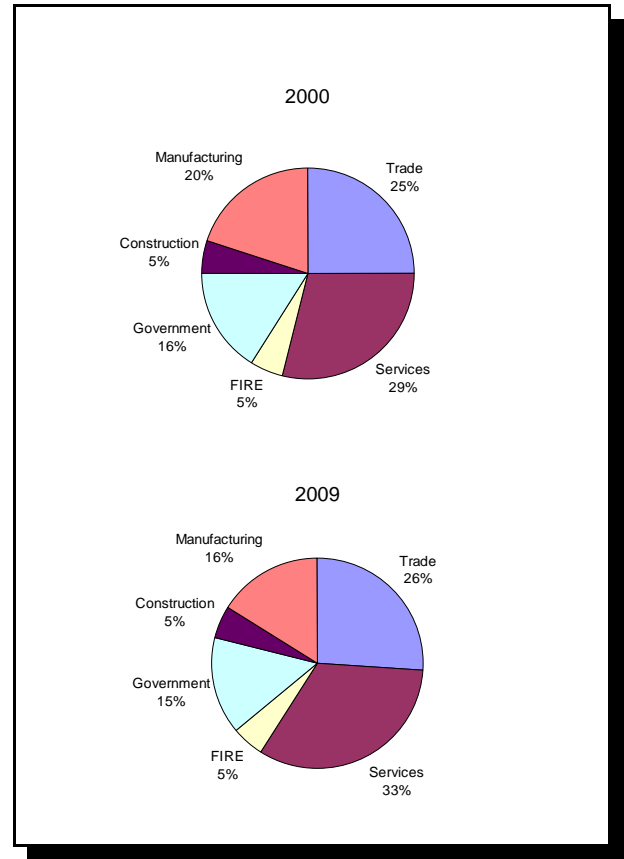
The overall size of Tennessee's civilian labor force pool is expected to increase in the next 10 years at an annual pace of 1.5 percent (CAGR). However, the variations in the performance of specific sectors will translate in variations in the number of jobs these sectors provide. For instance, the service sector is expected to dominate Tennessee's economy and provide the largest share of the state's jobs in 2000 and 2009. Figure 3.11 illustrates the state's employment

**FIGURE 3.10—Tennessee GSP by Sector, 2000 and 2009**



shares by sector for 2000 and 2009. A 2.3 percent annual growth rate (CAGR) is expected to characterize overall nonagricultural job growth, with stronger expected growth in services (3.6 percent), trade (2.6 percent), and construction (2.8 percent). The agricultural, manufacturing, and government sectors are expected to grow at somewhat lower rates. Despite expected sectoral shifts, the overall labor force participation rate will continue to rise slowly—from 65.1 percent in 2001 to 69.0 percent in 2009. A gradual increase in the state’s unemployment rate is expected to occur in the next 10 years and is expected to range from 3.7 percent in 2000, to 5.0 percent in 2009. At the same time, the U.S. unemployment rate will range from 4.1 percent in 2000, to 4.8 percent

**FIGURE 3.11—Tennessee Employment by Sector, 2000 and 2009**



in 2009. The Tennessee and U.S. unemployment rates are both expected to return over time to higher rates, consistent with the full employment rate of unemployment.

**Personal Income, Wages, and Salaries**

In the next 10 years Tennessee’s inflation-adjusted per capita personal income is expected to grow at 2.8 percent (CAGR). At the same time, the nation’s inflation-adjusted per capita personal income is expected to grow at 2.1 percent (CAGR). However, Tennessee’s level of per capita personal income will only gradually approach that of the nation. The state’s inflation-adjusted per capita personal income is expected to rise from \$24,926 in 2000 to \$31,971 in 2009, an



increase of 28.3 percent. At the same time, the level of U.S. per capita personal income is expected to grow from \$28,066 in 2000 to \$33,682 in 2009, an increase of 20.0 percent. While Tennessee's per capita personal income is expected to stand at 88.8 percent of the national average in 2000, it is projected to rise to 94.9 percent by 2009. The largest component of the state's personal income—inflation-adjusted wages and salaries—is expected to experience growth of 3.7 percent (CAGR). Similarly, other components of personal income are expected to grow at 3.5 percent (CAGR).

- The state's unemployment rate is expected to rise from 3.7 percent in 2000 to 5.0 percent in 2009, consistent with a movement back to a sustainable level of full employment.
- Tennessee's inflation-adjusted per capita personal income is expected to rise from \$24,926 in 2000 to \$31,971 in 2009, an increase of 28.3 percent. The state's per capita personal income is expected to stand at 88.8 percent of the U.S. average in 2000 and 94.9 percent of the U.S. average in 2009.

### **TENNESSEE'S 2000-2009 FORECAST SUMMARY**

- Tennessee's inflation-adjusted GSP will grow by 3.6 percent, while the nation's inflation-adjusted GDP will grow by 3.5 percent (CAGRs) between 2000 and 2009.
- Tennessee's inflation-adjusted per capita GSP is expected to stand at 88.0 percent of the national average in 2001, rising to 88.8 percent in 2009.
- Nonagricultural job growth is expected to be 2.3 percent (CAGR) over the long-term forecast horizon. Stronger performance is expected in services, trade and construction.
- The overall size of Tennessee's labor force pool is expected to grow by 1.5 percent (CAGR) over the long-term forecast horizon. Tennessee's labor force participation rate will range between 65.5 percent in 2001 and 69.0 percent in 2009.

### **ENDNOTES**

1. Rostow, W. W. "A Historian's Perspective on Modern Economic Theory" *American Economic Review*, Volume 42, Issue 2, Papers and Proceedings of the Sixty-Fourth Annual Meeting of the American Economic Association (May 1952), 16-29.
2. Maddison, Angus *Phases of Capitalist Development* Oxford: Oxford University Press, 1982.

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## *CHAPTER 4*

# **FOUR YEARS OF WELFARE REFORM IN TENNESSEE**

**S**tate welfare programs changed dramatically when President Clinton signed the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), known widely as “welfare reform,” in 1996. Replacing the original entitlement program (Aid to Families with Dependent Children, or AFDC) with a system of less restrictive block grants (Temporary Assistance to Needy Families, or TANF) has resulted in a network of state-specific welfare programs that vary dramatically.

With this important policy change has come a renewed effort to study and evaluate public assistance programs, in working toward the diverse goals of improving the efficient use of public funds, ensuring that families do not fall from welfare into poverty, and guaranteeing the safety, health, and education of these families’ children. As more and more states undertake in-depth evaluations and compare their results to those from other states, it becomes even more critical that the differences between state programs are clearly understood.

This chapter provides a summary of Tennessee’s new version of welfare—Families First. We begin by briefly describing the Federal reform of 1996 and continue by presenting a detailed, yet concise, look at the most salient features of the Tennessee program. We also present an in-depth comparison of Tennessee’s policies with those in the eight states that border Tennessee. The chapter concludes with a comparison of the welfare caseloads and various outcome and performance measures in these same states.

## FEDERAL WELFARE REFORM

On August 22, 1996, President Clinton signed into law the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), a comprehensive welfare reform plan that replaced a federally structured entitlement program with a block grant to the states. The new block grant system provides states with funding to support time-limited cash assistance programs for needy families. In this new regime, most recipients are required to participate in work or educational activities as long as they receive benefits. Of course, states are free to set their own policy rules within the federal guidelines. An additional benefit from this new structure is that, since each state's program is different in many ways, state-by-state evaluations might be able to identify which policies are more effective at helping families achieve self-sufficiency.

The reasoning behind the replacement of the AFDC entitlement program with the TANF block grant was that TANF's emphasis on time limits and work requirements would provide needy families with incentives to find work—a dramatic change from the essentially unlimited assistance found in the AFDC program. It was hoped that such incentives would encourage those who *could* participate in the labor market to find employment, thus reducing the welfare rolls and allowing government funding to be spent only on those who truly lacked the marketable skills needed to participate in the labor market. In order to achieve these goals, the TANF block grants to Tennessee and other states include a number of common restrictions on the use of federal funds.

### Time Limits

Federal guidelines stipulate two separate limits on the amount of time that recipients can receive TANF benefits. First, the head of each household receiving assistance must find employment within two years of receiving his or her first benefit payment. Second, each recipient has a 60-month lifetime limit, which means that no recipient may receive federally funded cash assistance for more than a combined total of 60 months over the course of his or her lifetime. These time limits are intended to give recipients strong incentives for achieving not just employment, but self-sufficiency as well.

States are free to set stricter limits. Specifically, a state can make the lifetime limit within its borders less than 60 months, or it may require recipients to find employment in less than two years. Further, states may exempt up to 20 percent of their caseload from the 60-month limit each year. They are also permitted to use existing federal social service funds to provide non-cash benefits to families, or to use state funds to provide cash assistance, beyond the 60-month limit. Thus, the states have some degree of flexibility in how they set their time limits and how benefits are affected by those limits.

### Work Requirements

The primary work requirement under TANF is that the head of every recipient household must participate in work activities within two years of receiving benefits. Such work activities can include employment, on-the-job training, community service, vocational training, child care services, or up to six weeks of job search. However, states can count no more than 30

percent of their work participants as having met their work requirement through vocational training.

States may exempt parents with children under the age of one from work requirements, and states may not penalize parents with children under the age of six for not working if child care has not been made available. Such requirements ensure that all recipients are either preparing for, searching for, or participating in employment. At the same time, they attempt to prevent family stress that may arise from a lack of child care. This concern for proper child care reflects PRWORA's goal of providing for the needs of underprivileged children.

### **Social Issues**

The federal welfare reform is also intended to address teen pregnancy and child support enforcement. Beginning with teen pregnancy, PRWORA authorized \$50 million to be provided annually to the states to fund abstinence education programs. The act also authorizes annual bonus grants to be given to the five states that reduce all out-of-wedlock births by the greatest amount without increasing the abortion rate. Under the PRWORA requirements, unmarried minor parents must live under responsible adult supervision and participate in educational and training activities. Finding such supervised settings is the responsibility of the state governments.

Turning to child support, PRWORA requires states to operate enforcement programs that meet federal requirements. Those recipients who refuse to cooperate with child support enforcement agencies must receive at least a 25 percent reduction in their benefits, but the reduction may

vary beyond this level, and states may eliminate cash benefits entirely. It is hoped that such strict requirements will increase child support payments, thus reducing the government's financial burden.

### **Financial Regulations**

There are various restrictions under the TANF block grant to ensure that states do not take advantage of federal funds in order to reduce their own financial obligations. These restrictions create strong incentives for the states to develop effective welfare programs by rewarding states that achieve high work participation rates with a lower mandatory level of state effort. State dollars used in the federal TANF program are not subject to any of the policy restrictions. However, states can be penalized for misusing federal TANF funds and for failure to meet certain federal restrictions regarding work requirements, child support enforcement, and time limits.

There are a number of ways that states can receive additional funding from the federal government, providing states with a safety net during economic downturns. The first of these additional sources is a contingency fund for states experiencing recession. An emergency fund also exists for states that experience high population growth, along with a \$1.7 billion loan fund and various performance bonuses. Also, child support collected by state governments can be used to compensate for welfare expenses, although nearly 50 percent of such funds must be given to the federal government.

## **FAMILIES FIRST ELIGIBILITY REQUIREMENTS**

Applicants must meet the following requirements in order to receive Families First benefits:

**RESIDENCE:** The applicant must be a resident of Tennessee, which means the applicant must be living in the state with the intention of making a home there. *There is no minimum period of residence required.*

**CITIZENSHIP & ALIEN STATUS:** The applicant must be a U.S. citizen or a lawfully admitted alien.

**AGE:** The applicant must have a dependent child under the age of 18 or be in the third trimester of pregnancy. If the dependent child is 18, he or she must be on schedule to complete high school or equivalent vocational technical training before his or her 19<sup>th</sup> birthday.

**RELATIONSHIP:** The applicant must have a dependent child living in his or her home, which means that the applicant has both care and control of the child, and the applicant must be either the parent of this child or a 5<sup>th</sup> degree relative (defined as a blood relative, half-blood relative, step-parent, step-sibling, legally adoptive parent, or legal spouse of any of the persons previously named).

**DEPRIVATION:** The applicant's dependent child must be in need, which requires the death, continued absence, incapacity, or unemployment of one or both parents.

**RESOURCES:** The combined total of the countable resources of all those who would be included in the Families First application must be less than \$2,000 at the time of the application and reapplication.

**INCOME:** The gross income of all those who would be included in the Families First application must be less than 185 percent of the consolidated need standard for the appropriate number of people (e.g., \$840 per month for a family of three in 1999).

## **FAMILIES FIRST**

The Families First Act was passed by the Tennessee General Assembly on April 25, 1996 and signed by Governor Don Sundquist on May 13, 1996. This legislation created Families First, the program through which the TANF block grant is implemented in Tennessee. As with the federal reform, the objectives of the Families First program include strengthening families, improving the workforce, reducing poverty, reducing the population that is dependent on government benefits, and reducing the incidence of out-of-wedlock pregnancies.

When the Families First Act was signed in Tennessee in 1996, the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) had not yet been passed. Therefore, it was necessary for the state to obtain a waiver from the U.S. Department of Health and Human Services under section 1115 of the Social Security Act. This provision created the waiver process in order to give the states flexibility to individualize their programs and experiment with new policies. Tennessee's waiver was approved on July 25, 1996, and its effective life runs from September 1, 1996 to September 1, 2007.

### **Assistance Groups**

Families First defines an assistance group (AG) as a group of people who are included in the same Families First application or assistance case. All AG members must be technically eligible, and all of their income and resources must be counted unless they are specifically exempt. Also, all children in the AG must be within the specified degree of relationship to the person who is

applying for assistance. The mandatory members of an AG (if present in the household) include the dependent child, the technically eligible siblings of the dependent child, the technically eligible parents living in the home with the dependent child, the technically eligible alleged parent in the home who meets incapacity or unemployment parent criteria, and any married minor who lives with a Families First sibling.

Individuals must be excluded from the AG if they are persons who are receiving SSI benefits, do not meet eligibility requirements, or do not meet certain program requirements. Also, any individual who is a drug felon, fleeing felon, or probation/parole violator cannot be included in an AG. Those who are found guilty or plead no contest in a federal or state court for having made a fraudulent statement in order to receive assistance simultaneously from two or more states must also be excluded from the AG.

A family cap is imposed on the AG that prohibits any increase in grant payments due to the birth of a child 10 months or more after the initial receipt of assistance. The goal of the family cap is to explicitly discourage the birth of new children during the period of assistance. Exceptions to the family cap can be made in cases in which it can be proven that the newborn was conceived prior to the application for assistance, that the child is the firstborn of a minor in the AG, or if the caseworker finds good cause. Also, the family cap does not take effect if children other than newborns enter the AG.

Another goal of Families First is to encourage marriage among young parents. Therefore, recipients who marry during the receipt of assistance have the option of including the spouse

in the AG. If the recipient chooses to include the spouse in the AG, the spouse's income and resources will be considered available to the AG. As long as the spouse's income and resources do not cause the AG to become ineligible and the spouse meets all other Families First eligibility requirements, the spouse may be admitted to the AG. Also, if the spouse is included in the AG, his or her children must also be included in the AG. The chosen option—to include or exclude the spouse—remains in effect until the AG's case closes. If the AG reapplies for assistance then the spouse must be included in the eligibility determination.

### **Benefit Levels**

The Families First cash payment does not necessarily meet 100 percent of the official Consolidated Need Standard (CNS). Net income available to the AG is subtracted from the CNS to determine the deficit. The payment that is provided is either the deficit or the standard payment amount for an AG of that size, whichever is smaller. No monthly payment less than \$10.00 is paid. However, if the deficit between the AG's net income and the CNS is between \$1.00 and \$9.99 then the AG may still receive other Families First benefits including the support services outlined below.

### **Work Requirements**

All parents and caretaker relatives in the AG must include a work component in their Personal Responsibility Plan (PRP) unless they are granted an exemption. This usually requires 40 hours per week of participation in work and/or work preparation activities. Such activities may consist

## **PERSONAL RESPONSIBILITY PLANS**

The Personal Responsibility Plan (PRP) is an agreement between the Families First participant and the Tennessee Department of Human Services in which the participant agrees to take certain steps toward self-sufficiency. In return, the Department of Human Services provides temporary aid to the AG until self-sufficiency is achieved or until a time limit expires, whichever is shorter. The PRP is intended to make the participant's responsibilities clear and to provide a greater motivation to work toward self-sufficiency. All adults and minor parents in the AG must sign a PRP.

The PRP may contain requirements regarding any or all of the following: immunizations; health checks; school attendance for the AG's children; cooperation with child support services to establish paternity, locate the absent parent, or collect child support; mandatory school attendance for minor parents; and the requirement that minor parents live in a home with a parent or responsible adult.

of full-or part-time work, educational activities that prepare recipients to find work, community service programs, or GED and post secondary education. Individuals who function below the 9<sup>th</sup> grade level in either math or reading may enter Adult Basic Education (ABE) for up to 20 hours per week and are exempt from the 40-hour work requirement until testing at or above the 9<sup>th</sup> grade level.

Exemptions from the work requirements are also provided to individuals who have a medically verified disability, are determined to be incapacitated, are needed in the home to provide

full-time care to a related disabled child or adult, or are over the age of 60. An individual may also receive a work requirement exemption if the caseworker finds good cause for it. Any exemption that is subject to change will be monitored by the caseworker to determine if the condition still exists. However, being granted an exemption from the work requirement has no effect on the time limits faced by the individual unless the individual also meets the requirements for a time limit exemption.

### **Time Limits**

Any single period of eligibility for Families First benefits is limited to 18 months, and lifetime eligibility is limited to 60 months. The 18-month period of eligibility means that a non-exempt individual becomes ineligible for benefits after accumulating 18 months of benefits. These 18 months are cumulative countable months that need not necessarily be consecutive. For example, if an interruption in the time limit count ends, a new 18-month period does not necessarily begin. The existing 18-month count, which began before the interruption, is simply continued. This 18-month time limit is six months shorter than that required by federal law, while the 60-month lifetime limit is the same.

The 18- and 60-month time limits are maximum limits, which means that an AG may certainly achieve self-sufficiency or become ineligible for other reasons before they reach either time limit. Each 18-month period of eligibility is seen as a time during which the AG will work toward self-sufficiency. AGs must remain off Families First cash assistance for at least three months between each 18-month period.

The time limit faced by the AG applies to every member of the AG. Months are counted toward the time limit beginning with the first full month after a PRP has been presented to the AG and the caretaker has signed the plan.

Under certain conditions, the AG may receive an exemption from the time limits, an interruption in the count of months toward the time limit, or an extension in the time limits. An AG may receive an *exemption* if the caretaker is either 60 or older, a minor parent, disabled, or providing care for a disabled relative living in the caretaker's home as determined by a health care professional. The AG may also receive an exemption if it does not contain an eligible adult for reasons other than an imposed sanction or disqualification, or if it has an eligible adult who functions at or below the 9<sup>th</sup> grade level as defined by the Department of Education.

An AG may have an *interruption* in the count of months toward the time limits if the Department of Human Services cannot provide the needed education or job training prescribed in the recipient's PRP, or the essential daycare, dental, optical, or transportation services (see inset). Interruptions are also available if the caretaker has a newborn child less than 16 weeks old, is temporarily incapacitated and thus cannot work, is enrolled in substance abuse counseling, or if the caretaker or a relative of the caretaker is the victim of an abusive relationship and domestic violence. In this case, Family Services Counseling determines if an interruption is needed (see below).

An AG may receive an *extension* to its time limits either for good cause (as determined by its caseworker) or if it resides in a county that has an

## FAMILIES FIRST SUPPORT SERVICES

**TRANSPORTATION:** Transportation assistance comes in the form of gasoline vouchers, tickets, passes, and van services. How transportation services are provided and to what degree they are provided is determined on an individual basis according to the needs of the participant. Reimbursements are provided when the participant chooses to provide his or her own transportation.

**DENTAL CARE:** Dental assistance is provided in cases where dental pain negatively affects the ability of the participant to successfully take part in a component of the PRP, or when dental problems affect the participant's appearance and hinder his or her ability to find employment. In all cases, the caseworker first determines whether or not the dental services can be provided through TennCare or another insurance program before the Families First program pays for the service.

**OPTICAL CARE:** Optical services are also provided by the Families First program if a participant's vision problem impedes his or her ability to successfully participate in a component of the PRP. This service is only provided, however, if funding for the service cannot be provided by any other source.

**CHILD CARE:** In order for a parent's participation in the Families First program to be successful, quality child care must be available. The Families First program provides two kinds of child care. Families First child care is free care that is provided for a participant while engaged in work, education, and/or training. Transitional child care (TCC) is available for 18 months *after* the family leaves the program and requires that the caretaker contribute to the cost of care. To be eligible for either Families First free child care or TCC, the child must be under the age of 13 or physically or mentally incapable of self-care (or under court supervision).

**MEDICAL CARE:** All members of a Families First AG may receive Medicaid (TennCare) coverage. A Families First AG that is closed for any reason other than non-cooperation with child support requirements, moving out of state, or death is eligible for transitional medical care for 18 months after the case is closed. The caretaker of an AG that is closed for non-cooperation with the child support requirement is not eligible for transitional medical assistance, but the other AG members are eligible.

**FAMILY SERVICES COUNSELING:** Family Services Counseling is available to all Families First participants and all former participants who qualify, beginning February 1, 2000. The goal of Family Services Counseling is to remove barriers such as substance abuse, domestic violence, learning disabilities, and children's health/behavioral problems from the lives of participants so that they can more easily achieve self-sufficiency. The Families First case manager typically suggests Family Services Counseling as part of the PRP. Once an individual is referred to Family Services Counseling, his or her count toward the time limits is interrupted for at least one month.

**FIRST WHEELS:** The First Wheels Revolving Loan Program was designed to help current and former Families First AGs to secure reliable transportation so that the AG's caretaker is better able to pursue self-sufficiency. The program gives eligible AGs access to interest free loans that must be used for purchasing a vehicle. Once eligibility is determined, an applicant must meet a number of other program requirements.



unadjusted unemployment rate that is at least twice the unadjusted rate for the state as a whole. An adult who previously received assistance for one group of children but later receives assistance for a different group of children receives a new 18/60-month time limit. Alternatively, an adult that leaves one AG and enters another AG becomes subject to the limits faced by the second AG.

Children do not have a running clock. In other words, if a child is part of an AG that has reached its 60-month limit, the child can still create an AG with a fresh time limit count when he or she becomes an adult. Finally, months of benefits accumulated in other states do not count toward the 18-month and 60-month limits in Tennessee.

### **Sanctions**

Families First applies sanctions (e.g., reduced benefits) to AGs that fail to comply with program requirements without good cause. Sanctions are applied if the AG fails to cooperate with work or work related components of the PRP. Voluntary termination of employment, failing to cooperate with child support requirements, or the failure of any or all of the AG's children to attend school or have immunizations and/or health checks, can all result in a reduction of the AG's cash payment until the AG is in compliance.

### **Completion Bonuses**

As of February 1, 2000, cash payments are awarded to Families First participants who achieve certain goals on their PRPs. These bonuses are intended to provide an extra incentive for participants to work toward self-sufficiency. Completion bonuses are awarded for reaching the

2<sup>nd</sup>, 6<sup>th</sup>, or 9<sup>th</sup> grade literacy levels for ABE students, passing the GED or receiving a high school diploma, completing various types of skills training, or receiving an Associate's or Bachelor's degree. Bonuses are also given to those who take a 35-hour per week full-time job or two or more part-time jobs that have a total of 40 hours per week, leave the Families First program due to earnings, keep a job after leaving Families First and stay off the program for 6 months, or keep a job after leaving Families First and stay off the program for 12 months.

### **Support Services**

Tennessee's time limits and work requirements are relatively more strict than those laid out in federal guidelines. As such, every Families First participant is provided with a number of support services that are needed in order to successfully comply with work-related requirements of the program. Primary support services include transportation, dental, and optical assistance. With all of these support services, failure by the state or the participant to provide needed services causes the count of months toward the time limit to stop until those services are provided.

## **WELFARE POLICY DIFFERENCES IN NEIGHBORING STATES**

Before discussing Tennessee's welfare performance relative to other states or national averages, it is important to understand how Families First differs from similar programs. This section provides a brief look at some of the more important policy differences between Tennessee and its eight neighboring states (Alabama,

Arkansas, Georgia, Kentucky, Mississippi, Missouri, North Carolina, and Virginia).

Differences in outcomes may be the result either of policy differences or of differences in caseload demographics. We examine both of these possibilities in the sections that follow. All information on policy differences in this section is drawn from the Urban Institute's *Welfare Rules Database* (see inset).

Diversion payments—cash payments to families that are eligible for TANF but have only short-term needs—represent one area of policy that can have important effects on caseload demographics and outcomes. Households that accept diversion payments usually agree not to reapply for cash assistance for a specified amount of time. The payments are typically a multiple of the maximum monthly TANF payment that the household would have received. Some states make the payments in cash, while others make the

payments through a qualified vendor so that the state can be sure that the funds will be used properly.

Among Tennessee and its eight neighboring states, four states (Arkansas, Kentucky, North Carolina, and Virginia) offer diversion assistance payments. Consequently, we might expect to observe some key differences in caseloads and outcomes as a result of these efforts to remove the least-needy families from welfare rolls.

### **Eligibility**

All state welfare programs have eligibility requirements that must be met by individuals before they are granted benefits. One of these requirements is a *resource limit*, which is a restriction on the total value of assets that an individual can own either upon application for benefits or while receiving benefits. When an individual applies for benefits, an asset test is used to determine the total value of the assets owned by the applicant. The asset tests usually exempt a number of different types of assets, often including savings accounts, vehicles, and restricted savings accounts. Details on the asset and vehicle limits for new applicants in Tennessee and the eight surrounding states are presented in Table 4.1.

Additionally, a number of states allow restricted savings accounts that recipients use to accumulate funds for a particular purpose. Uses for these funds typically include the purchase of a home, post-secondary education expenses, or small business start-up costs. About half of the states in the comparison group—Georgia, Kentucky, Tennessee, and Virginia—allow the exclusion of up to \$5,000 of the value of a

#### **THE URBAN INSTITUTE'S WELFARE RULES DATABASE**

States were given broad authority to design their own versions of cash assistance programs after welfare reform in 1996. The Urban Institute, as part of its *Assessing the New Federalism* (ANF) project, has provided a valuable resource for tracking state-by-state changes in welfare rules over time. The *Welfare Rules Database* provides a wealth of information on program requirements in all 50 states and the District of Columbia for 1996 through July of 1999. Data for the year 2000 were still being confirmed by various states as of the most recent update in November of 2000. For more information, consult <http://newfederalism.urban.org/wrd/>.

**TABLE 4.1—Resource Limits for Applicants**

State	Asset Limit	Vehicle Exemption
Alabama	\$2,000 if household does not include a member over age 60 \$3,000 if household does include a member over age 60	One vehicle per driver
Arkansas	\$3,000	One vehicle
Georgia	\$1,000	\$4,650 if used for work (\$1,500 otherwise)
Kentucky	\$2,000	One vehicle
Mississippi	\$2,000	\$4,650
Missouri	\$1,000	One vehicle
North Carolina	\$3,000	One vehicle per adult
<b>Tennessee</b>	<b>\$2,000</b>	<b>\$4,600</b>
Virginia	\$1,000	\$7,500 if subject to time limits \$1,500 if exempt from time limits

restricted savings account from the asset count. Missouri has an unlimited but very restricted account, and the other states offer no specified exemption on restricted savings account funds.

Another criterion used by state welfare programs to determine eligibility is the *income limit*. The purpose of the income limit is to insure that only those households that a state determines to be in financial need are the ones to receive welfare benefits. Table 4.2 summarizes the maximum monthly earnings a family of three can retain and still be eligible for benefits in Tennessee and the eight neighboring states. Families First provides benefits at higher income levels than all other states in the comparison group except Virginia.

Table 4.2 also presents information on state income disregard policies. Most states disregard the first \$120 of earned income and one-third of the remainder, at least for the first few months. The disregarded amount typically falls the longer the recipient is on welfare. Tennessee’s flat rate

(\$150 per month) is potentially less generous in the initial months but more generous thereafter.

**Benefits**

It comes as no surprise that each state uses a slightly different benefit calculation formula. Variations in the amount of income that can be excluded (see above) and the cash benefits that are granted have given rise to the state-by-state benefit differences shown in Table 4.3. Two themes emerge from this table immediately: all of the states have fairly similar maximum monthly benefits for families of three with no income, and all but one have left the maximum benefit level unchanged since welfare reform legislation was passed. Only one state—Mississippi—has increased its maximum benefit.

**Family Caps**

Federal law gives the states the freedom to impose family caps that deny or reduce assistance to children conceived while the mother is receiving

**TABLE 4.2—Income Eligibility Rules**

State	Maximum Earnings an Applicant Can Retain and Still Be Eligible for a Benefit	Earned Income Disregards for Benefit Computation
Alabama	\$ 205	100% first 3 consecutive months, 20% thereafter
Arkansas	\$ 279	No disregards allowed
Georgia	\$ 514	\$120 and 33.3% of remainder for first 4 months, \$120 next 8 months, \$90 thereafter
Kentucky	\$ 909	100% for first 2 months, \$120 and 33.3% next 4 months, \$120 next 8 months, \$90 thereafter
Mississippi	\$ 458	100% first 6 months, \$90 thereafter
Missouri	\$ 558	\$120 and 33.3% of remainder for first 4 months, \$120 next 8 months, \$90 thereafter
North Carolina	\$ 936	\$120 and 33.3% of remainder for first 4 months, \$120 next 8 months, \$90 thereafter
<b>Tennessee</b>	<b>\$ 948</b>	<b>\$150</b>
Virginia	\$1,157	\$120 and 33.3% of remainder for first 4 months, \$120 next 8 months, \$90 thereafter

assistance. Two rather obvious goals of this provision are to reduce teen pregnancy and to prevent mothers from having children for the sole purpose of increasing welfare benefits. All states among Tennessee and its neighboring states impose some form of family cap. Table 4.4 outlines the special provisions, if any, regarding additional children. In a remarkable departure from the old AFDC-era policies, no states increase a family's cash benefit upon the birth of an additional child.

### **Work Requirements, Exemptions, and Sanctions**

Kentucky, Mississippi, and Virginia do not require new applicants to be looking for work upon application. However, all states have work requirements that eventually take effect after benefits are granted. The various work requirement policies are presented in Table 4.5.

**TABLE 4.3—Maximum Monthly Benefit for a Family of Three with No Income, 1996-1999**

State	1996	1997	1998	1999
Alabama	\$164	\$164	\$164	\$164
Arkansas	\$204	\$204	\$204	\$204
Georgia	\$280	\$280	\$280	\$280
Kentucky	\$262	\$262	\$262	\$262
Mississippi	\$120	\$120	\$120	\$170
Missouri	\$292	\$292	\$292	\$292
North Carolina	\$272	\$272	\$272	\$272
<b>Tennessee</b>	<b>\$185</b>	<b>\$185</b>	<b>\$185</b>	<b>\$185</b>
Virginia	\$291	\$291	\$291	\$291

Tennessee joins three other states in the comparison group—Alabama, Arkansas, and Virginia—that require some type of work immediately upon benefit receipt. All of the other states (aside from Kentucky, where data was not available) require some form of work within a specified period, typically 24 months.

**TABLE 4.4—Family Cap Provisions**

State	Special Treatment of Additional Children	Special Treatment if Child Born More Than X Months after Case Opens	Increase in Cash Benefit for an Additional Child	Special Treatment Discontinued if Case Closed X Months
Alabama	No	N/A	N/A	N/A
Arkansas	Yes	Any Month after Case Opens	None	6
Georgia	Yes	10	None	N/A
Kentucky	No	N/A	N/A	N/A
Mississippi	Yes	10	None	Always Capped
Missouri	No	N/A	N/A	N/A
North Carolina	Yes	9	None	Always Capped
<b>Tennessee</b>	<b>Yes</b>	<b>10</b>	<b>None</b>	<b>1</b>
Virginia	Yes	10	None	Always Capped

Allowable activities for all states except Virginia include job-related activities (job skills training, job readiness activities, job development and placement, or job search), education and training activities (basic or remedial education, high school/GED, English as a second language, post-secondary education, or on-the-job training), or employment (subsidized or unsubsidized jobs or community service). Tennessee requires more hours of effort than all neighboring states, but allows a much larger share of those hours to be

applied toward education and training.

Adult members of a household receiving assistance must meet work activity requirements unless they are exempt from such activities. Many states offer exemptions from work requirements for various reasons, as shown in Table 4.6. Tennessee's exemption policies are quite similar to those in neighboring states, with two notable exceptions: no exemptions are granted on the basis of (new) pregnancy, and exemptions for those caring for young children

**TABLE 4.5—Work Requirements**

State	When Required?	Allowable Activities	Minimum Hours	Hours Allowed for Education and Training
Alabama	Immediately	All	Case-by-case	
Arkansas	Immediately	All	25	
Georgia	Within 24 months	All	25	15
Kentucky	N/A	All	20	
Mississippi	Within 24 months	All	25	5
Missouri	Within 24 months	All	25	
North Carolina	Within 12 weeks	All	35	
<b>Tennessee</b>	<b>Immediately</b>	<b>All</b>	<b>40</b>	<b>20</b>
Virginia	Immediately	Employment	N/A	

**TABLE 4.6—Work Requirement Exemption Policies**

State	Ill or incapacitated	Caring for an ill or incapacitated person	Of Age X	Pregnancy in or after month X	Caring for child under age X (in months)
Alabama	Yes	Yes	None	4	36
Arkansas	Yes	Yes	60	7	3
Georgia	No	No	None	None	12
Kentucky	No	Yes	60	None	12
Mississippi	Yes	Yes	60	7	12
Missouri	Yes	Yes	60	7	12
North Carolina	No	No	None	None	12
<b>Tennessee</b>	<b>Yes</b>	<b>Yes</b>	<b>60</b>	<b>None</b>	<b>4</b>
Virginia	Yes	Yes	60	4	18

expire much earlier (when the child reaches 4 months of age).

State assistance programs can sanction non-exempt adults who fail to comply with work activity requirements. These sanctions and how they are implemented vary from state to state. However, these sanctions tend to be implemented with an increasing level of severity depending on

the number of times that the individual has been non-compliant in the past. Table 4.7 shows the type and length of initial sanctions and the most severe sanctions among Tennessee and the comparison group. Tennessee's sanctions are among the most severe, but policies for removing them are quite lenient in comparison to neighboring states.

**TABLE 4.7—Sanctions for Failure to Comply with Work Requirements**

State	Initial Sanction		Most Severe Sanction	
	Amount of benefit reduction	Minimum length of sanction (months)	Amount of benefit reduction	Minimum length of sanction (months)
Alabama	25%	3	Full	6
Arkansas	25%	Until Compliance	25%	Until Compliance
Georgia	25%	Until Compliance, up to 3 months	Full	Permanent
Kentucky	Pro-Rated	Until Compliance	Full	Until Compliance
Mississippi	Full	2	Full	Permanent
Missouri	25%	Until Compliance	25%	3
North Carolina	\$50	3	\$75	12
<b>Tennessee</b>	<b>Full</b>	<b>Until in Compliance for 2 weeks</b>	<b>Full</b>	<b>3</b>
Virginia	Full	1	Full	6

### Time Limits

Table 4.8 shows the various intermediate and lifetime limits used by Tennessee and its eight neighboring states. North Carolina, Tennessee and Virginia have placed intermediate limits on the number of consecutive months that benefits may be received. Arkansas and Georgia have also implemented much shorter lifetime limits, at 24 and 48 months, respectively.

All states allow households to be exempted from time limits or to have their time limits extended in certain situations. Tables 4.9 and 4.10 show the exemption and extension criteria used by Tennessee and its eight neighboring states. These tables do not include exemption criteria that the federal government requires all states to use. Specifically, exemptions may be

granted to families that do not contain an adult receiving assistance. Further, months of assistance received by an adult as a minor child are not counted, nor are months in which a household lived on an Indian reservation with an unemployment rate above 50%. Tennessee's time limit exemption and extension policies are not dramatically different from those in surrounding states.

**TABLE 4.8—Time Limits**

State	Intermediate Time Limit	Lifetime Limit
Alabama	None	60 months
Arkansas	None	24 months
Georgia	None	48 months
Kentucky	None	60 months
Mississippi	None	60 months
Missouri	36 months	60 months
North Carolina	24 months, followed by 36 months of ineligibility	60 months
<b>Tennessee</b>	<b>18 months, followed by at least 3 months of ineligibility</b>	<b>60 months</b>
Virginia	24 months, followed by 24 months of ineligibility	60 months

**TABLE 4.9—Time Limit Exemptions**

State	Age	Illness	Exemptions Provided on the Basis of:			
			Caring for Disabled Person	Caring for Child (age in mos.)	High Local Unemployment	Domestic Violence
Alabama		X	X			X
Arkansas	X	X	X	X (12)		X
Georgia						X
Kentucky		N/A				X
Mississippi	X	X	X			X
Missouri					X	
North Carolina	X	X	X	X (60)		
<b>Tennessee</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X (4)</b>		<b>X</b>
Virginia	X	X	X	X (18)		

**TABLE 4.10—Time Limit Extensions**

State	Extension Policies:
Alabama	None
Arkansas	If an adult has been exempted or deferred from work activities or if a child is at risk of neglect.
Georgia	None
Kentucky	If a recipient loses a job within 30 days of reaching a time limit (3 month extension).
Mississippi	None
Missouri	None
North Carolina	If the recipient is in compliance with PRP or not in compliance but for good cause, or is unable to find work (no extensions to 60 month lifetime limit).
Tennessee	If the recipient's county has an exceptionally high unemployment rate, or if no job is available (1 to 6 month extension, can apply to either time limit).
Virginia	If unable to find or retain work, if training for work, or if recipient's county has an unemployment rate above 10 percent (3 to 12 month extension).

### CASELOAD DIFFERENCES IN NEIGHBORING STATES

One would tend to think that the characteristics of the welfare populations of Tennessee and its neighboring states would be similar. However, a close examination of data from the U.S. Department of Health and Human Services reveals significant differences in the demographics of caseloads across these states. These differences, along with the policy differences noted above, may be responsible for many of the observed differences in welfare performance discussed below.

The first column of Table 4.11 shows the proportion of welfare recipients in each state that is not white. Mississippi has the largest percentage of non-whites, 86.1 percent, while Kentucky's welfare population is made up of

predominantly white individuals with only 21.1 percent of its caseload being non-white. Tennessee's percentage of non-whites (62.3) is slightly below the average of 64 percent for the nine states and the national average of 68.2 percent.

Education is another characteristic where state caseloads differ greatly. Table 4.11 also gives the percentage of adults in each state with less than 12 years of education. On average across the nine states 47.4 percent of adults on welfare have less than 12 years of education. Kentucky has

the largest percentage in this category—56.0 percent, while Georgia has the lowest—only 41.2 percent. The percent of recipients without a high school education in Tennessee is 50.1 percent, which is 2.7 percentage points higher than the average of the neighboring states and 1.2 percentage points above the national average.

Table 4.11 also reveals that Tennessee's caseload is made up of a larger percentage of single-parent families than are the caseloads of most of its neighboring states. Nearly 70 percent of Tennessee's welfare families are single-parent families, almost 4 percentage points higher than the national average. This is at least partially a result of the lack of diversion payments in Tennessee. With a larger percentage of single caretakers, Tennessee may face a more difficult challenge when attempting to help assistance groups attain self-sufficiency. Two-parent families have higher income potentials and greater



**TABLE 4.11—Caseload Demographics, FY 1999**

State	Percent Non-white (a)	Average Family Size	Percent of Families with Single Parent	Percent of Adults Under Age 20	Percent of Adults Age 20-40	Percent of Adults with less than 12 Years Education	Percent of Adults Never Married	Percent of Adults Receiving Federal Disability Benefits
Alabama	74.9	2.4	48.7	8.6	80.3	49.4	70.6	0.3
Arkansas	65.1	2.4	50.9	10.5	76.9	42.8	69.6	2.6
Georgia	79.3	2.5	59.0	7.2	77.5	41.2	38.5	0.5
Kentucky	21.1	2.3	62.0	6.5	79.9	56.0	49.7	0.7
Mississippi	86.1	2.4	51.9	8.6	78.4	46.3	71.5	0
Missouri	55.7	2.7	70.0	9.1	78.2	49.0	73.2	1.0
North Carolina	62.4	2.3	54.3	8.7	79.7	43.3	70.5	N/A
<b>Tennessee</b>	<b>62.3</b>	<b>2.6</b>	<b>69.8</b>	<b>7.8</b>	<b>79.5</b>	<b>50.1</b>	<b>61.8</b>	<b>0.2</b>
Virginia	71.0	2.4	59.4	7.0	79.6	48.7	56.4	1.8
United States	68.2	2.8	66.2	6.2	73.5	48.9	58.1	1.3

(a) Several states have a small percentage of TANF families whose race is unknown. In North Carolina this group makes up 15 % of all TANF families.

Source: National emergency TANF Datafile as of April 14, 2000

family support structures, both of which may ease the transition to self-sufficiency. Alabama has the smallest percentage of single-parent families at only 48.7 percent.

Tennessee and surrounding states are all above the national average when considering the share of adults on benefits under the age of 20. Teenage mothers represent about 7.8 percent of Tennessee's welfare caseload. Although this number is above the national average of 6.2 percent, it is below the average for the surrounding states of 8.3 percent. The 20- to 40-year old age bracket is the largest group in all of these states.

The final column of this table shows the share of adults on welfare that receives federal disability benefits. This measure should approximate the percentage of beneficiaries who are unable to

obtain employment due to a physical or mental disability. Perhaps it is a bit surprising that neither Tennessee nor any of its surrounding neighbors has a large percentage of their welfare populations receiving federal disability benefits. With only 0.2 percent of adults on Families First in this category, Tennessee is well below the national average of 1.3 percent. Several of the surrounding states are considerably closer to the national average.

## OUTCOME MEASURES IN NEIGHBORING STATES

As discussed earlier in this chapter, Tennessee and its neighbors differ slightly in their welfare program designs. Now that we have also established that the demographics of welfare

**TABLE 4.12—Benefits**

State	Average Benefits	Percent Distribution of TANF Families Receiving Assistance			
		Medical Assistance	Food Stamps	Subsidized Housing *	Subsidized Childcare *
Alabama	\$141	99.5	55.9	5.5	
Arkansas	155	97.9	77.2	8.8	0.6
Georgia	232	100.0	65.4		0.2
Kentucky	216	100.0	77.1	22.7	5.5
Mississippi	110	98.7	81.8		
Missouri	247	100.0	70.6	17.3	11.8
North Carolina	222	100.0	48.7	20.2	5.0
<b>Tennessee</b>	175	100.0	87.7	1.8	
Virginia	244	100.0	67.4		14.5
United States	357	98.3	80.7	12.6	4.2

\*U.S. is underestimated because data is unknown for several states. Average benefit data not available for child only cases.

Source: National emergency TANF datafile as of April 14, 2000.

populations are also different across these states, it is reasonable to suspect that average benefits and program participation also differ by state. Table 4.12 shows average benefit levels in each state as well as the percent distribution of TANF families receiving various types of assistance. The average monthly benefit payment to families in Tennessee for FY1999 was approximately \$175. This average monthly benefit payment is considerably lower than the national average of \$357 and also lower than the average of the eight surrounding states (\$196).

However, caution should be used when comparing average benefits across states due to differences in benefit composition. Some states, especially Tennessee, offer larger amounts of non-cash assistance such as the support services mentioned above and thus provide smaller cash benefits. Other states tend to offer larger cash

payments in place of these other forms of assistance. Missouri offers the largest average monthly benefit, and Mississippi offers the lowest average monthly benefits at values of \$247 and \$110, respectively.

The remaining columns of Table 4.12 show the distribution of TANF families receiving various types of assistance. Nearly 100 percent of welfare families are receiving medical assistance in the states in this comparison. All states except Arkansas were above the national average of 98.3 percent. Tennessee and five other states provide medical coverage to each family that receives benefits.

The percent distribution of TANF families receiving assistance in the form of food stamps in FY1999 varies considerably between the nine states examined in this analysis. Approximately 88 percent of families in Tennessee receiving

welfare benefits also receive food stamps each month. This percentage is higher than that of any other state, due possibly to the differences in caseloads outlined above (more single-parent families and more teenage mothers). It is also higher than the national average of 81 percent and 13 percentage points higher than the average of the surrounding states.

The final two columns of this table show the percentage of families receiving subsidized housing and childcare as part of their monthly assistance benefits. Unfortunately, data for several states are missing. However, it is still interesting to note that Kentucky and North Carolina provide subsidized housing to more than 20 percent of their TANF families—well above the national average of 12.6 percent. Virginia provides almost 15 percent of its families with subsidized childcare, which is also well above the national average of 4.2 percent.

### **Caseload Trends**

We rely on data from the U.S. Department of Health and Human Services for information on caseloads for all 50 states from 1993 to 1999. These statistics are reported in January of each year and thus may differ from data in other sources. It has been well established that welfare caseloads have dropped dramatically during the 1990's. In January of 1993, 14.1 million people were receiving benefits nationwide. By January of 1999 this total had dropped to approximately 7.4 million, a decline of 47.5 percent. This decline represents the largest caseload reduction in welfare history and results in the lowest number of recipients since the late 1960s. During this same time period, 39 states around the country

saw their caseloads decline by at least 50 percent.

Most of these states were beginning to see declines in caseloads in the early 90's. However, major reductions did not occur until the passage of welfare reform legislation in August of 1996. Between January of 1996 and January of 1999 national caseloads were reduced by 42.3 percent (Council of Economic Advisors, 1999). Stricter work requirements, time limits and other policy changes successfully accounted for approximately one-third of the caseload decline between 1996 and 1998. The strength of the economy was found to cause 10 percent of the total decline. Of course, these numbers have been the subject of considerable scrutiny in recent research. To be sure, policy changes and economic conditions have both played important roles in the recent caseload decline.

Over the past seven years, Tennessee has certainly seen major reductions in its welfare caseload. The total number of recipients in the state was nearly 321,000 in 1993. The implementation of Families First and the strong performance of the state's economy have reduced the total number of recipients to approximately 149,000 as of January 1999. This reduction represents a 54 percent decline in the state caseload. Tennessee experienced a caseload reduction of nearly 44 percent between January of 1996 and January of 1999, which may suggest that Families First has been effective in helping families achieve self-sufficiency.

Tennessee's neighbors have also achieved major reductions in welfare caseloads. Table 4.13 offers data on caseload totals and changes for Tennessee and neighboring states. As shown, neighboring states had on average 90,000 welfare

**TABLE 4.13—Caseload Comparisons**

State	Total Recipients	Percent of Population	Total Number of Families	Percent Change Jan 93-Jan 99	Percent Change Jan 96-Jan 99	Percent Change Jan 97-99
Alabama	48459	0.011	20505	0.658	0.552	0.47
Arkansas	29284	0.011	12057	0.604	0.506	0.46
Georgia	167400	0.021	66070	0.584	0.545	0.72
Kentucky	102370	0.026	43799	0.551	0.420	0.37
Mississippi	42651	0.015	17954	0.755	0.679	0.60
Missouri	136782	0.025	52831	0.472	0.425	0.34
North Carolina	145596	0.019	63234	0.561	0.484	0.42
<b>Tennessee</b>	<b>148781</b>	<b>0.027</b>	<b>57608</b>	<b>0.536</b>	<b>0.439</b>	<b>0.24</b>
Virginia	91544	0.013	37706	0.529	0.449	0.32
United States	7427907	0.027	2724280	0.474	0.423	0.34

Source: *Third Annual Report to Congress, 1999*. U.S. Department of Health and Human Services (2000). Population estimates for July 1, 1999 from U.S. Census Bureau.

recipients as of January 1999. Arkansas had the smallest number (just over 29,000), while Georgia had the largest (more than 167,000). On average, a caseload reduction of 59 percent occurred in these states between 1993 and 1999. Mississippi experienced the most success in caseload reduction, with a 75.5 percent reduction during this period. Missouri's 47.2 percent reduction was the smallest, but their performance was still very close to the national average.

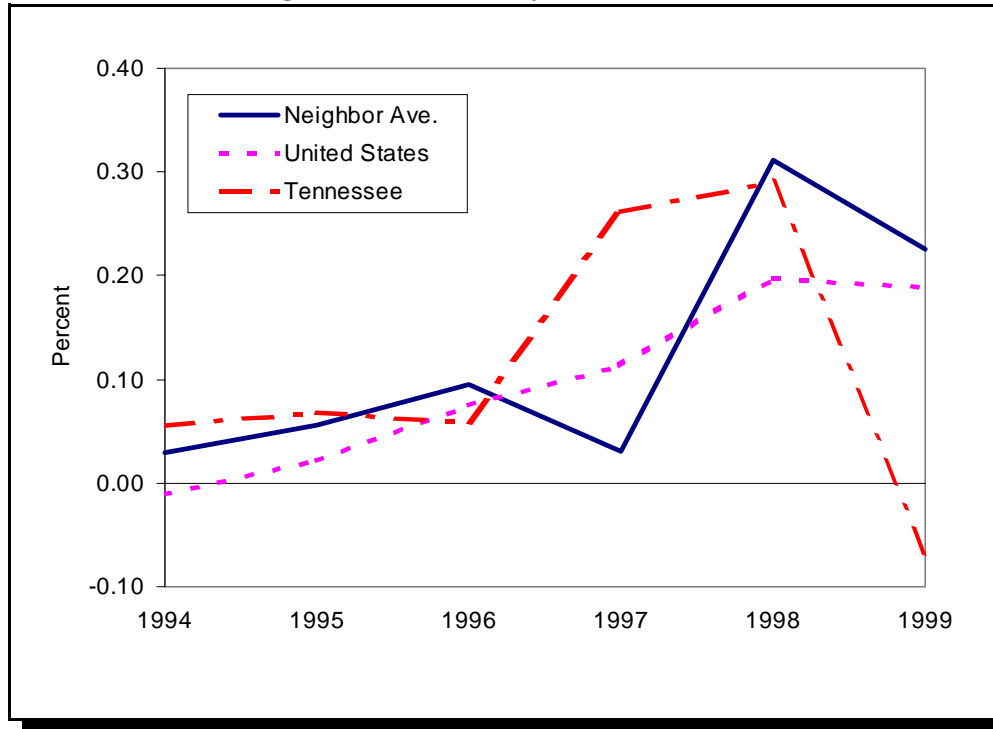
In terms of caseload reductions since welfare reform, Mississippi again has experienced the largest change with a 68 percent reduction. Kentucky has seen its caseload decline the least compared with all other neighboring states since welfare reforms were enacted; its 42 percent reduction is still quite significant.

Tennessee's performance in caseload reduction compared to neighboring states seems to be slightly below average. As of January 1999, Tennessee had a higher percentage of its

population on welfare than any other neighboring state although the percentage was comparable to the national average. Surrounding states had on average 2.1 percent of their populations on welfare benefits while Tennessee had slightly over 2.7 percent.

In comparison to the eight surrounding states Tennessee ranks 7<sup>th</sup> in terms of cumulative caseload reductions over the past seven years. The rank improves to 6<sup>th</sup> when only the post-welfare reform reductions are considered. In both calculations, Tennessee has performed above the national average. Figure 4.1 graphs the average percentage reduction in yearly caseloads for the nation, the eight neighboring states and Tennessee. As can be seen from the Figure, Tennessee experienced great success in caseload reductions between January of 1996 and January of 1998; however, the state's welfare caseload has actually increased slightly in recent years. Researchers continue to examine the causes of

**FIGURE 4.1—Percentage Reduction in Yearly Caseloads**



national average of 54.7 percent. This difference is easily explained by differences in caseload demographics and the absence of diversion payments. Compared to neighboring states, Tennessee's work participation rates are higher. The majority of work participants are engaged in unsubsidized employment while a considerable share is also participating in job skills training and other educational activities.

this increase.

### Work Participation Rates

Welfare reform policies designed to increase work participation among recipients have been successful all across the country. In FY1999 all 50 states met their required work participation rates, and the overall national average participation rate increased by 8.5 percent from the previous year. Table 4.14 shows the work participation rates for all families and for two-parent families for the nine states studied here. The table also shows participation rates by type of work activity.

Tennessee's work participation rate for FY1999 was 41.1 percent for all families, which was above the national average of 38.3 percent. However, Tennessee's work participation rate for two-parent families (44.3 percent) was below the

### Performance Bonuses

Each year high performance bonuses are given to reward states that are the most successful in achieving the goals of the TANF program. Bonuses in the form of extra funds are given based on each state's performance in the following categories: job entry, retention, earnings gain and success in the workforce (a measure based on job retention and earnings gains). These work measures reflect a strong dedication to helping welfare recipients find employment and gain self-sufficiency. Funds are only given to states scoring in the top ten in each category, which increases the level of competition between states.

The performance-based incentive program has been very successful on the national level. In FY1998, 1.3 million welfare recipients entered the

**TABLE 4.14—Work Rates**

State	Work Participation Rate (all Families)	Work Participation Rate (Two-Parent Families)	Average Monthly Number of Adults with Hours of Participation as a Percent of the Number of Participating Adults			
			Unsubsidized Employment	Subsidized Employment*	Job Search	Job Skills Training and other Educational Activities**
Alabama	37.4	1/	61.7	7.8	21.4	20.0
Arkansas	23.7	10.5	33.1	13.0	20.1	31.5
Georgia	17.6	1/	47.2	18.3	6.2	30.3
Kentucky	38.1	46.6	63.9	10.9	2.1	17.7
Mississippi	27.0	87.5	67.5	2.5	12.8	8.2
Missouri	28.2	29.8	34.3	2.0	13.2	27.2
North Carolina	16.0	30.3	67.6	2.2	8.6	28.8
<b>Tennessee</b>	<b>41.1</b>	<b>44.3</b>	<b>44.4</b>	<b>0</b>	<b>23.2</b>	<b>42.2</b>
Virginia	41.1	1/	78.0	5.4	29.2	5.8
United States	38.3	54.7	66.1	0.9	14.1	14.7

1/ State has no two-parent families in its TANF program.

\*Includes both private and public subsidized employment.

\*\*Individuals may participate in more than one activity therefore state totals could exceed 100 percent

Source: *The Administration for Children and Families*, Office of Planning, Research and Evaluation, as published by the U.S. Department of Health and Human Services (2000).

workforce with a retention rate of 80 percent. Average earnings increased 23 percent during this time period for current and former welfare recipients, increasing from \$2,088 in the first quarter of the year to \$2,571 by the third quarter. In the first year of the program, 46 states competed for bonuses in each of the four categories. Table 4.15 shows the performance rankings of the nine states included in this analysis for achievements in FY1998. Tennessee ranked higher than any neighboring state in three out of the four categories.

Tennessee's best performance came in the job entry category where the state received a national ranking of third. This excellent performance results from the high priority Families First places on providing support structures that allow recipients to get and succeed in jobs. Families First support services such as those outlined above certainly play a significant role in helping individuals make the transition to employment.

Although Tennessee did not achieve a top-ten ranking in the job retention category, its rank of 14<sup>th</sup> still represents a strong performance.

**TABLE 4.15—Performance Bonuses**

State	States Ranked According to FY1998 Performance Rates for Each Measure			
	Job Entry	Retention	Earnings Gain	Success in the Workforce
Alabama	22	N/A	N/A	N/A
Arkansas	24	19	35	30
Georgia	27	41	21	40
Kentucky	31	43	30	42
Mississippi	33	25	22	29
Missouri	34	26	18	27
North Carolina	28	21	14	15
<b>Tennessee</b>	3	14	28	15
Virginia	N/A	N/A	N/A	N/A

Source: *Third Annual Report to Congress, 1999*. U.S. Department of Health and Human Services (2000).

Tennessee tied with North Carolina for the top rank among the nine states in our comparison group in terms of success in the workforce, with an overall rank of 15<sup>th</sup>. Unfortunately, Tennessee was relatively less successful than most surrounding states in the earnings gain category. However, Tennessee's overall performance in FY1998 was well above average. Further, Tennessee's successes continued and another high performance bonus has recently been awarded on the basis of FY 1999 outcomes.

### CONCLUSION

Welfare reform has taken on a different meaning in Tennessee, despite broad consistency with federal guidelines. The differences between Families First and the TANF guidelines, while in effect quite substantial, can be summarized as follows:

- Recipients of cash assistance in Tennessee must begin working, looking for work, or

training for work immediately, not merely within the first 24 months of benefits.

- In order to accommodate this immediate work requirement, Families First provides a number of important support services and other provisions. Included in this are: a more generous set of activities that can satisfy work requirements (including education and training); an innovative system of completion bonuses (for achieving various training and employment goals); a vast network of support services (such as medical care, child care, counseling, and transportation assistance); and a commitment toward transitional medical, child care, or transportation support after recipients leave Families First.

The differences between Families First policies and those in surrounding states mirror the differences from the federal guidelines. Welfare caseloads differ less dramatically across the nine comparison states, despite some key policy differences. Tennessee does tend to have more single-parent families on public assistance, perhaps as a result of the lack of diversion payments.

Within the context of these policy and caseload differences, Tennessee stacks up fairly well against neighboring states in terms of various

performance measures. The state's performance in terms of caseload reduction has been dramatic, although somewhat less so than in neighboring states (especially after welfare reform). Nonetheless, Tennessee has performed remarkably well on other outcome measures, most notably those involving job entry and retention rates.

### **ENDNOTES**

1. Data on caseload demographics and state outcomes are drawn from *Temporary Assistance for Needy Families (TANF) Program: Third Annual Report to Congress*, U.S. Department of Health and Human Services, August 2000. (<http://www.acf.dhhs.gov/programs/opre/director.htm>.)



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# Appendix A: Forecast Data

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TENNESSEE ECONOMETRIC MODEL November 2000 UPDATE  
 TABLE 1: SELECTED U.S. AND TENNESSEE ECONOMIC INDICATORS  
 SEASONALLY ADJUSTED

	HISTORY			FORECAST - DATA								ANNUAL		
	200002	200003	200004	200101	200102	200103	200104	200201	200202	200203	200204	2000	2001	2002
US GDP (BIL96\$) SAAR.....	9318.9	9382.2	9447.4	9527.7	9605.7	9671.4	9745.9	9840.2	9927.0	10016.8	10098.4	9335.1	9637.7	9970.6
% CHG PREV QTR SAAR.....	5.65	2.74	2.81	3.44	3.32	2.76	3.12	3.93	3.58	3.67	3.30	5.17	3.24	3.45
% CHG SAME QTR LAST YR.....	6.10	5.35	4.00	3.65	3.08	3.08	3.16	3.28	3.34	3.57	3.62	5.17	3.24	3.45
US GDP (BIL\$) SAAR.....	9945.7	10063.3	10176.4	10343.7	10468.8	10588.7	10698.5	10828.4	10970.0	11123.6	11267.7	9984.5	10524.9	11047.4
% CHG PREV QTR SAAR.....	8.15	4.81	4.57	6.74	4.93	4.66	4.21	4.95	5.33	5.72	5.28	7.37	5.41	4.96
% CHG SAME QTR LAST YR.....	8.21	7.73	6.45	6.06	5.26	5.22	5.13	4.69	4.79	5.05	5.32	7.37	5.41	4.96
IMPLICIT DEFLATOR,GDP.....	106.7	107.3	107.7	108.6	109.0	109.5	109.8	110.0	110.5	111.1	111.6	106.9	109.2	110.8
% CHG PREV QTR SAAR.....	2.28	2.27	1.50	3.38	1.48	1.85	1.10	0.73	1.83	2.19	1.81	2.08	2.13	1.44
% CHG SAME QTR LAST YR.....	1.91	2.29	2.38	2.36	2.16	2.05	1.95	1.29	1.38	1.46	1.64	2.08	2.13	1.44
US PERS CONS DEFL (1996=100)....	107.1	107.7	108.6	109.3	109.6	110.0	110.5	110.9	111.7	112.4	113.1	107.5	109.8	112.0
% CHG PREV QTR SAAR.....	1.89	2.26	3.38	2.60	1.10	1.47	1.83	1.46	2.92	2.53	2.51	2.53	2.19	1.98
% CHG SAME QTR LAST YR.....	2.39	2.47	2.74	2.53	2.33	2.14	1.75	1.46	1.92	2.18	2.35	2.53	2.19	1.98
TN PERSONAL INCOME (MIL96\$) SAAR	138429	138241	139018	140925	142064	142757	144175	146618	148537	147782	148508	138068	142480	147861
% CHG PREV QTR SAAR.....	5.51	-0.54	2.27	5.60	3.27	1.97	4.03	6.95	5.34	-2.02	1.98	3.24	3.20	3.78
% CHG SAME QTR LAST YR.....	3.89	2.80	2.55	3.18	2.63	3.27	3.71	4.04	4.56	3.52	3.01	3.24	3.20	3.78
US PERSONAL INCOME (BIL96\$) SAAR	7695.7	7756.8	7791.5	7860.6	7939.1	8002.8	8060.4	8120.4	8175.7	8239.9	8285.8	7712.0	7965.7	8205.5
% CHG PREV QTR SAAR.....	4.92	3.21	1.80	3.59	4.06	3.25	2.91	3.01	2.75	3.18	2.24	3.81	3.29	3.01
% CHG SAME QTR LAST YR.....	4.14	4.14	3.30	3.37	3.16	3.17	3.45	3.31	2.98	2.96	2.80	3.81	3.29	3.01
TN PERSONAL INCOME (MIL\$) SAAR..	148257	148886	150974	154031	155702	157033	159313	162599	165916	166107	167962	148429	156520	165646
% CHG PREV QTR SAAR.....	7.50	1.71	5.73	8.35	4.41	3.46	5.94	8.51	8.41	0.46	4.54	5.84	5.45	5.83
% CHG SAME QTR LAST YR.....	6.38	5.34	5.37	5.79	5.02	5.47	5.52	5.56	6.56	5.78	5.43	5.84	5.45	5.83
US PERSONAL INCOME (BIL\$) SAAR..	8242.1	8354.1	8461.6	8591.6	8701.3	8803.1	8906.7	9005.5	9132.3	9261.7	9371.2	8290.9	8750.7	9192.7
% CHG PREV QTR SAAR.....	6.90	5.55	5.25	6.29	5.21	4.76	4.79	4.51	5.75	5.79	4.81	6.43	5.55	5.05
% CHG SAME QTR LAST YR.....	6.63	6.71	6.14	5.99	5.57	5.37	5.26	4.82	4.95	5.21	5.22	6.43	5.55	5.05
TN NONAGRIC JOBS (THOUS).....	2717.2	2713.5	2723.1	2734.4	2743.6	2751.7	2755.7	2772.2	2781.2	2799.2	2812.0	2714.3	2746.4	2791.1
% CHG PREV QTR SAAR.....	2.05	-0.53	1.42	1.66	1.36	1.18	0.59	2.41	1.31	2.61	1.84	1.46	1.18	1.63
% CHG SAME QTR LAST YR.....	1.88	1.13	1.30	1.14	0.97	1.41	1.20	1.38	1.37	1.73	2.04	1.46	1.18	1.63
US NONAGRIC JOBS (MIL).....	131.6	131.6	132.2	132.5	133.0	133.2	133.6	134.1	134.6	135.1	135.4	131.5	133.1	134.8
% CHG PREV QTR SAAR.....	3.10	0.00	1.84	0.91	1.52	0.60	1.21	1.51	1.50	1.49	0.89	2.12	1.20	1.30
% CHG SAME QTR LAST YR.....	2.49	1.94	1.85	1.45	1.06	1.22	1.06	1.21	1.20	1.43	1.35	2.12	1.20	1.30
TN UNEMPLOYMENT RATE (%).....	3.7	3.7	4.0	4.1	4.2	4.3	4.5	4.4	4.5	4.5	4.5	3.7	4.3	4.5
US UNEMPLOYMENT RATE (%).....	4.0	4.0	4.1	4.2	4.3	4.5	4.6	4.6	4.5	4.5	4.5	4.1	4.4	4.5
BANK PRIME INTEREST RATE (%)....	9.2	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.3	9.3	9.2	9.5	9.4
TN MFG JOBS (THOUS).....	507.0	507.6	507.8	500.1	501.3	497.0	498.6	498.8	498.2	496.1	498.4	507.4	499.2	497.9
% CHG PREV QTR SAAR.....	-0.13	0.45	0.14	-5.91	0.95	-3.34	1.23	0.16	-0.47	-1.65	1.86	-0.25	-1.61	-0.27
% CHG SAME QTR LAST YR.....	0.01	-0.56	-0.36	-1.40	-1.13	-2.08	-1.81	-0.26	-0.62	-0.18	-0.03	-0.25	-1.61	-0.27

(CONTINUED ON NEXT PAGE)

Forecast Data-Quarterly

TENNESSEE ECONOMETRIC MODEL November 2000 UPDATE  
 TABLE 1: SELECTED U.S. AND TENNESSEE ECONOMIC INDICATORS (CONT.)  
 SEASONALLY ADJUSTED

	HISTORY	FORECAST - DATA										ANNUAL		
	200002	200003	200004	200101	200102	200103	200104	200201	200202	200203	200204	2000	2001	2002
TN TAXABLE SALES (MIL96\$).....	17340	17188	17765	18161	17890	17682	18082	18706	18355	18522	18534	70249	71815	74118
% CHG PREV QTR SAAR.....	-13.04	-3.45	14.11	9.22	-5.83	-4.57	9.36	14.55	-7.31	3.70	0.26	1.83	2.23	3.21
% CHG SAME QTR LAST YR.....	1.29	-0.09	1.88	1.14	3.17	2.87	1.78	3.00	2.60	4.75	2.50	1.83	2.23	3.21
TN TAXABLE SALES (MIL\$).....	18571	18512	19293	19850	19608	19450	19981	20745	20502	20819	20962	75516	78889	83029
% CHG PREV QTR SAAR.....	-11.39	-1.26	17.97	12.07	-4.80	-3.17	11.36	16.22	-4.61	6.32	2.78	4.40	4.47	5.25
% CHG SAME QTR LAST YR.....	3.71	2.38	4.68	3.70	5.58	5.07	3.57	4.51	4.56	7.04	4.91	4.40	4.47	5.25
TN AVG ANNUAL WAGE, NONAG (96\$)..	28986	28913	28959	29166	29310	29470	29597	29739	29794	29568	29686	28905	29386	29697
% CHG PREV QTR SAAR.....	3.17	-1.01	0.64	2.89	1.99	2.20	1.74	1.94	0.74	-3.01	1.61	0.81	1.66	1.06
% CHG SAME QTR LAST YR.....	1.11	0.16	0.22	1.41	1.12	1.92	2.20	1.97	1.65	0.33	0.30	0.81	1.66	1.06
TN AVG ANNUAL WAGE, NONAG (\$)....	31044	31139	31449	31878	32124	32416	32705	32981	33280	33234	33575	31073	32281	33268
% CHG PREV QTR SAAR.....	5.12	1.23	4.04	5.57	3.12	3.70	3.61	3.42	3.68	-0.55	4.16	3.36	3.89	3.06
% CHG SAME QTR LAST YR.....	3.53	2.64	2.97	3.98	3.48	4.10	3.99	3.46	3.60	2.52	2.66	3.36	3.89	3.06

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TENNESSEE ECONOMETRIC MODEL November 2000 UPDATE  
 TABLE 2: SELECTED PER CAPITA U.S. AND TENNESSEE ECONOMIC INDICATORS  
 SEASONALLY ADJUSTED

	HISTORY			FORECAST - DATA								ANNUAL		
	200002	200003	200004	200101	200102	200103	200104	200201	200202	200203	200204	2000	2001	2002
US GDP (96\$) SAAR.....	33986	34142	34304	34533	34740	34902	35095	35371	35606	35864	36079	34004	34818	35730
% CHG PREV QTR SAAR.....	4.88	1.85	1.92	2.70	2.42	1.88	2.23	3.18	2.69	2.93	2.42	4.29	2.39	2.62
% CHG SAME QTR LAST YR.....	5.21	4.47	3.13	2.83	2.22	2.23	2.31	2.43	2.49	2.76	2.80	4.29	2.39	2.62
US GDP (\$) SAAR.....	36272	36620	36951	37491	37862	38213	38525	38923	39347	39827	40256	36369	38023	39588
% CHG PREV QTR SAAR.....	7.37	3.90	3.66	5.97	4.02	3.76	3.32	4.19	4.43	4.96	4.38	6.47	4.55	4.12
% CHG SAME QTR LAST YR.....	7.30	6.83	5.56	5.21	4.38	4.35	4.26	3.82	3.92	4.22	4.49	6.47	4.55	4.12
TN PERSONAL INCOME (96\$) SAAR...	25029	24916	24982	25251	25398	25471	25653	26006	26288	26105	26189	24920	25443	26147
% CHG PREV QTR SAAR.....	4.52	-1.81	1.08	4.38	2.34	1.16	2.88	5.62	4.41	-2.76	1.30	2.21	2.10	2.77
% CHG SAME QTR LAST YR.....	2.89	1.78	1.48	2.01	1.47	2.23	2.68	2.99	3.51	2.49	2.09	2.21	2.10	2.77
TN PERSONAL INCOME (\$) SAAR.....	26807	26834	27131	27600	27836	28019	28346	28841	29364	29342	29620	26790	27950	29292
% CHG PREV QTR SAAR.....	6.49	0.41	4.50	7.09	3.47	2.65	4.76	7.16	7.46	-0.30	3.84	4.79	4.33	4.80
% CHG SAME QTR LAST YR.....	5.35	4.29	4.26	4.59	3.84	4.41	4.48	4.50	5.49	4.72	4.49	4.79	4.33	4.80
US PERSONAL INCOME (96\$) SAAR...	28066	28227	28292	28491	28713	28881	29025	29189	29325	29502	29603	28092	28777	29405
% CHG PREV QTR SAAR.....	4.15	2.32	0.92	2.84	3.16	2.36	2.02	2.27	1.87	2.44	1.37	2.94	2.44	2.18
% CHG SAME QTR LAST YR.....	3.27	3.27	2.44	2.55	2.31	2.31	2.59	2.45	2.13	2.15	1.99	2.94	2.44	2.18
US PERSONAL INCOME (\$) SAAR.....	30059	30401	30725	31140	31469	31769	32073	32371	32756	33160	33481	30200	31613	32942
% CHG PREV QTR SAAR.....	6.12	4.63	4.33	5.52	4.30	3.86	3.89	3.76	4.84	5.03	3.92	5.54	4.68	4.20
% CHG SAME QTR LAST YR.....	5.73	5.82	5.25	5.15	4.69	4.50	4.39	3.95	4.09	4.38	4.39	5.54	4.68	4.20
TN TAXABLE SALES (96\$).....	3135	3098	3192	3254	3198	3155	3217	3318	3248	3272	3269	12680	12825	13107
% CHG PREV QTR SAAR.....	-13.85	-4.68	12.78	7.96	-6.69	-5.32	8.15	13.12	-8.13	2.91	-0.41	0.83	1.14	2.20
% CHG SAME QTR LAST YR.....	0.31	-1.08	0.81	0.00	2.01	1.84	0.78	1.96	1.57	3.71	1.59	0.83	1.14	2.20
TN TAXABLE SALES (\$).....	3358	3336	3467	3557	3505	3470	3555	3680	3629	3678	3697	13630	14088	14682
% CHG PREV QTR SAAR.....	-12.23	-2.52	16.60	10.77	-5.66	-3.93	10.13	14.77	-5.45	5.52	2.10	3.37	3.36	4.22
% CHG SAME QTR LAST YR.....	2.71	1.36	3.58	2.53	4.40	4.02	2.54	3.45	3.51	5.97	3.98	3.37	3.36	4.22

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Forecast Data-Quarterly

TENNESSEE ECONOMETRIC MODEL November 2000 UPDATE  
 TABLE 3: TENNESSEE PERSONAL INCOME BY COMPONENTS  
 SEASONALLY ADJUSTED ANNUAL RATES  
 MILLIONS OF 1996 DOLLARS

	HISTORY					FORECAST - DATA						ANNUAL		
	200002	200003	200004	200101	200102	200103	200104	200201	200202	200203	200204	2000	2001	2002
TOTAL PERSONAL INCOME.....	138429	138241	139018	140925	142064	142757	144175	146618	148537	147782	148508	138068	142480	147861
% CHG PREV QTR SAAR.....	5.51	-0.54	2.27	5.60	3.27	1.97	4.03	6.95	5.34	-2.02	1.98	3.24	3.20	3.78
% CHG SAME QTR LAST YR.....	3.89	2.80	2.55	3.18	2.63	3.27	3.71	4.04	4.56	3.52	3.01	3.24	3.20	3.78
WAGES AND SALARIES.....	79561	79260	79669	80567	81245	81932	82413	83303	83732	83643	84363	79263	81539	83760
% CHG PREV QTR SAAR.....	5.19	-1.51	2.08	4.59	3.41	3.43	2.37	4.39	2.08	-0.42	3.49	2.32	2.87	2.72
% CHG SAME QTR LAST YR.....	3.03	1.35	1.57	2.55	2.12	3.37	3.44	3.39	3.06	2.09	2.37	2.32	2.87	2.72
OTHER LABOR INCOME.....	8523	8422	8406	8508	8487	8527	8933	9093	8962	8581	8909	8444	8614	8886
% CHG PREV QTR SAAR.....	4.73	-4.67	-0.76	4.94	-0.96	1.89	20.45	7.35	-5.62	-15.95	16.20	0.87	2.01	3.17
% CHG SAME QTR LAST YR.....	1.99	0.02	-0.18	0.98	-0.42	1.25	6.27	6.88	5.60	0.64	-0.26	0.87	2.01	3.17
PROPRIETORS INCOME.....	13763	13486	13589	13863	14261	13733	13890	14335	15713	14920	14312	13600	13937	14820
% CHG PREV QTR SAAR.....	6.06	-7.81	3.10	8.30	12.00	-14.00	4.64	13.44	44.37	-18.72	-15.32	5.68	2.48	6.34
% CHG SAME QTR LAST YR.....	7.03	5.08	2.57	2.22	3.62	1.84	2.21	3.41	10.18	8.64	3.04	5.68	2.48	6.34
RENT INTEREST DIVIDENDS.....	22555	22913	22885	23224	23394	23582	23697	24311	24377	24509	24566	22665	23474	24441
% CHG PREV QTR SAAR.....	4.50	6.50	-0.48	6.06	2.96	3.25	1.97	10.78	1.09	2.18	0.94	4.90	3.57	4.12
% CHG SAME QTR LAST YR.....	5.34	5.96	3.96	4.11	3.72	2.92	3.55	4.68	4.20	3.93	3.67	4.90	3.57	4.12
TRANSFER PAYMENTS.....	21290	21363	21710	22081	22066	22369	22661	23075	23340	23604	23816	21313	22294	23459
% CHG PREV QTR SAAR.....	7.88	1.36	6.66	7.00	-0.26	5.60	5.33	7.51	4.69	4.59	3.65	3.89	4.60	5.22
% CHG SAME QTR LAST YR.....	3.99	3.87	5.36	5.70	3.64	4.71	4.38	4.50	5.78	5.52	5.10	3.89	4.60	5.22
LESS:PERS CONT FOR SOC INS.....	6222	6167	6199	6267	6331	6326	6351	6420	6498	6395	6375	6186	6319	6422
% CHG PREV QTR SAAR.....	4.46	-3.48	2.09	4.43	4.16	-0.35	1.61	4.42	4.95	-6.20	-1.22	2.13	2.14	1.64
% CHG SAME QTR LAST YR.....	2.97	0.92	1.28	1.82	1.75	2.56	2.44	2.44	2.63	1.09	0.38	2.13	2.14	1.64
RESIDENCE ADJUSTMENT.....	-1041	-1034	-1041	-1051	-1058	-1059	-1067	-1078	-1089	-1079	-1084	-1030	-1059	-1083
% CHG PREV QTR SAAR.....	14.87	-2.65	2.61	3.80	2.77	0.64	3.04	4.07	4.23	-3.66	1.60	0.19	2.75	2.24
% CHG SAME QTR LAST YR.....	0.55	-2.17	-0.80	4.47	1.60	2.45	2.56	2.62	2.98	1.87	1.51	0.19	2.75	2.24
PER CAPITA PERSONAL INCOME (\$)...	25029	24916	24982	25251	25398	25471	25653	26006	26288	26105	26189	24920	25443	26147
% CHG PREV QTR SAAR.....	4.52	-1.81	1.08	4.38	2.34	1.16	2.88	5.62	4.41	-2.76	1.30	2.21	2.10	2.77
% CHG SAME QTR LAST YR.....	2.89	1.78	1.48	2.01	1.47	2.23	2.68	2.99	3.51	2.49	2.09	2.21	2.10	2.77

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TENNESSEE ECONOMETRIC MODEL November 2000 UPDATE  
 TABLE 4: TENNESSEE PERSONAL INCOME BY COMPONENTS  
 SEASONALLY ADJUSTED ANNUAL RATES  
 MILLIONS OF CURRENT DOLLARS

	HISTORY				FORECAST - DATA								ANNUAL		
	200002	200003	200004	200101	200102	200103	200104	200201	200202	200203	200204	2000	2001	2002	
TOTAL PERSONAL INCOME.....	148257	148886	150974	154031	155702	157033	159313	162599	165916	166107	167962	148429	156520	165646	
% CHG PREV QTR SAAR.....	7.50	1.71	5.73	8.35	4.41	3.46	5.94	8.51	8.41	0.46	4.54	5.84	5.45	5.83	
% CHG SAME QTR LAST YR.....	6.38	5.34	5.37	5.79	5.02	5.47	5.52	5.56	6.56	5.78	5.43	5.84	5.45	5.83	
WAGES AND SALARIES.....	85210	85363	86520	88060	89044	90125	91066	92383	93529	94015	95415	85210	89574	93835	
% CHG PREV QTR SAAR.....	7.18	0.72	5.53	7.31	4.55	4.94	4.24	5.91	5.06	2.10	6.09	4.90	5.12	4.76	
% CHG SAME QTR LAST YR.....	5.49	3.86	4.35	5.15	4.50	5.58	5.25	4.91	5.04	4.32	4.78	4.90	5.12	4.76	
OTHER LABOR INCOME.....	9128	9070	9128	9299	9302	9380	9871	10084	10011	9645	10077	9077	9463	9954	
% CHG PREV QTR SAAR.....	6.71	-2.52	2.60	7.67	0.13	3.39	22.66	8.91	-2.87	-13.82	19.12	3.41	4.25	5.19	
% CHG SAME QTR LAST YR.....	4.43	2.50	2.56	3.54	1.90	3.41	8.13	8.44	7.62	2.83	2.08	3.41	4.25	5.19	
PROPRIETORS INCOME.....	14740	14524	14758	15152	15630	15107	15348	15897	17552	16770	16187	14620	15309	16601	
% CHG PREV QTR SAAR.....	8.06	-5.73	6.59	11.12	13.23	-12.73	6.55	15.09	48.58	-16.66	-13.19	8.33	4.72	8.44	
% CHG SAME QTR LAST YR.....	9.59	7.68	5.38	4.81	6.04	4.01	4.00	4.92	12.29	11.01	5.46	8.33	4.72	8.44	
RENT INTEREST DIVIDENDS.....	24156	24677	24853	25384	25640	25940	26185	26961	27229	27548	27784	24367	25787	27381	
% CHG PREV QTR SAAR.....	6.48	8.91	2.88	8.82	4.10	4.76	3.84	12.39	4.03	4.76	3.48	7.56	5.83	6.18	
% CHG SAME QTR LAST YR.....	7.86	8.58	6.82	6.74	6.14	5.12	5.36	6.21	6.20	6.20	6.11	7.56	5.83	6.18	
TRANSFER PAYMENTS.....	22802	23008	23577	24134	24184	24606	25040	25590	26071	26530	26936	22914	24491	26282	
% CHG PREV QTR SAAR.....	9.92	3.65	10.27	9.79	0.83	7.15	7.26	9.07	7.74	7.23	6.25	6.53	6.88	7.31	
% CHG SAME QTR LAST YR.....	6.48	6.44	8.26	8.37	6.06	6.95	6.21	6.03	7.80	7.82	7.57	6.53	6.88	7.31	
LESS:PERS CONT FOR SOC INS.....	6664	6642	6733	6850	6939	6958	7018	7120	7258	7188	7210	6650	6941	7194	
% CHG PREV QTR SAAR.....	6.43	-1.30	5.54	7.15	5.31	1.12	3.47	5.94	8.01	-3.82	1.26	4.71	4.38	3.64	
% CHG SAME QTR LAST YR.....	5.43	3.41	4.06	4.40	4.13	4.76	4.24	3.94	4.60	3.30	2.74	4.71	4.38	3.64	
RESIDENCE ADJUSTMENT.....	-1115	-1114	-1130	-1148	-1159	-1165	-1179	-1196	-1217	-1213	-1225	-1108	-1163	-1213	
% CHG PREV QTR SAAR.....	17.04	-0.45	6.09	6.50	3.91	2.12	4.92	5.59	7.27	-1.22	4.16	2.71	5.00	4.27	
% CHG SAME QTR LAST YR.....	2.95	0.25	1.92	7.11	3.97	4.64	4.35	4.12	4.96	4.09	3.90	2.71	5.00	4.27	
PER CAPITA PERSONAL INCOME (\$)...	26807	26834	27131	27600	27836	28019	28346	28841	29364	29342	29620	26790	27950	29292	
% CHG PREV QTR SAAR.....	6.49	0.41	4.50	7.09	3.47	2.65	4.76	7.16	7.46	-0.30	3.84	4.79	4.33	4.80	
% CHG SAME QTR LAST YR.....	5.35	4.29	4.26	4.59	3.84	4.41	4.48	4.50	5.49	4.72	4.49	4.79	4.33	4.80	

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TENNESSEE ECONOMETRIC MODEL November 2000 UPDATE  
 TABLE 5: TENNESSEE NONAGRICULTURAL EMPLOYMENT BY SECTOR  
 THOUSANDS OF JOBS

	HISTORY			FORECAST - DATA								ANNUAL		
	200002	200003	200004	200101	200102	200103	200104	200201	200202	200203	200204	2000	2001	2002
TOTAL NONAGRICULTURAL.....	2719.3	2716.6	2749.2	2707.2	2745.8	2756.3	2782.2	2744.5	2783.3	2804.4	2839.0	2715.5	2747.9	2792.8
% CHG SAME QTR LAST YR....	1.66	1.41	1.30	1.13	0.97	1.46	1.20	1.38	1.37	1.75	2.04	1.55	1.19	1.64
MINING.....	4.3	4.3	4.2	4.2	4.3	4.3	4.2	4.2	4.3	4.4	4.2	4.2	4.2	4.3
% CHG SAME QTR LAST YR....	-0.77	-2.27	-1.46	0.21	-0.43	0.52	0.60	0.66	0.68	0.65	0.55	-1.33	0.22	0.63
CONSTRUCTION.....	130.0	134.0	131.2	122.8	134.0	138.0	132.5	125.2	136.9	141.1	136.4	128.5	131.8	134.9
% CHG SAME QTR LAST YR....	4.25	4.34	3.45	3.22	3.08	3.03	0.99	1.96	2.12	2.24	2.94	3.80	2.57	2.32
MANUFACTURING.....	506.7	502.7	508.5	500.3	500.9	492.4	499.3	499.0	497.8	491.6	499.2	506.3	498.2	496.9
% CHG SAME QTR LAST YR....	-0.60	-1.17	-0.36	-1.40	-1.14	-2.05	-1.81	-0.26	-0.63	-0.16	-0.03	-0.54	-1.60	-0.27
DURABLE GOODS.....	300.4	297.4	301.9	296.2	297.2	293.0	298.3	298.8	298.1	296.3	301.4	299.9	296.2	298.7
% CHG SAME QTR LAST YR....	0.54	-0.35	0.45	-1.25	-1.05	-1.47	-1.18	0.88	0.30	1.12	1.04	0.45	-1.24	0.83
NONDURABLE GOODS.....	206.3	205.3	206.7	204.1	203.7	199.4	201.0	200.2	199.6	195.3	197.8	206.4	202.1	198.2
% CHG SAME QTR LAST YR....	-2.21	-2.33	-1.52	-1.62	-1.28	-2.88	-2.74	-1.92	-1.98	-2.03	-1.62	-1.93	-2.13	-1.89
TRADE.....	634.4	640.0	654.6	631.2	644.6	653.6	668.3	643.0	659.0	671.3	683.1	637.8	649.4	664.1
% CHG SAME QTR LAST YR....	1.70	1.65	1.81	1.41	1.62	2.12	2.09	1.86	2.22	2.71	2.23	1.56	1.82	2.26
SERVICES.....	737.2	739.5	733.5	733.5	746.5	760.1	752.0	747.0	759.0	776.5	772.3	732.4	748.0	763.7
% CHG SAME QTR LAST YR....	2.51	2.22	1.01	1.96	1.27	2.79	2.52	1.84	1.68	2.16	2.70	2.29	2.14	2.10
FIN,INS,REAL EST.....	131.0	131.3	131.8	130.7	133.0	134.2	134.0	134.1	136.0	137.2	137.1	131.1	133.0	136.1
% CHG SAME QTR LAST YR....	0.03	0.28	1.01	0.44	1.56	2.20	1.68	2.60	2.21	2.24	2.28	0.41	1.47	2.33
TRANS,COMM,PUB UTIL.....	172.7	173.8	175.9	172.9	176.3	177.3	178.5	178.0	180.8	184.4	186.4	173.0	176.2	182.4
% CHG SAME QTR LAST YR....	0.82	0.62	1.27	1.93	2.06	2.01	1.47	2.96	2.55	4.01	4.47	0.94	1.86	3.50
GOVERNMENT.....	403.1	391.1	409.5	411.5	406.1	396.4	413.4	413.9	409.6	397.9	420.3	402.1	406.9	410.4
% CHG SAME QTR LAST YR....	3.06	2.71	2.55	1.69	0.75	1.35	0.97	0.58	0.86	0.39	1.65	2.84	1.19	0.88
FEDERAL,CIVILIAN.....	61.3	57.1	57.0	58.2	58.4	58.3	57.5	58.4	58.9	58.7	57.8	57.2	58.1	58.4
% CHG SAME QTR LAST YR....	17.73	11.74	9.81	9.07	-4.67	2.14	0.81	0.28	0.75	0.60	0.59	10.85	1.60	0.56
STATE AND LOCAL.....	341.8	334.0	352.5	353.3	347.7	338.1	356.0	355.6	350.7	339.3	362.5	344.9	348.8	352.0
% CHG SAME QTR LAST YR....	0.81	1.31	1.47	0.57	1.73	1.22	0.99	0.63	0.88	0.36	1.83	1.63	1.12	0.93

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TENNESSEE ECONOMETRIC MODEL November 2000 UPDATE  
 TABLE 6: TENNESSEE DURABLE GOODS MANUFACTURING EMPLOYMENT  
 THOUSANDS OF JOBS

	HISTORY				FORECAST - DATA							ANNUAL		
	200002	200003	200004	200101	200102	200103	200104	200201	200202	200203	200204	2000	2001	2002
TOTAL DURABLE GOODS.....	300.4	297.4	301.9	296.2	297.2	293.0	298.3	298.8	298.1	296.3	301.4	299.9	296.2	298.7
% CHG SAME QTR LAST YR.....	0.54	-0.35	0.45	-1.25	-1.05	-1.47	-1.18	0.88	0.30	1.12	1.04	0.45	-1.24	0.83
LUMBER AND WOOD.....	23.5	23.4	23.6	23.5	23.6	23.6	23.5	23.3	23.7	24.1	24.0	23.5	23.6	23.8
% CHG SAME QTR LAST YR.....	0.86	0.00	0.41	0.53	0.26	0.81	-0.17	-0.67	0.26	2.12	2.06	0.00	0.36	0.94
FURNITURE AND FIXTURES.....	27.4	26.9	27.7	27.0	26.9	26.2	27.0	26.8	27.4	27.0	27.7	27.3	26.8	27.2
% CHG SAME QTR LAST YR.....	-0.97	-2.77	0.61	-1.36	-1.80	-2.55	-2.64	-0.83	1.97	3.03	2.58	-0.45	-2.09	1.68
STONE,CLAY AND GLASS.....	17.3	17.3	17.1	16.5	17.3	17.4	17.2	16.9	17.2	17.2	17.2	17.2	17.1	17.1
% CHG SAME QTR LAST YR.....	4.23	3.38	0.56	-2.94	0.46	0.51	0.76	2.31	-1.09	-1.01	0.06	3.51	-0.29	0.04
PRIMARY METALS.....	18.0	17.8	17.7	18.0	18.1	17.9	18.1	18.2	18.2	18.0	18.2	17.8	18.0	18.2
% CHG SAME QTR LAST YR.....	0.56	0.00	-0.82	0.73	0.91	0.79	2.18	1.12	0.19	0.54	0.77	-0.20	1.15	0.66
FABRICATED METALS.....	45.8	45.2	47.0	44.1	45.1	43.6	45.1	43.8	44.9	44.6	45.8	46.0	44.5	44.8
% CHG SAME QTR LAST YR.....	-1.29	-2.80	0.66	-4.30	-1.54	-3.40	-4.01	-0.67	-0.37	2.27	1.58	-1.11	-3.32	0.70
NONELECTRICAL MACHINERY.....	50.2	49.7	50.5	48.9	49.9	47.8	48.2	49.3	48.8	47.6	48.2	50.2	48.7	48.5
% CHG SAME QTR LAST YR.....	2.31	2.47	0.87	-2.54	-0.62	-3.81	-4.48	0.77	-2.21	-0.57	0.01	2.12	-2.86	-0.51
ELECTRICAL MACHINERY.....	40.3	39.9	40.0	39.3	39.9	39.5	39.5	39.9	39.9	39.6	39.8	40.1	39.5	39.8
% CHG SAME QTR LAST YR.....	-0.82	-2.13	-1.48	-2.01	-1.05	-0.90	-1.12	1.71	-0.06	0.06	0.60	-1.68	-1.27	0.58
TRANSPORTATION EQUIPMENT.....	55.5	54.9	56.1	55.8	55.3	55.0	56.9	57.2	56.7	55.8	57.4	55.5	55.8	56.8
% CHG SAME QTR LAST YR.....	1.34	0.43	1.50	0.44	-0.29	0.17	1.42	2.52	2.52	1.48	0.91	1.58	0.44	1.85
INSTRUMENTS.....	11.0	10.9	10.9	11.5	10.6	11.4	11.1	11.7	10.8	11.6	11.3	10.9	11.1	11.3
% CHG SAME QTR LAST YR.....	1.54	0.61	0.39	4.67	-3.43	4.11	1.64	1.61	2.06	1.86	1.91	1.02	1.75	1.86
MISCELLANEOUS.....	11.5	11.3	11.4	11.6	10.5	10.4	11.7	11.6	10.7	10.7	11.8	11.4	11.1	11.2
% CHG SAME QTR LAST YR.....	-1.98	-1.45	1.19	1.62	-8.56	-7.70	2.70	0.50	1.14	2.76	0.82	0.81	-2.99	1.27

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TENNESSEE ECONOMETRIC MODEL November 2000 UPDATE  
 TABLE 7: TENNESSEE NONDURABLE GOODS MANUFACTURING EMPLOYMENT  
 THOUSANDS OF JOBS

	HISTORY					FORECAST - DATA						ANNUAL		
	200002	200003	200004	200101	200102	200103	200104	200201	200202	200203	200204	2000	2001	2002
TOTAL NONDURABLE GOODS.....	206.3	205.3	206.7	204.1	203.7	199.4	201.0	200.2	199.6	195.3	197.8	206.4	202.1	198.2
% CHG SAME QTR LAST YR.....	-2.21	-2.33	-1.52	-1.62	-1.28	-2.88	-2.74	-1.92	-1.98	-2.03	-1.62	-1.93	-2.13	-1.89
FOOD.....	38.8	38.7	39.0	38.5	38.7	38.9	39.1	38.6	38.8	39.0	39.2	38.8	38.8	38.9
% CHG SAME QTR LAST YR.....	2.11	0.87	0.81	-0.04	-0.18	0.51	0.18	0.23	0.25	0.23	0.23	1.49	0.12	0.23
TOBACCO.....	1.2	1.1	1.2	1.3	1.1	1.1	1.2	1.3	1.1	1.1	1.2	1.2	1.2	1.2
% CHG SAME QTR LAST YR.....	12.90	6.45	12.50	9.09	-2.70	0.00	0.00	0.00	0.00	0.00	0.00	5.36	1.60	0.00
TEXTILES.....	16.0	15.9	15.5	15.2	15.0	14.5	14.2	13.9	13.7	13.2	13.0	15.8	14.7	13.4
% CHG SAME QTR LAST YR.....	-3.22	-1.65	-4.14	-4.99	-6.72	-8.98	-7.87	-8.37	-8.63	-8.76	-9.00	-2.96	-7.13	-8.68
APPAREL.....	22.7	21.8	22.3	21.5	20.2	19.8	19.9	19.3	18.1	18.0	18.1	22.6	20.4	18.3
% CHG SAME QTR LAST YR.....	-14.75	-14.06	-10.41	-9.01	-11.02	-9.33	-10.73	-10.61	-10.48	-9.11	-9.22	-13.56	-10.01	-9.87
PAPER.....	21.8	22.1	22.1	22.1	21.7	22.0	21.6	22.0	21.6	22.0	21.5	21.9	21.8	21.8
% CHG SAME QTR LAST YR.....	-1.80	-0.45	0.67	1.78	-0.51	-0.33	-2.69	-0.14	-0.18	-0.20	-0.42	-0.44	-0.45	-0.24
PRINTING AND PUBLISHING.....	38.2	38.0	38.5	38.2	38.2	38.4	38.9	38.7	38.7	38.8	39.4	38.3	38.5	38.9
% CHG SAME QTR LAST YR.....	-0.69	-1.98	-0.62	-1.16	0.19	1.12	1.25	1.22	1.17	1.12	1.07	-0.54	0.35	1.15
CHEMICALS.....	28.3	28.3	28.4	27.9	28.0	27.5	27.8	27.6	27.6	26.8	27.0	28.3	27.8	27.3
% CHG SAME QTR LAST YR.....	-3.96	-3.52	-2.27	-1.67	-0.91	-2.90	-2.16	-0.81	-1.45	-2.65	-2.60	-3.51	-1.91	-1.88
PETROLEUM REFINING.....	1.2	1.2	1.1	1.1	1.1	1.1	1.1	1.1	1.2	1.1	1.2	1.1	1.1	1.1
% CHG SAME QTR LAST YR.....	6.06	6.06	3.17	-2.21	-1.74	-1.58	1.22	1.85	1.59	-0.40	1.36	7.07	-1.08	1.09
RUBBER AND PLASTICS.....	35.3	35.4	35.9	35.7	36.9	33.7	34.9	35.4	36.6	33.3	35.3	35.5	35.3	35.1
% CHG SAME QTR LAST YR.....	2.51	1.82	2.15	0.96	4.43	-4.88	-2.78	-0.77	-0.93	-1.28	1.31	2.47	-0.58	-0.42
LEATHER.....	2.9	2.8	2.7	2.7	2.7	2.4	2.3	2.3	2.3	2.1	2.0	2.9	2.5	2.2
% CHG SAME QTR LAST YR.....	-7.45	-8.60	-13.49	-9.67	-6.85	-14.97	-15.28	-14.84	-14.30	-12.38	-13.78	-8.17	-11.58	-13.87

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TENNESSEE ECONOMETRIC MODEL November 2000 UPDATE  
 TABLE 8: TENNESSEE NONAGRICULTURAL EMPLOYMENT BY SECTOR  
 THOUSANDS OF SEASONALLY ADJUSTED JOBS

	HISTORY				FORECAST - DATA							ANNUAL		
	200002	200003	200004	200101	200102	200103	200104	200201	200202	200203	200204	2000	2001	2002
TOTAL NONAGRICULTURAL.....	2717.2	2713.5	2723.1	2734.4	2743.6	2751.7	2755.7	2772.2	2781.2	2799.2	2812.0	2714.3	2746.4	2791.1
% CHG PREV QTR SAAR.....	2.05	-0.53	1.42	1.66	1.36	1.18	0.59	2.41	1.31	2.61	1.84	1.46	1.18	1.63
% CHG SAME QTR LAST YR....	1.88	1.13	1.30	1.14	0.97	1.41	1.20	1.38	1.37	1.73	2.04	1.46	1.18	1.63
MINING.....	4.3	4.2	4.2	4.2	4.2	4.3	4.3	4.3	4.3	4.3	4.3	4.2	4.3	4.3
% CHG PREV QTR SAAR.....	3.19	-3.09	0.38	0.48	0.57	0.65	0.71	0.72	0.65	0.51	0.32	-1.90	0.23	0.63
% CHG SAME QTR LAST YR....	-1.54	-2.31	-1.46	0.21	-0.43	0.52	0.60	0.66	0.68	0.65	0.55	-1.90	0.23	0.63
CONSTRUCTION.....	129.2	127.7	129.5	130.0	133.1	131.5	130.7	132.5	136.0	134.5	134.6	128.1	131.3	134.4
% CHG PREV QTR SAAR.....	10.67	-4.56	5.72	1.65	10.09	-4.75	-2.41	5.63	10.78	-4.32	0.28	3.44	2.57	2.32
% CHG SAME QTR LAST YR....	4.73	2.93	3.45	3.22	3.08	3.03	0.99	1.96	2.12	2.24	2.94	3.44	2.57	2.32
MANUFACTURING.....	507.0	507.6	507.8	500.1	501.3	497.0	498.6	498.8	498.2	496.1	498.4	507.4	499.2	497.9
% CHG PREV QTR SAAR.....	-0.13	0.45	0.14	-5.91	0.95	-3.34	1.23	0.16	-0.47	-1.65	1.86	-0.25	-1.61	-0.27
% CHG SAME QTR LAST YR....	0.01	-0.56	-0.36	-1.40	-1.13	-2.08	-1.81	-0.26	-0.62	-0.18	-0.03	-0.25	-1.61	-0.27
DURABLE GOODS.....	300.7	300.0	301.9	295.4	297.5	295.6	298.3	298.0	298.4	298.9	301.5	300.4	296.7	299.2
% CHG PREV QTR SAAR.....	2.11	-0.84	2.50	-8.37	2.92	-2.56	3.80	-0.50	0.58	0.64	3.49	0.73	-1.24	0.83
% CHG SAME QTR LAST YR....	1.23	0.06	0.45	-1.25	-1.05	-1.49	-1.18	0.88	0.30	1.12	1.04	0.73	-1.24	0.83
NONDURABLE GOODS.....	206.4	207.6	205.9	204.7	203.8	201.5	200.2	200.8	199.8	197.2	197.0	207.0	202.6	198.7
% CHG PREV QTR SAAR.....	-3.29	2.35	-3.21	-2.21	-1.85	-4.46	-2.44	1.16	-2.00	-5.00	-0.57	-1.64	-2.14	-1.90
% CHG SAME QTR LAST YR....	-1.71	-1.42	-1.53	-1.62	-1.25	-2.94	-2.74	-1.92	-1.96	-2.09	-1.63	-1.64	-2.14	-1.90
TRADE.....	636.4	635.4	642.6	643.1	646.7	648.8	656.1	655.0	661.1	666.4	670.7	637.1	648.7	663.3
% CHG PREV QTR SAAR.....	1.48	-0.67	4.65	0.27	2.30	1.31	4.53	-0.63	3.77	3.25	2.58	1.43	1.81	2.26
% CHG SAME QTR LAST YR....	1.74	1.02	1.81	1.41	1.62	2.12	2.09	1.86	2.22	2.71	2.23	1.43	1.81	2.26
SERVICES.....	734.5	730.2	730.2	744.4	743.8	750.6	748.6	758.1	756.3	766.8	768.8	731.2	746.8	762.5
% CHG PREV QTR SAAR.....	2.43	-2.32	0.00	8.03	-0.35	3.71	-1.07	5.19	-0.97	5.67	1.05	2.05	2.14	2.10
% CHG SAME QTR LAST YR....	2.85	1.60	1.01	1.96	1.27	2.79	2.52	1.84	1.68	2.16	2.70	2.05	2.14	2.10
FIN,INS,REAL EST.....	130.8	130.6	132.0	131.6	132.8	133.5	134.2	135.0	135.7	136.5	137.3	131.1	133.0	136.1
% CHG PREV QTR SAAR.....	-0.71	-0.41	4.20	-1.22	3.78	2.14	2.10	2.38	2.23	2.25	2.25	0.34	1.47	2.33
% CHG SAME QTR LAST YR....	-0.10	0.23	1.01	0.44	1.56	2.20	1.68	2.60	2.21	2.24	2.28	0.34	1.47	2.33
TRANS,COMM,PUB UTIL.....	172.5	173.0	175.3	174.3	176.1	176.5	177.8	179.5	180.5	183.6	185.8	173.0	176.2	182.4
% CHG PREV QTR SAAR.....	3.47	1.24	5.26	-2.12	4.02	1.03	3.07	3.77	2.37	6.88	4.90	0.63	1.86	3.50
% CHG SAME QTR LAST YR....	0.21	0.56	1.27	1.93	2.06	2.01	1.47	2.96	2.55	4.01	4.47	0.63	1.86	3.50
GOVERNMENT.....	402.5	404.8	401.6	406.7	405.6	409.4	405.5	409.0	409.1	411.0	412.2	402.2	406.8	410.3
% CHG PREV QTR SAAR.....	2.69	2.31	-3.14	5.11	-1.02	3.83	-3.81	3.52	0.10	1.90	1.11	2.83	1.14	0.87
% CHG SAME QTR LAST YR....	3.31	2.67	2.58	1.70	0.77	1.14	0.96	0.58	0.86	0.39	1.65	2.83	1.14	0.87
FEDERAL,CIVILIAN.....	60.6	56.7	57.5	57.9	57.7	57.9	58.0	58.1	58.2	58.3	58.3	57.0	57.9	58.2
% CHG PREV QTR SAAR.....	69.26	-23.19	6.07	2.62	-1.20	1.22	0.63	0.51	0.66	0.60	0.60	10.19	1.61	0.56
% CHG SAME QTR LAST YR....	17.38	10.17	9.81	9.07	-4.67	2.14	0.81	0.28	0.75	0.60	0.59	10.19	1.61	0.56
STATE AND LOCAL.....	342.0	347.3	344.1	348.7	347.9	351.5	347.5	350.9	350.9	352.8	353.8	345.0	348.9	352.1
% CHG PREV QTR SAAR.....	-5.42	6.39	-3.67	5.54	-0.99	4.26	-4.52	4.03	0.00	2.11	1.20	1.65	1.12	0.92
% CHG SAME QTR LAST YR....	1.16	1.30	1.47	0.57	1.73	1.22	0.99	0.63	0.88	0.36	1.83	1.65	1.12	0.92
STATISTICAL DISCREPANCY.....	0.0	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.0

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Forecast Data-Quarterly

TENNESSEE ECONOMETRIC MODEL November 2000 UPDATE  
 TABLE 9: TENNESSEE DURABLE GOODS MANUFACTURING EMPLOYMENT  
 THOUSANDS OF SEASONALLY ADJUSTED JOBS

	HISTORY			FORECAST - DATA								ANNUAL		
	200002	200003	200004	200101	200102	200103	200104	200201	200202	200203	200204	2000	2001	2002
TOTAL DURABLE GOODS.....	300.7	300.0	301.9	295.4	297.5	295.6	298.3	298.0	298.4	298.9	301.5	300.4	296.7	299.2
% CHG PREV QTR SAAR.....	2.11	-0.84	2.50	-8.37	2.92	-2.56	3.80	-0.50	0.58	0.64	3.49	0.73	-1.24	0.83
% CHG SAME QTR LAST YR.....	1.23	0.06	0.45	-1.25	-1.05	-1.49	-1.18	0.88	0.30	1.12	1.04	0.73	-1.24	0.83
LUMBER AND WOOD.....	23.5	23.4	23.5	23.7	23.6	23.6	23.5	23.5	23.6	24.1	23.9	23.5	23.6	23.8
% CHG PREV QTR SAAR.....	-0.57	-1.13	1.07	2.78	-1.63	1.07	-2.80	0.73	2.10	8.79	-3.04	0.07	0.36	0.94
% CHG SAME QTR LAST YR.....	0.86	0.43	0.41	0.53	0.26	0.81	-0.17	-0.67	0.26	2.12	2.06	0.07	0.36	0.94
FURNITURE AND FIXTURES.....	27.3	27.3	27.6	27.2	26.8	26.6	26.9	26.9	27.3	27.4	27.6	27.4	26.9	27.3
% CHG PREV QTR SAAR.....	-3.82	0.98	4.49	-6.71	-5.52	-2.07	4.09	0.42	5.63	2.03	2.30	0.18	-2.09	1.68
% CHG SAME QTR LAST YR.....	-0.24	-1.56	0.61	-1.36	-1.80	-2.55	-2.64	-0.83	1.97	3.03	2.58	0.18	-2.09	1.68
STONE,CLAY AND GLASS.....	17.2	17.2	17.1	16.6	17.3	17.3	17.2	17.0	17.1	17.1	17.2	17.1	17.1	17.1
% CHG PREV QTR SAAR.....	2.36	0.78	-3.92	-10.46	17.51	0.97	-2.96	-4.86	2.65	1.30	1.31	3.36	-0.30	0.04
% CHG SAME QTR LAST YR.....	4.67	2.99	0.56	-2.94	0.46	0.51	0.76	2.31	-1.09	-1.01	0.06	3.36	-0.30	0.04
PRIMARY METALS.....	17.9	17.9	17.7	17.9	18.1	18.1	18.1	18.1	18.1	18.2	18.2	17.8	18.0	18.2
% CHG PREV QTR SAAR.....	3.81	0.00	-5.37	4.81	4.54	-0.46	-0.03	0.50	0.77	0.92	0.91	-0.20	1.15	0.65
% CHG SAME QTR LAST YR.....	0.94	-0.19	-0.82	0.73	0.91	0.79	2.18	1.12	0.19	0.54	0.77	-0.20	1.15	0.65
FABRICATED METALS.....	46.2	45.9	46.8	43.7	45.5	44.3	44.9	43.4	45.3	45.3	45.6	46.1	44.6	44.9
% CHG PREV QTR SAAR.....	4.15	-2.29	7.84	-23.57	16.69	-9.45	5.12	-12.34	18.10	0.51	2.33	-0.78	-3.31	0.70
% CHG SAME QTR LAST YR.....	-0.72	-1.78	0.66	-4.30	-1.54	-3.40	-4.01	-0.67	-0.37	2.27	1.58	-0.78	-3.31	0.70
NONELECTRICAL MACHINERY.....	49.7	50.6	50.6	48.2	49.4	48.6	48.4	48.6	48.3	48.4	48.4	50.1	48.7	48.4
% CHG PREV QTR SAAR.....	1.63	7.16	0.54	-17.61	9.88	-5.95	-2.21	2.04	-2.55	0.52	0.10	2.35	-2.87	-0.51
% CHG SAME QTR LAST YR.....	2.97	2.02	0.87	-2.54	-0.62	-3.81	-4.48	0.77	-2.21	-0.57	0.01	2.35	-2.87	-0.51
ELECTRICAL MACHINERY.....	40.4	40.2	40.0	39.5	40.0	39.8	39.6	40.2	40.0	39.8	39.8	40.2	39.7	39.9
% CHG PREV QTR SAAR.....	1.00	-2.29	-1.68	-5.00	5.02	-1.67	-2.54	6.35	-2.10	-1.21	-0.42	-1.59	-1.27	0.58
% CHG SAME QTR LAST YR.....	-1.46	-1.39	-1.48	-2.01	-1.05	-0.90	-1.12	1.71	-0.06	0.06	0.60	-1.59	-1.27	0.58
TRANSPORTATION EQUIPMENT.....	55.5	55.3	56.0	55.8	55.3	55.4	56.8	57.2	56.7	56.2	57.3	55.6	55.8	56.9
% CHG PREV QTR SAAR.....	-0.24	-1.20	5.12	-1.78	-3.10	0.62	10.49	2.54	-3.11	-3.38	8.01	1.86	0.44	1.85
% CHG SAME QTR LAST YR.....	2.02	1.10	1.50	0.44	-0.29	0.17	1.42	2.52	2.52	1.48	0.91	1.86	0.44	1.85
INSTRUMENTS.....	11.6	10.8	11.1	11.2	11.2	11.2	11.3	11.3	11.4	11.5	11.5	11.0	11.2	11.4
% CHG PREV QTR SAAR.....	38.27	-23.99	12.00	1.96	0.18	2.69	1.75	1.82	1.97	1.91	1.94	3.06	1.65	1.86
% CHG SAME QTR LAST YR.....	11.22	0.00	0.39	4.67	-3.43	4.11	1.64	1.61	2.06	1.86	1.91	3.06	1.65	1.86
MISCELLANEOUS.....	11.4	11.3	11.5	11.7	10.5	10.5	11.8	11.7	10.6	10.7	11.9	11.4	11.1	11.2
% CHG PREV QTR SAAR.....	-1.16	-3.45	4.85	6.58	-35.19	0.21	60.74	-2.27	-33.53	6.79	48.95	1.04	-2.97	1.27
% CHG SAME QTR LAST YR.....	-1.44	-1.45	1.19	1.62	-8.56	-7.70	2.70	0.50	1.14	2.76	0.82	1.04	-2.97	1.27
STATISTICAL DISCREPANCY.....	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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Forecast Data-Quarterly

TENNESSEE ECONOMETRIC MODEL November 2000 UPDATE  
 TABLE 10: TENNESSEE NONDURABLE GOODS MANUFACTURING EMPLOYMENT  
 THOUSANDS OF SEASONALLY ADJUSTED JOBS

	HISTORY					FORECAST - DATA						ANNUAL		
	200002	200003	200004	200101	200102	200103	200104	200201	200202	200203	200204	2000	2001	2002
TOTAL NONDURABLE GOODS.....	206.4	207.6	205.9	204.7	203.8	201.5	200.2	200.8	199.8	197.2	197.0	207.0	202.6	198.7
% CHG PREV QTR SAAR.....	-3.29	2.35	-3.21	-2.21	-1.85	-4.46	-2.44	1.16	-2.00	-5.00	-0.57	-1.64	-2.14	-1.90
% CHG SAME QTR LAST YR.....	-1.71	-1.42	-1.53	-1.62	-1.25	-2.94	-2.74	-1.92	-1.96	-2.09	-1.63	-1.64	-2.14	-1.90
FOOD.....	38.9	38.6	38.8	38.8	38.8	38.8	38.8	38.9	38.9	38.9	38.9	38.8	38.8	38.9
% CHG PREV QTR SAAR.....	0.69	-2.38	1.51	0.06	0.13	0.33	0.21	0.23	0.24	0.23	0.23	1.56	0.12	0.23
% CHG SAME QTR LAST YR.....	2.37	1.05	0.81	-0.04	-0.18	0.51	0.18	0.23	0.25	0.23	0.23	1.56	0.12	0.23
TOBACCO.....	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
% CHG PREV QTR SAAR.....	58.03	-10.38	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9.23	1.41	0.00
% CHG SAME QTR LAST YR.....	12.12	12.50	12.50	9.09	-2.70	0.00	0.00	0.00	0.00	0.00	0.00	9.23	1.41	0.00
TEXTILES.....	15.9	16.0	15.4	15.2	14.9	14.5	14.2	13.9	13.6	13.3	12.9	15.8	14.7	13.4
% CHG PREV QTR SAAR.....	-0.83	0.84	-12.70	-6.68	-7.84	-8.60	-8.35	-8.69	-8.89	-9.10	-9.33	-2.81	-7.13	-8.68
% CHG SAME QTR LAST YR.....	-2.65	-1.03	-4.14	-4.99	-6.72	-8.98	-7.87	-8.37	-8.63	-8.76	-9.00	-2.81	-7.13	-8.68
APPAREL.....	22.4	23.5	22.3	21.7	19.9	21.3	19.9	19.4	17.8	19.4	18.1	23.0	20.7	18.7
% CHG PREV QTR SAAR.....	-21.53	21.14	-19.23	-10.71	-28.24	30.60	-24.13	-10.21	-27.82	38.78	-24.48	-11.76	-10.00	-9.86
% CHG SAME QTR LAST YR.....	-13.74	-8.80	-10.41	-9.01	-11.02	-9.33	-10.73	-10.61	-10.48	-9.11	-9.22	-11.76	-10.00	-9.86
PAPER.....	21.9	21.9	22.0	22.3	21.8	21.8	21.4	22.2	21.7	21.8	21.3	21.9	21.8	21.8
% CHG PREV QTR SAAR.....	0.61	0.00	1.47	5.11	-8.14	0.72	-7.79	16.57	-8.31	0.63	-8.60	-0.70	-0.44	-0.24
% CHG SAME QTR LAST YR.....	-1.35	-0.30	0.67	1.78	-0.51	-0.33	-2.69	-0.14	-0.18	-0.20	-0.42	-0.70	-0.44	-0.24
PRINTING AND PUBLISHING.....	38.4	38.1	38.2	38.3	38.4	38.6	38.7	38.8	38.9	39.0	39.1	38.4	38.5	38.9
% CHG PREV QTR SAAR.....	-4.06	-2.41	0.66	1.25	1.31	1.26	1.19	1.13	1.09	1.05	1.02	-0.50	0.34	1.15
% CHG SAME QTR LAST YR.....	-0.35	-1.46	-0.62	-1.16	0.19	1.12	1.25	1.22	1.17	1.12	1.07	-0.50	0.34	1.15
CHEMICALS.....	28.2	28.7	28.4	27.9	28.0	27.9	27.8	27.7	27.6	27.1	27.0	28.4	27.9	27.4
% CHG PREV QTR SAAR.....	-1.87	6.78	-4.45	-6.64	1.21	-1.56	-1.47	-1.41	-1.36	-6.25	-1.29	-3.28	-1.92	-1.88
% CHG SAME QTR LAST YR.....	-4.08	-2.27	-2.27	-1.67	-0.91	-2.90	-2.16	-0.81	-1.45	-2.65	-2.60	-3.28	-1.92	-1.88
PETROLEUM REFINING.....	1.1	1.2	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.2	1.1	1.1	1.1
% CHG PREV QTR SAAR.....	0.00	12.29	-10.46	-9.05	1.93	13.04	0.15	-6.74	0.88	4.46	7.39	6.24	-1.08	1.09
% CHG SAME QTR LAST YR.....	3.03	6.06	3.17	-2.21	-1.74	-1.58	1.22	1.85	1.59	-0.40	1.36	6.24	-1.08	1.09
RUBBER AND PLASTICS.....	35.4	35.4	35.8	35.6	37.0	33.7	34.8	35.4	36.6	33.3	35.3	35.5	35.3	35.1
% CHG PREV QTR SAAR.....	1.14	0.38	4.43	-1.99	15.75	-30.91	14.00	6.37	14.98	-31.86	26.41	2.49	-0.58	-0.42
% CHG SAME QTR LAST YR.....	3.51	0.85	2.15	0.96	4.43	-4.88	-2.78	-0.77	-0.93	-1.28	1.31	2.49	-0.58	-0.42
LEATHER.....	2.9	2.9	2.7	2.7	2.7	2.5	2.3	2.3	2.3	2.2	2.0	2.9	2.5	2.2
% CHG PREV QTR SAAR.....	-12.68	4.68	-30.15	4.29	-1.25	-27.33	-31.16	6.45	1.28	-20.60	-35.44	-7.88	-11.61	-13.86
% CHG SAME QTR LAST YR.....	-7.45	-5.38	-13.49	-9.67	-6.85	-14.97	-15.28	-14.84	-14.30	-12.38	-13.78	-7.88	-11.61	-13.86
STATISTICAL DISCREPANCY.....	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Forecast Data-Quarterly

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TENNESSEE ECONOMETRIC MODEL November 2000 UPDATE  
 TABLE 11: TENNESSEE AVERAGE ANNUAL WAGE AND SALARY RATE BY SECTOR  
 1996 DOLLARS

	HISTORY		FORECAST - DATA										ANNUAL		
	200002	200003	200004	200101	200102	200103	200104	200201	200202	200203	200204	2000	2001	2002	
TOTAL NONAGRICULTURAL.....	28963	28880	28684	29458	29287	29421	29315	30040	29772	29513	29403	28894	29370	29682	
% CHG SAME QTR LAST YR....	1.33	-0.11	0.22	1.42	1.12	1.87	2.20	1.97	1.66	0.31	0.30	0.73	1.65	1.06	
MINING.....	37348	40464	42057	42427	41875	41844	43368	43605	42698	42580	44200	39198	42379	43271	
% CHG SAME QTR LAST YR....	-8.99	-6.90	2.84	14.91	12.12	3.41	3.12	2.78	1.96	1.76	1.92	-7.04	8.11	2.10	
CONSTRUCTION.....	33863	32585	33731	36260	34216	32978	34268	36935	34693	33351	34601	33977	34431	34895	
% CHG SAME QTR LAST YR....	5.19	4.70	5.07	1.49	1.04	1.21	1.59	1.86	1.40	1.13	0.97	5.26	1.34	1.35	
MANUFACTURING.....	32765	33447	33475	33890	34372	35077	34989	35321	35610	36206	36061	33097	34582	35800	
% CHG SAME QTR LAST YR....	-0.91	-1.39	-0.67	3.63	4.90	4.87	4.52	4.22	3.60	3.22	3.06	-0.76	4.49	3.52	
DURABLE GOODS.....	32969	33756	33872	34198	34815	35500	35514	35730	36055	36559	36463	33377	35007	36202	
% CHG SAME QTR LAST YR....	-1.97	-2.76	-2.22	3.92	5.60	5.17	4.85	4.48	3.56	2.98	2.67	-1.86	4.88	3.41	
NONDURABLE GOODS.....	32469	32998	32895	33442	33725	34454	34210	34711	34946	35669	35447	32691	33958	35193	
% CHG SAME QTR LAST YR....	0.63	0.63	1.67	3.21	3.87	4.41	4.00	3.79	3.62	3.53	3.62	0.86	3.88	3.64	
TRADE.....	22936	22331	21973	23057	22649	22502	22311	23210	22851	22075	21883	22591	22630	22505	
% CHG SAME QTR LAST YR....	1.29	-0.60	-0.53	-0.29	-1.25	0.77	1.54	0.66	0.89	-1.90	-1.92	0.72	0.17	-0.55	
SERVICES.....	27347	27511	27662	28324	27994	27884	28211	28858	28349	28172	28496	27538	28103	28469	
% CHG SAME QTR LAST YR....	0.89	1.46	1.52	2.51	2.37	1.35	1.98	1.88	1.27	1.04	1.01	0.95	2.05	1.30	
FIN, INS, REAL EST.....	39836	40335	41043	42027	41365	41422	41843	42197	41880	38126	38540	40229	41664	40186	
% CHG SAME QTR LAST YR....	0.11	-0.09	-0.19	5.85	3.84	2.69	1.95	0.41	1.25	-7.96	-7.89	1.62	3.57	-3.55	
TRANS, COMM, PUB UTIL.....	38803	34461	34461	35073	34684	34631	34697	35230	34903	34926	35142	36414	34771	35050	
% CHG SAME QTR LAST YR....	9.53	-7.69	-4.59	-7.54	-10.61	0.49	0.68	0.45	0.63	0.85	1.28	0.69	-4.51	0.80	
GOVERNMENT.....	27203	28597	27082	27395	27869	28981	27680	28019	28382	29427	28026	27443	27981	28464	
% CHG SAME QTR LAST YR....	1.19	3.51	1.92	1.88	2.45	1.34	2.21	2.28	1.84	1.54	1.25	1.48	1.96	1.72	
FEDERAL, CIVILIAN.....	39374	43157	42820	42625	42573	43099	44030	43549	43286	43557	44395	41731	43082	43697	
% CHG SAME QTR LAST YR....	-4.52	4.55	5.01	2.53	8.12	-0.13	2.82	2.17	1.68	1.06	0.83	0.58	3.24	1.43	
STATE AND LOCAL.....	25020	26108	24537	24886	25397	26546	25041	25470	25880	26983	25416	25081	25468	25937	
% CHG SAME QTR LAST YR....	1.38	2.34	0.36	0.93	1.51	1.68	2.05	2.34	1.90	1.65	1.50	0.94	1.54	1.84	

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TENNESSEE ECONOMETRIC MODEL November 2000 UPDATE  
 TABLE 12: TENNESSEE AVERAGE ANNUAL WAGE AND SALARY RATE BY SECTOR  
 SEASONALLY ADJUSTED 1996 DOLLARS

	HISTORY				FORECAST - DATA								ANNUAL		
	200002	200003	200004	200101	200102	200103	200104	200201	200202	200203	200204	2000	2001	2002	
TOTAL NONAGRICULTURAL.....	28986	28913	28959	29166	29310	29470	29597	29739	29794	29568	29686	28905	29386	29697	
% CHG PREV QTR SAAR.....	3.17	-1.01	0.64	2.89	1.99	2.20	1.74	1.94	0.74	-3.01	1.61	0.81	1.66	1.06	
% CHG SAME QTR LAST YR....	1.11	0.16	0.22	1.41	1.12	1.92	2.20	1.97	1.65	0.33	0.30	0.81	1.66	1.06	
MINING.....	37640	41101	41405	41759	42202	42503	42696	42918	43031	43251	43514	39122	42290	43179	
% CHG PREV QTR SAAR.....	15.08	42.17	2.99	3.46	4.31	2.88	1.82	2.10	1.06	2.06	2.46	-6.50	8.10	2.10	
% CHG SAME QTR LAST YR....	-8.27	-6.87	2.84	14.91	12.12	3.41	3.12	2.78	1.96	1.76	1.92	-6.50	8.10	2.10	
CONSTRUCTION.....	34091	34193	34189	34254	34445	34605	34734	34891	34926	34997	35071	34056	34510	34971	
% CHG PREV QTR SAAR.....	4.08	1.21	-0.05	0.77	2.25	1.87	1.49	1.83	0.40	0.81	0.85	5.60	1.33	1.34	
% CHG SAME QTR LAST YR....	4.71	6.13	5.07	1.49	1.04	1.21	1.59	1.86	1.40	1.13	0.97	5.60	1.33	1.34	
MANUFACTURING.....	32744	33121	33526	33906	34347	34747	35043	35339	35580	35875	36116	33027	34511	35727	
% CHG PREV QTR SAAR.....	0.34	4.69	4.97	4.61	5.31	4.74	3.45	3.43	2.75	3.36	2.72	-1.04	4.49	3.53	
% CHG SAME QTR LAST YR....	-1.52	-2.00	-0.67	3.64	4.90	4.91	4.52	4.23	3.59	3.25	3.06	-1.04	4.49	3.53	
DURABLE GOODS.....	32940	33460	33868	34294	34786	35193	35509	35830	36023	36243	36459	33317	34945	36138	
% CHG PREV QTR SAAR.....	-0.74	6.47	4.97	5.12	5.86	4.77	3.65	3.66	2.17	2.47	2.40	-2.14	4.89	3.41	
% CHG SAME QTR LAST YR....	-2.64	-3.15	-2.22	3.92	5.60	5.18	4.85	4.48	3.56	2.98	2.67	-2.14	4.89	3.41	
NONDURABLE GOODS.....	32459	32632	33024	33347	33707	34093	34347	34611	34919	35317	35592	32606	33873	35110	
% CHG PREV QTR SAAR.....	1.88	2.16	4.89	3.97	4.39	4.66	3.01	3.11	3.61	4.64	3.15	0.57	3.89	3.65	
% CHG SAME QTR LAST YR....	0.12	-0.29	1.68	3.22	3.85	4.48	4.01	3.79	3.60	3.59	3.62	0.57	3.89	3.65	
TRADE.....	22862	22493	22381	22633	22576	22666	22725	22783	22777	22236	22289	22609	22650	22521	
% CHG PREV QTR SAAR.....	2.88	-6.29	-1.98	4.57	-1.00	1.61	1.05	1.02	-0.11	-9.16	0.96	0.83	0.18	-0.57	
% CHG SAME QTR LAST YR....	1.26	0.02	-0.53	-0.29	-1.25	0.77	1.54	0.66	0.89	-1.90	-1.92	0.83	0.18	-0.57	
SERVICES.....	27448	27861	27788	27909	28097	28239	28340	28435	28454	28531	28626	27581	28146	28511	
% CHG PREV QTR SAAR.....	3.30	6.16	-1.04	1.75	2.72	2.03	1.44	1.35	0.26	1.09	1.33	1.19	2.05	1.30	
% CHG SAME QTR LAST YR....	0.57	2.07	1.52	2.51	2.37	1.35	1.98	1.88	1.27	1.04	1.01	1.19	2.05	1.30	
FIN,INS,REAL EST.....	39907	40551	40990	41759	41438	41644	41790	41929	41954	38330	38491	40225	41658	40176	
% CHG PREV QTR SAAR.....	4.72	6.61	4.41	7.72	-3.04	2.00	1.41	1.33	0.25	-30.33	1.69	1.68	3.56	-3.56	
% CHG SAME QTR LAST YR....	0.24	-0.04	-0.19	5.85	3.84	2.69	1.95	0.41	1.25	-7.96	-7.89	1.68	3.56	-3.56	
TRANS,COMM,PUB UTIL.....	38848	34607	34580	34785	34725	34778	34817	34941	34943	35074	35264	36414	34776	35056	
% CHG PREV QTR SAAR.....	13.70	-37.02	-0.30	2.39	-0.70	0.61	0.45	1.44	0.02	1.50	2.18	0.98	-4.50	0.80	
% CHG SAME QTR LAST YR....	10.19	-7.64	-4.59	-7.54	-10.61	0.49	0.68	0.45	0.63	0.85	1.28	0.98	-4.50	0.80	
GOVERNMENT.....	27239	27627	27613	27724	27903	28057	28223	28356	28417	28489	28577	27423	27977	28460	
% CHG PREV QTR SAAR.....	0.37	5.82	-0.20	1.62	2.60	2.24	2.38	1.90	0.86	1.03	1.24	1.47	2.02	1.73	
% CHG SAME QTR LAST YR....	0.94	3.55	1.89	1.88	2.44	1.56	2.21	2.28	1.84	1.54	1.26	1.47	2.02	1.73	
FEDERAL,CIVILIAN.....	39851	43461	42412	42839	43088	43403	43610	43767	43810	43864	43971	41876	43235	43853	
% CHG PREV QTR SAAR.....	-17.24	41.47	-9.32	4.09	2.35	2.96	1.91	1.45	0.39	0.49	0.98	1.15	3.24	1.43	
% CHG SAME QTR LAST YR....	-4.23	6.04	5.01	2.53	8.12	-0.13	2.82	2.17	1.68	1.06	0.83	1.15	3.24	1.43	
STATE AND LOCAL.....	25005	25108	25138	25214	25382	25529	25654	25805	25865	25950	26038	25058	25445	25915	
% CHG PREV QTR SAAR.....	0.36	1.66	0.48	1.22	2.69	2.33	1.98	2.38	0.93	1.32	1.37	0.89	1.54	1.85	
% CHG SAME QTR LAST YR....	1.02	2.35	0.36	0.93	1.51	1.68	2.05	2.34	1.90	1.65	1.50	0.89	1.54	1.85	

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TENNESSEE ECONOMETRIC MODEL November 2000 UPDATE  
 TABLE 13: TENNESSEE AVERAGE ANNUAL WAGE AND SALARY RATE BY SECTOR  
 CURRENT DOLLARS

	HISTORY		FORECAST - DATA										ANNUAL		
	200002	200003	200004	200101	200102	200103	200104	200201	200202	200203	200204	2000	2001	2002	
TOTAL NONAGRICULTURAL.....	31019	31104	31151	32198	32099	32363	32393	33314	33255	33173	33255	31060	32263	33249	
% CHG SAME QTR LAST YR....	3.75	2.36	2.96	3.99	3.48	4.05	3.99	3.47	3.60	2.50	2.66	3.27	3.88	3.06	
MINING.....	40000	43580	45674	46373	45895	46029	47922	48358	47693	47860	49990	42154	46555	48475	
% CHG SAME QTR LAST YR....	-6.81	-4.60	5.66	17.82	14.74	5.62	4.92	4.28	3.92	3.98	4.31	-4.65	10.44	4.13	
CONSTRUCTION.....	36268	35094	36631	39633	37500	36276	37866	40960	38752	37487	39133	36520	37819	39083	
% CHG SAME QTR LAST YR....	7.71	7.29	7.95	4.06	3.40	3.37	3.37	3.35	3.34	3.47	3.35	7.92	3.56	3.34	
MANUFACTURING.....	35092	36022	36354	37042	37672	38584	38663	39171	39777	40695	40785	35582	37990	40107	
% CHG SAME QTR LAST YR....	1.46	1.05	2.06	6.26	7.35	7.11	6.35	5.75	5.59	5.47	5.49	1.75	6.77	5.57	
DURABLE GOODS.....	35310	36355	36785	37379	38157	39050	39243	39625	40274	41093	41240	35883	38457	40558	
% CHG SAME QTR LAST YR....	0.38	-0.35	0.46	6.55	8.06	7.41	6.68	6.01	5.55	5.23	5.09	0.61	7.17	5.46	
NONDURABLE GOODS.....	34775	35539	35724	36553	36963	37900	37802	38495	39034	40092	40091	35144	37304	39428	
% CHG SAME QTR LAST YR....	3.04	3.12	4.46	5.83	6.29	6.64	5.82	5.31	5.60	5.79	6.05	3.41	6.15	5.69	
TRADE.....	24565	24050	23863	25202	24824	24752	24653	25740	25525	24813	24749	24282	24858	25207	
% CHG SAME QTR LAST YR....	3.71	1.86	2.20	2.23	1.06	2.92	3.31	2.14	2.82	0.24	0.39	3.26	2.37	1.40	
SERVICES.....	29289	29629	30041	30959	30682	30672	31173	32003	31666	31666	32229	29604	30871	31891	
% CHG SAME QTR LAST YR....	3.31	3.97	4.31	5.10	4.76	3.52	3.77	3.37	3.21	3.24	3.39	3.50	4.28	3.30	
FIN, INS, REAL EST.....	42664	43441	44572	45935	45336	45564	46237	46796	46779	42853	43589	43250	45768	45005	
% CHG SAME QTR LAST YR....	2.51	2.38	2.55	8.54	6.26	4.89	3.73	1.88	3.18	-5.95	-5.73	4.18	5.82	-1.67	
TRANS, COMM, PUB UTIL.....	41558	37114	37425	38334	38014	38094	38340	39070	38986	39257	39745	39133	38196	39265	
% CHG SAME QTR LAST YR....	12.14	-5.41	-1.97	-5.19	-8.53	2.64	2.45	1.92	2.56	3.05	3.67	3.20	-2.39	2.80	
GOVERNMENT.....	29134	30799	29411	29943	30544	31879	30586	31073	31703	33076	31697	29502	30738	31887	
% CHG SAME QTR LAST YR....	3.60	6.07	4.72	4.46	4.84	3.51	4.00	3.78	3.79	3.75	3.63	4.05	4.19	3.74	
FEDERAL, CIVILIAN.....	42170	46480	46503	46589	46660	47409	48653	48295	48351	48958	50211	44867	47328	48954	
% CHG SAME QTR LAST YR....	-2.24	7.13	7.89	5.13	10.65	2.00	4.62	3.66	3.62	3.27	3.20	3.15	5.48	3.44	
STATE AND LOCAL.....	26796	28118	26648	27201	27835	29200	27670	28246	28908	30329	28746	26962	27977	29057	
% CHG SAME QTR LAST YR....	3.80	4.87	3.11	3.48	3.88	3.85	3.84	3.84	3.85	3.87	3.89	3.49	3.76	3.86	

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TENNESSEE ECONOMETRIC MODEL November 2000 UPDATE  
 TABLE 14: TENNESSEE AVERAGE ANNUAL WAGE AND SALARY RATE BY SECTOR  
 SEASONALLY ADJUSTED CURRENT DOLLARS

	HISTORY			FORECAST - DATA									ANNUAL		
	200002	200003	200004	200101	200102	200103	200104	200201	200202	200203	200204	2000	2001	2002	
TOTAL NONAGRICULTURAL.....	31044	31139	31449	31878	32124	32416	32705	32981	33280	33234	33575	31073	32281	33268	
% CHG PREV QTR SAAR.....	5.12	1.23	4.04	5.57	3.12	3.70	3.61	3.42	3.68	-0.55	4.16	3.36	3.89	3.06	
% CHG SAME QTR LAST YR....	3.53	2.64	2.97	3.98	3.48	4.10	3.99	3.46	3.60	2.52	2.66	3.36	3.89	3.06	
MINING.....	40312	44266	44966	45643	46254	46754	47179	47596	48066	48614	49215	42071	46457	48373	
% CHG PREV QTR SAAR.....	17.25	45.39	6.48	6.16	5.46	4.39	3.69	3.59	4.00	4.64	5.04	-4.10	10.43	4.12	
% CHG SAME QTR LAST YR....	-6.08	-4.57	5.66	17.82	14.74	5.62	4.92	4.28	3.92	3.98	4.31	-4.10	10.43	4.12	
CONSTRUCTION.....	36511	36826	37129	37440	37752	38066	38381	38695	39012	39336	39665	36611	37910	39177	
% CHG PREV QTR SAAR.....	6.04	3.50	3.33	3.39	3.37	3.37	3.35	3.31	3.33	3.36	3.38	8.27	3.55	3.34	
% CHG SAME QTR LAST YR....	7.21	8.75	7.95	4.06	3.40	3.37	3.37	3.35	3.34	3.34	3.35	8.27	3.55	3.34	
MANUFACTURING.....	35069	35672	36409	37059	37644	38222	38722	39191	39743	40323	40847	35506	37912	40026	
% CHG PREV QTR SAAR.....	2.23	7.06	8.53	7.34	6.47	6.28	5.34	4.93	5.75	5.97	5.30	1.46	6.77	5.58	
% CHG SAME QTR LAST YR....	0.84	0.43	2.06	6.26	7.34	7.15	6.35	5.75	5.57	5.50	5.49	1.46	6.77	5.58	
DURABLE GOODS.....	35278	36036	36781	37483	38125	38712	39238	39735	40237	40737	41235	35819	38390	40486	
% CHG PREV QTR SAAR.....	1.14	8.88	8.53	7.86	7.03	6.31	5.54	5.17	5.15	5.06	4.98	0.33	7.18	5.46	
% CHG SAME QTR LAST YR....	-0.32	-0.75	0.46	6.55	8.07	7.43	6.68	6.01	5.54	5.23	5.09	0.33	7.18	5.46	
NONDURABLE GOODS.....	34763	35145	35864	36448	36943	37502	37954	38384	39005	39696	40254	35053	37212	39335	
% CHG PREV QTR SAAR.....	3.81	4.46	8.44	6.68	5.54	6.20	4.90	4.61	6.63	7.29	5.74	3.11	6.16	5.71	
% CHG SAME QTR LAST YR....	2.52	2.17	4.47	5.83	6.27	6.71	5.83	5.31	5.58	5.85	6.06	3.11	6.16	5.71	
TRADE.....	24485	24225	24306	24738	24743	24933	25112	25266	25442	24994	25209	24304	24881	25228	
% CHG PREV QTR SAAR.....	4.83	-4.17	1.34	7.30	0.09	3.10	2.90	2.49	2.80	-6.86	3.50	3.37	2.38	1.39	
% CHG SAME QTR LAST YR....	3.68	2.50	2.20	2.23	1.06	2.92	3.31	2.14	2.82	0.24	0.39	3.37	2.38	1.39	
SERVICES.....	29397	30007	30178	30505	30795	31063	31315	31534	31783	32069	32376	29651	30919	31940	
% CHG PREV QTR SAAR.....	5.25	8.56	2.31	4.40	3.86	3.52	3.29	2.83	3.19	3.65	3.88	3.75	4.28	3.30	
% CHG SAME QTR LAST YR....	2.97	4.60	4.31	5.10	4.76	3.52	3.77	3.37	3.21	3.24	3.39	3.75	4.28	3.30	
FIN,INS,REAL EST.....	42740	43673	44516	45643	45416	45808	46178	46499	46863	43083	43533	43246	45761	44994	
% CHG PREV QTR SAAR.....	6.69	9.02	7.94	10.52	-1.97	3.49	3.27	2.81	3.17	-28.57	4.25	4.23	5.82	-1.68	
% CHG SAME QTR LAST YR....	2.64	2.43	2.55	8.54	6.26	4.89	3.73	1.88	3.18	-5.95	-5.73	4.23	5.82	-1.68	
TRANS,COMM,PUB UTIL.....	41606	37271	37554	38020	38058	38256	38473	38750	39032	39423	39883	39134	38202	39272	
% CHG PREV QTR SAAR.....	15.85	-35.60	3.07	5.06	0.40	2.09	2.29	2.91	2.94	4.07	4.75	3.49	-2.38	2.80	
% CHG SAME QTR LAST YR....	12.82	-5.35	-1.97	-5.19	-8.53	2.64	2.45	1.92	2.56	3.05	3.67	3.49	-2.38	2.80	
GOVERNMENT.....	29173	29754	29988	30303	30581	30863	31186	31447	31741	32022	32321	29481	30733	31883	
% CHG PREV QTR SAAR.....	2.27	8.21	3.18	4.27	3.73	3.74	4.25	3.38	3.80	3.58	3.78	4.04	4.25	3.74	
% CHG SAME QTR LAST YR....	3.35	6.11	4.68	4.46	4.83	3.73	4.00	3.78	3.79	3.75	3.64	4.04	4.25	3.74	
FEDERAL,CIVILIAN.....	42680	46808	46059	46823	47225	47744	48189	48538	48936	49303	49732	45021	47495	49127	
% CHG PREV QTR SAAR.....	-15.67	44.66	-6.25	6.80	3.48	4.47	3.78	2.93	3.32	3.04	3.52	3.73	5.49	3.44	
% CHG SAME QTR LAST YR....	-1.95	8.66	7.89	5.13	10.65	2.00	4.62	3.66	3.62	3.27	3.20	3.73	5.49	3.44	
STATE AND LOCAL.....	26780	27041	27300	27559	27819	28082	28348	28618	28891	29168	29449	26938	27952	29031	
% CHG PREV QTR SAAR.....	2.25	3.95	3.88	3.85	3.82	3.84	3.84	3.87	3.87	3.89	3.92	3.44	3.76	3.86	
% CHG SAME QTR LAST YR....	3.44	4.88	3.11	3.48	3.88	3.85	3.84	3.84	3.85	3.87	3.89	3.44	3.76	3.86	

Forecast Data-Quarterly

TENNESSEE ECONOMETRIC MODEL November 2000 UPDATE  
 TABLE 15: TENNESSEE CIVILIAN LABOR FORCE AND UNEMPLOYMENT RATE

	HISTORY			FORECAST - DATA								ANNUAL		
	200002	200003	200004	200101	200102	200103	200104	200201	200202	200203	200204	2000	2001	2002
CIVILIAN LABOR FORCE (THOUS)....	2829	2867	2854	2821	2849	2889	2881	2853	2879	2941	2947	2837	2860	2905
% CHG SAME QTR LAST YR.....	0.72	0.51	0.57	0.80	0.68	0.76	0.94	1.15	1.07	1.79	2.30	0.65	0.80	1.58
EMPLOYED PERSONS (THOUS).....	2731	2757	2749	2694	2735	2760	2761	2715	2756	2803	2825	2732	2737	2775
% CHG SAME QTR LAST YR.....	1.18	0.81	0.37	0.09	0.14	0.10	0.44	0.80	0.77	1.57	2.30	0.99	0.19	1.37
UNEMPLOYED PERSONS (THOUS)....	98	110	105	127	113	129	120	138	123	138	122	105	122	130
% CHG SAME QTR LAST YR.....	-10.67	-6.32	6.22	18.57	15.71	17.32	14.16	8.55	8.33	6.50	2.33	-7.43	16.48	6.44
PARTICIPATION RATE (PERCENT)....	65.3	66.0	65.5	64.5	65.0	65.8	65.5	64.6	65.1	66.4	66.4	65.4	65.2	65.6
% CHG SAME QTR LAST YR.....	-0.21	-0.44	-0.46	-0.34	-0.45	-0.21	-0.01	0.17	0.09	0.82	1.46	-0.32	-0.25	0.64
UNEMPLOYMENT RATE (PERCENT).....	3.5	3.8	3.7	4.5	4.0	4.5	4.1	4.8	4.3	4.7	4.2	3.7	4.3	4.5

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TENNESSEE ECONOMETRIC MODEL November 2000 UPDATE  
 TABLE 16: TENNESSEE CIVILIAN LABOR FORCE AND UNEMPLOYMENT RATE  
 SEASONALLY ADJUSTED

	HISTORY			FORECAST - DATA								ANNUAL		
	200002	200003	200004	200101	200102	200103	200104	200201	200202	200203	200204	2000	2001	2002
CIVILIAN LABOR FORCE (THOUS)....	2838	2839	2839	2854	2858	2860	2867	2886	2889	2911	2933	2837	2860	2905
% CHG PREV QTR SAAR.....	0.64	0.19	-0.02	2.13	0.56	0.28	0.98	2.68	0.42	3.08	3.06	0.66	0.79	1.57
% CHG SAME QTR LAST YR.....	0.72	0.51	0.59	0.73	0.71	0.73	0.99	1.12	1.08	1.78	2.30	0.66	0.79	1.57
EMPLOYED PERSONS (THOUS).....	2734	2734	2726	2737	2738	2737	2738	2759	2759	2780	2801	2732	2738	2775
% CHG PREV QTR SAAR.....	-0.07	0.04	-1.21	1.62	0.15	-0.15	0.15	3.10	0.00	3.08	3.06	0.99	0.19	1.36
% CHG SAME QTR LAST YR.....	1.18	0.82	0.37	0.09	0.14	0.10	0.44	0.80	0.77	1.57	2.30	0.99	0.19	1.36
UNEMPLOYED PERSONS (THOUS)....	104	105	113	117	120	123	129	127	130	131	132	105	122	130
% CHG PREV QTR SAAR.....	22.03	4.43	34.97	14.93	10.66	10.38	20.99	-6.06	9.79	3.11	3.09	-7.41	16.37	6.34
% CHG SAME QTR LAST YR.....	-10.07	-7.14	6.22	18.57	15.71	17.32	14.16	8.55	8.33	6.50	2.33	-7.41	16.37	6.34
PARTICIPATION RATE (PERCENT)....	65.5	65.3	65.1	65.3	65.2	65.2	65.2	65.4	65.3	65.7	66.1	65.4	65.2	65.6
% CHG PREV QTR SAAR.....	-0.25	-1.12	-1.19	0.94	-0.28	-0.41	-0.13	1.37	-0.40	2.41	2.50	-0.31	-0.26	0.63
% CHG SAME QTR LAST YR.....	-0.20	-0.45	-0.44	-0.41	-0.42	-0.24	0.03	0.13	0.11	0.81	1.46	-0.31	-0.26	0.63
UNEMPLOYMENT RATE (PERCENT).....	3.7	3.7	4.0	4.1	4.2	4.3	4.5	4.4	4.5	4.5	4.5	3.7	4.3	4.5

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Forecast Data-Quarterly

TENNESSEE ECONOMETRIC MODEL November 2000 UPDATE  
 TABLE 17: TENNESSEE TAXABLE SALES  
 MILLIONS OF 1996 DOLLARS

	HISTORY			FORECAST - DATA								ANNUAL		
	200002	200003	200004	200101	200102	200103	200104	200201	200202	200203	200204	2000	2001	2002
TOTAL.....	17571	17512	18841	16520	18127	18005	19205	17035	18600	18841	19697	70248	71858	74173
% CHG SAME QTR LAST YR.....	1.17	-0.23	2.27	1.19	3.17	2.82	1.94	3.12	2.61	4.64	2.56	1.85	2.29	3.22
AUTO DEALERS.....	2056	2055	1616	1904	2044	2036	1570	2157	2176	2079	1606	7713	7554	8018
% CHG SAME QTR LAST YR.....	1.08	-1.93	-8.29	-4.18	-0.58	-0.88	-2.82	13.31	6.46	2.08	2.27	-0.34	-2.05	6.13
PURCHASES FROM MANUFACTURERS..	1032	1013	1180	925	1065	1067	1125	916	1090	1071	1106	4110	4183	4184
% CHG SAME QTR LAST YR.....	-4.36	0.40	15.32	4.63	3.20	5.29	-4.65	-0.99	2.36	0.41	-1.75	1.90	1.77	0.02
MISC DURABLE GOODS.....	3131	3058	3107	2968	3389	3262	3169	3051	3445	3333	3242	12256	12787	13072
% CHG SAME QTR LAST YR.....	-2.81	-3.15	-1.07	0.23	8.24	6.66	2.00	2.81	1.67	2.19	2.32	0.17	4.33	2.23
EATING AND DRINKING PLACES....	1493	1494	1427	1372	1513	1511	1447	1394	1555	1565	1495	5784	5843	6008
% CHG SAME QTR LAST YR.....	4.10	3.51	2.25	0.13	1.35	1.13	1.42	1.62	2.73	3.57	3.31	3.50	1.02	2.83
FOOD STORES.....	1894	1883	2031	1795	1988	2003	2166	1872	1998	2013	2177	7574	7951	8059
% CHG SAME QTR LAST YR.....	3.20	-0.04	-0.58	1.57	4.96	6.37	6.68	4.31	0.53	0.50	0.47	0.60	4.98	1.36
LIQUOR STORES.....	86	84	112	82	86	83	111	82	85	82	110	363	362	358
% CHG SAME QTR LAST YR.....	6.42	4.27	0.79	1.25	-0.03	-1.23	-0.84	-0.64	-0.89	-1.00	-1.06	3.61	-0.27	-0.91
HOTELS AND MOTELS.....	450	466	411	326	443	471	417	331	449	476	420	1677	1658	1677
% CHG SAME QTR LAST YR.....	3.57	-1.45	-3.86	-7.01	-1.49	1.06	1.55	1.79	1.30	0.99	0.78	0.43	-1.19	1.18
OTHER RETAIL AND SERVICE.....	4914	4890	6122	4610	5026	5006	6316	4654	5247	5596	6613	20448	20958	22109
% CHG SAME QTR LAST YR.....	2.27	1.90	6.56	1.95	2.28	2.35	3.18	0.95	4.40	11.79	4.69	3.82	2.49	5.49
MISC NONDURABLE GOODS.....	1430	1441	1813	1398	1510	1458	1873	1404	1467	1495	1901	6006	6238	6268
% CHG SAME QTR LAST YR.....	-1.06	2.50	6.44	5.69	5.61	1.16	3.31	0.45	-2.83	2.58	1.51	2.20	3.86	0.47
TRANSPORTATION, COMMUNICATION..	1086	1127	1023	1141	1064	1109	1010	1174	1088	1131	1028	4317	4324	4421
% CHG SAME QTR LAST YR.....	8.62	-6.40	-4.57	5.62	-2.06	-1.60	-1.28	2.85	2.29	1.97	1.75	1.53	0.17	2.23
PER CAPITA (\$ ).....	3177	3156	3386	2960	3241	3213	3417	3022	3292	3328	3474	12678	12831	13115
% CHG SAME QTR LAST YR.....	0.19	-1.22	1.20	0.05	2.01	1.79	0.93	2.08	1.58	3.60	1.65	0.84	1.21	2.22

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TENNESSEE ECONOMETRIC MODEL November 2000 UPDATE  
 TABLE 18: TENNESSEE TAXABLE SALES  
 MILLIONS OF SEASONALLY ADJUSTED 1996 DOLLARS

	HISTORY				FORECAST - DATA							ANNUAL		
	200002	200003	200004	200101	200102	200103	200104	200201	200202	200203	200204	2000	2001	2002
TOTAL.....	17340	17188	17765	18161	17890	17682	18082	18706	18355	18522	18534	70249	71815	74118
% CHG PREV QTR SAAR.....	-13.04	-3.45	14.11	9.22	-5.83	-4.57	9.36	14.55	-7.31	3.70	0.26	1.83	2.23	3.21
% CHG SAME QTR LAST YR.....	1.29	-0.09	1.88	1.14	3.17	2.87	1.78	3.00	2.60	4.75	2.50	1.83	2.23	3.21
AUTO DEALERS.....	1960	1928	1781	1946	1949	1911	1731	2206	2075	1950	1770	7701	7536	8000
% CHG PREV QTR SAAR.....	-13.49	-6.42	-27.16	42.70	0.46	-7.60	-32.67	163.79	-21.74	-21.89	-32.16	-0.48	-2.14	6.16
% CHG SAME QTR LAST YR.....	1.09	-1.96	-8.20	-4.22	-0.58	-0.89	-2.82	13.31	6.46	2.08	2.27	-0.48	-2.14	6.16
PURCHASES FROM MANUFACTURERS..	983	977	1139	1055	1015	1030	1086	1045	1039	1034	1067	4109	4185	4184
% CHG PREV QTR SAAR.....	-10.09	-2.27	84.50	-26.41	-14.46	6.11	23.77	-14.46	-2.27	-1.75	13.46	1.66	1.86	-0.03
% CHG SAME QTR LAST YR.....	-4.33	0.53	15.31	4.51	3.22	5.36	-4.65	-0.99	2.36	0.41	-1.75	1.66	1.86	-0.03
MISC DURABLE GOODS.....	2934	2936	3103	3331	3178	3134	3166	3425	3231	3202	3239	12302	12808	13097
% CHG PREV QTR SAAR.....	-39.64	0.26	24.86	32.76	-17.19	-5.46	4.15	37.00	-20.79	-3.51	4.68	0.48	4.11	2.25
% CHG SAME QTR LAST YR.....	-2.68	-3.02	-1.11	0.08	8.31	6.73	2.00	2.81	1.67	2.19	2.32	0.48	4.11	2.25
EATING AND DRINKING PLACES....	1441	1441	1446	1458	1461	1458	1466	1482	1501	1510	1515	5786	5843	6007
% CHG PREV QTR SAAR.....	-4.69	0.17	1.25	3.59	0.59	-0.73	2.29	4.41	5.05	2.54	1.29	3.48	1.00	2.81
% CHG SAME QTR LAST YR.....	4.19	3.58	2.23	0.03	1.39	1.16	1.42	1.62	2.73	3.57	3.31	3.48	1.00	2.81
FOOD STORES.....	1907	1888	1882	1927	2002	2008	2008	2010	2013	2018	2017	7573	7945	8058
% CHG PREV QTR SAAR.....	2.40	-3.95	-1.19	9.80	16.64	1.16	-0.04	0.38	0.63	1.01	-0.14	0.62	4.92	1.42
% CHG SAME QTR LAST YR.....	3.27	-0.04	-0.73	1.64	5.00	6.37	6.68	4.31	0.53	0.50	0.47	0.62	4.92	1.42
LIQUOR STORES.....	91	92	91	91	91	90	90	90	90	90	89	362	362	359
% CHG PREV QTR SAAR.....	6.01	3.98	-2.50	-1.64	-0.12	-0.33	-1.25	-0.85	-1.12	-0.75	-1.53	3.88	-0.18	-0.90
% CHG SAME QTR LAST YR.....	6.27	4.44	0.62	1.40	-0.10	-1.15	-0.84	-0.64	-0.89	-1.00	-1.06	3.88	-0.18	-0.90
HOTELS AND MOTELS.....	420	411	411	411	414	416	417	419	419	420	420	1684	1658	1678
% CHG PREV QTR SAAR.....	-19.72	-8.30	0.05	0.77	2.22	1.81	1.41	1.74	0.25	0.59	0.57	0.62	-1.57	1.22
% CHG SAME QTR LAST YR.....	3.75	-1.16	-4.06	-7.18	-1.40	1.21	1.55	1.79	1.30	0.99	0.78	0.62	-1.57	1.22
OTHER RETAIL AND SERVICE.....	5030	5001	5284	5199	5145	5120	5452	5248	5372	5724	5708	20418	20917	22052
% CHG PREV QTR SAAR.....	-5.55	-2.29	24.64	-6.31	-4.06	-1.92	28.56	-14.14	9.72	28.96	-1.14	3.69	2.44	5.43
% CHG SAME QTR LAST YR.....	2.28	1.96	6.58	1.89	2.29	2.38	3.18	0.95	4.40	11.79	4.69	3.69	2.44	5.43
MISC NONDURABLE GOODS.....	1477	1455	1565	1583	1560	1473	1616	1590	1516	1511	1641	5996	6233	6258
% CHG PREV QTR SAAR.....	-5.64	-5.94	33.82	4.74	-5.60	-20.58	45.04	-6.35	-17.37	-1.33	39.10	1.94	3.95	0.41
% CHG SAME QTR LAST YR.....	-1.03	2.67	6.40	5.61	5.62	1.25	3.31	0.45	-2.83	2.58	1.51	1.94	3.95	0.41
TRANSPORTATION, COMMUNICATION..	1098	1060	1063	1159	1076	1043	1050	1192	1101	1063	1068	4319	4328	4425
% CHG PREV QTR SAAR.....	-0.10	-12.91	1.06	41.41	-25.72	-11.85	2.58	66.58	-27.33	-12.95	1.71	1.69	0.21	2.23
% CHG SAME QTR LAST YR.....	8.88	-6.48	-4.55	5.60	-1.94	-1.64	-1.28	2.85	2.29	1.97	1.75	1.69	0.21	2.23
PER CAPITA (\$). . . . .	3135	3098	3192	3254	3198	3155	3217	3318	3248	3272	3269	12680	12825	13107
% CHG PREV QTR SAAR.....	-13.85	-4.68	12.78	7.96	-6.69	-5.32	8.15	13.12	-8.13	2.91	-0.41	0.83	1.14	2.20
% CHG SAME QTR LAST YR.....	0.31	-1.08	0.81	0.00	2.01	1.84	0.78	1.96	1.57	3.71	1.59	0.83	1.14	2.20

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TENNESSEE ECONOMETRIC MODEL November 2000 UPDATE  
 TABLE 19: TENNESSEE TAXABLE SALES  
 MILLIONS OF CURRENT DOLLARS

	HISTORY					FORECAST - DATA						ANNUAL		
	200002	200003	200004	200101	200102	200103	200104	200201	200202	200203	200204	2000	2001	2002
TOTAL.....	18818	18860	20461	18056	19868	19806	21222	18892	20777	21177	22277	75542	78951	83123
% CHG SAME QTR LAST YR.....	3.58	2.24	5.08	3.76	5.58	5.01	3.72	4.63	4.58	6.92	4.97	4.43	4.51	5.28
AUTO DEALERS.....	2202	2213	1754	2081	2240	2240	1735	2392	2431	2337	1816	8287	8296	8975
% CHG SAME QTR LAST YR.....	3.50	0.49	-5.78	-1.75	1.74	1.24	-1.12	14.97	8.50	4.30	4.67	2.14	0.11	8.19
PURCHASES FROM MANUFACTURERS..	1105	1091	1282	1011	1167	1174	1244	1016	1218	1204	1251	4421	4596	4689
% CHG SAME QTR LAST YR.....	-2.08	2.88	18.49	7.28	5.61	7.54	-2.98	0.46	4.33	2.61	0.57	4.52	3.95	2.02
MISC DURABLE GOODS.....	3353	3294	3374	3243	3714	3588	3501	3383	3848	3747	3667	13177	14047	14645
% CHG SAME QTR LAST YR.....	-0.49	-0.76	1.65	2.77	10.76	8.93	3.79	4.31	3.62	4.42	4.73	2.68	6.60	4.26
EATING AND DRINKING PLACES....	1599	1609	1549	1500	1658	1662	1599	1546	1736	1759	1691	6218	6419	6732
% CHG SAME QTR LAST YR.....	6.59	6.07	5.06	2.67	3.71	3.29	3.20	3.11	4.70	5.83	5.74	6.11	3.23	4.88
FOOD STORES.....	2028	2028	2205	1961	2178	2203	2394	2076	2232	2262	2462	8145	8737	9032
% CHG SAME QTR LAST YR.....	5.67	2.43	2.15	4.15	7.41	8.64	8.54	5.84	2.46	2.69	2.84	3.14	7.27	3.38
LIQUOR STORES.....	92	90	122	90	94	91	123	90	95	92	124	390	397	402
% CHG SAME QTR LAST YR.....	8.96	6.85	3.55	3.82	2.30	0.88	0.90	0.82	1.01	1.16	1.26	6.24	1.87	1.08
HOTELS AND MOTELS.....	482	502	446	356	486	519	461	368	502	535	475	1804	1821	1880
% CHG SAME QTR LAST YR.....	6.05	0.98	-1.23	-4.65	0.81	3.22	3.33	3.28	3.24	3.20	3.16	2.94	0.97	3.22
OTHER RETAIL AND SERVICE.....	5263	5267	6648	5039	5508	5506	6980	5161	5861	6290	7479	21998	23033	24790
% CHG SAME QTR LAST YR.....	4.71	4.42	9.49	4.53	4.67	4.54	4.99	2.43	6.40	14.23	7.15	6.46	4.70	7.63
MISC NONDURABLE GOODS.....	1531	1552	1969	1528	1655	1604	2069	1557	1639	1681	2150	6462	6856	7027
% CHG SAME QTR LAST YR.....	1.31	5.03	9.36	8.37	8.08	3.32	5.11	1.92	-0.97	4.82	3.90	4.81	6.09	2.50
TRANSPORTATION, COMMUNICATION..	1163	1214	1111	1247	1166	1220	1116	1302	1215	1271	1163	4640	4750	4951
% CHG SAME QTR LAST YR.....	11.22	-4.09	-1.95	8.29	0.23	0.50	0.45	4.36	4.25	4.19	4.14	4.05	2.35	4.24
PER CAPITA (\$)	3403	3399	3677	3235	3552	3534	3776	3351	3677	3741	3929	13633	14097	14697
% CHG SAME QTR LAST YR.....	2.58	1.22	3.98	2.58	4.39	3.96	2.69	3.57	3.52	5.86	4.04	3.39	3.41	4.26

Forecast Data-Quarterly

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TENNESSEE ECONOMETRIC MODEL November 2000 UPDATE  
 TABLE 20: TENNESSEE TAXABLE SALES  
 MILLIONS OF SEASONALLY ADJUSTED CURRENT DOLLARS

	HISTORY				FORECAST - DATA							ANNUAL		
	200002	200003	200004	200101	200102	200103	200104	200201	200202	200203	200204	2000	2001	2002
TOTAL.....	18571	18512	19293	19850	19608	19450	19981	20745	20502	20819	20962	75516	78889	83029
% CHG PREV QTR SAAR.....	-11.39	-1.26	17.97	12.07	-4.80	-3.17	11.36	16.22	-4.61	6.32	2.78	4.40	4.47	5.25
% CHG SAME QTR LAST YR.....	3.71	2.38	4.68	3.70	5.58	5.07	3.57	4.51	4.56	7.04	4.91	4.40	4.47	5.25
AUTO DEALERS.....	2099	2076	1934	2127	2136	2102	1912	2446	2317	2192	2002	8276	8277	8957
% CHG PREV QTR SAAR.....	-11.86	-4.31	-24.69	46.42	1.57	-6.25	-31.44	167.63	-19.45	-19.92	-30.46	2.00	0.02	8.21
% CHG SAME QTR LAST YR.....	3.50	0.46	-5.69	-1.80	1.74	1.23	-1.12	14.97	8.50	4.30	4.67	2.00	0.02	8.21
PURCHASES FROM MANUFACTURERS..	1053	1053	1237	1153	1112	1133	1200	1158	1160	1162	1207	4418	4598	4688
% CHG PREV QTR SAAR.....	-8.40	-0.07	90.74	-24.49	-13.52	7.67	26.04	-13.21	0.58	0.74	16.31	4.28	4.06	1.95
% CHG SAME QTR LAST YR.....	-2.04	3.02	18.48	7.16	5.63	7.61	-2.98	0.46	4.33	2.61	0.57	4.28	4.06	1.95
MISC DURABLE GOODS.....	3142	3162	3370	3641	3483	3447	3498	3798	3609	3599	3663	13223	14069	14670
% CHG PREV QTR SAAR.....	-38.50	2.52	29.08	36.22	-16.27	-4.08	6.06	38.99	-18.48	-1.07	7.32	3.00	6.40	4.27
% CHG SAME QTR LAST YR.....	-0.35	-0.62	1.60	2.61	10.84	9.01	3.79	4.31	3.62	4.42	4.73	3.00	6.40	4.27
EATING AND DRINKING PLACES....	1543	1552	1570	1594	1601	1604	1620	1644	1676	1697	1713	6219	6419	6730
% CHG PREV QTR SAAR.....	-2.89	2.43	4.68	6.28	1.70	0.73	4.17	5.93	8.11	5.14	3.83	6.09	3.21	4.85
% CHG SAME QTR LAST YR.....	6.68	6.14	5.03	2.57	3.76	3.32	3.20	3.11	4.70	5.83	5.74	6.09	3.21	4.85
FOOD STORES.....	2042	2033	2044	2106	2195	2209	2219	2229	2248	2268	2282	8141	8728	9027
% CHG PREV QTR SAAR.....	4.34	-1.78	2.15	12.66	17.93	2.65	1.79	1.84	3.57	3.57	2.37	3.16	7.22	3.43
% CHG SAME QTR LAST YR.....	5.74	2.44	1.99	4.21	7.45	8.64	8.54	5.84	2.46	2.69	2.84	3.16	7.22	3.43
LIQUOR STORES.....	97	99	99	99	99	100	100	100	100	101	101	390	397	402
% CHG PREV QTR SAAR.....	8.01	6.33	0.80	0.92	0.98	1.14	0.55	0.59	1.76	1.76	0.95	6.49	2.00	1.06
% CHG SAME QTR LAST YR.....	8.81	7.02	3.38	3.96	2.23	0.96	0.90	0.82	1.01	1.16	1.26	6.49	2.00	1.06
HOTELS AND MOTELS.....	449	442	446	450	453	457	461	464	468	472	475	1810	1821	1879
% CHG PREV QTR SAAR.....	-18.21	-6.22	3.44	3.39	3.35	3.31	3.26	3.22	3.18	3.14	3.09	3.14	0.61	3.22
% CHG SAME QTR LAST YR.....	6.23	1.28	-1.43	-4.83	0.90	3.37	3.33	3.28	3.24	3.20	3.16	3.14	0.61	3.22
OTHER RETAIL AND SERVICE.....	5387	5386	5739	5682	5639	5632	6025	5820	6000	6434	6456	21952	22979	24710
% CHG PREV QTR SAAR.....	-3.76	-0.08	28.86	-3.87	-3.00	-0.48	30.91	-12.89	12.93	32.22	1.35	6.31	4.68	7.53
% CHG SAME QTR LAST YR.....	4.72	4.49	9.51	4.47	4.68	4.57	4.99	2.43	6.40	14.23	7.15	6.31	4.68	7.53
MISC NONDURABLE GOODS.....	1582	1567	1699	1730	1710	1620	1786	1764	1693	1698	1856	6446	6847	7011
% CHG PREV QTR SAAR.....	-3.86	-3.81	38.35	7.47	-4.56	-19.41	47.70	-4.99	-14.96	1.16	42.59	4.53	6.22	2.40
% CHG SAME QTR LAST YR.....	1.33	5.21	9.32	8.29	8.09	3.41	5.11	1.92	-0.97	4.82	3.90	4.53	6.22	2.40
TRANSPORTATION, COMMUNICATION..	1176	1142	1155	1267	1180	1147	1160	1322	1230	1195	1208	4642	4754	4955
% CHG PREV QTR SAAR.....	1.79	-10.94	4.48	45.09	-24.90	-10.55	4.46	69.00	-25.21	-10.75	4.27	4.22	2.40	4.24
% CHG SAME QTR LAST YR.....	11.48	-4.17	-1.93	8.27	0.35	0.46	0.45	4.36	4.25	4.19	4.14	4.22	2.40	4.24
PER CAPITA (\$). . . . .	3358	3336	3467	3557	3505	3470	3555	3680	3629	3678	3697	13630	14088	14682
% CHG PREV QTR SAAR.....	-12.23	-2.52	16.60	10.77	-5.66	-3.93	10.13	14.77	-5.45	5.52	2.10	3.37	3.36	4.22
% CHG SAME QTR LAST YR.....	2.71	1.36	3.58	2.53	4.40	4.02	2.54	3.45	3.51	5.97	3.98	3.37	3.36	4.22

Forecast Data-Quarterly

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TENNESSEE ECONOMETRIC MODEL November 2000 UPDATE  
 TABLE 1: SELECTED U.S. AND TENNESSEE ECONOMIC INDICATORS

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
US GDP (BIL96\$).....	9335.7	9636.0	9970.6	10339.3	10713.6	11055.7	11410.1	11795.2	12191.5	12591.2
PERCENTAGE CHANGE.....	5.19	3.22	3.47	3.70	3.62	3.19	3.21	3.37	3.36	3.28
TN GSP (MIL96\$).....	166389.8	171495.0	177348.2	183744.9	190169.4	197077.2	204690.8	212266.2	220725.2	229580.0
PERCENTAGE CHANGE.....	3.70	3.07	3.41	3.61	3.50	3.63	3.86	3.70	3.99	4.01
US GDP (BIL\$).....	9984.5	10524.9	11047.4	11647.2	12242.9	12805.3	13406.9	14090.9	14825.6	15603.0
PERCENTAGE CHANGE.....	7.37	5.41	4.96	5.43	5.11	4.59	4.70	5.10	5.21	5.24
TN GSP (MIL\$).....	179082.8	189723.8	200989.5	213570.3	226454.5	240187.5	255370.2	271380.8	289264.6	308578.3
PERCENTAGE CHANGE.....	6.57	5.94	5.94	6.26	6.03	6.06	6.32	6.27	6.59	6.68
IMPLICIT DEFLATOR,GDP.....	106.9	109.2	110.8	112.7	114.3	115.8	117.5	119.5	121.6	123.9
PERCENTAGE CHANGE.....	2.08	2.13	1.44	1.67	1.44	1.36	1.45	1.67	1.79	1.90
IMPLICIT DEFLATOR,GSP.....	107.6	110.6	113.3	116.2	119.1	121.9	124.8	127.8	131.1	134.4
PERCENTAGE CHANGE.....	2.77	2.79	2.44	2.56	2.45	2.35	2.37	2.48	2.50	2.56
US PERS CONS DEFL (1996=100).....	107.5	109.8	112.0	114.6	117.0	119.3	121.6	124.2	127.0	129.9
PERCENTAGE CHANGE.....	2.53	2.19	1.98	2.28	2.14	1.92	1.95	2.16	2.24	2.27
TN PERSONAL INCOME (MIL\$).....	148433	156528	165659	175752	186909	198863	210792	223824	237493	252120
PERCENTAGE CHANGE.....	5.85	5.45	5.83	6.09	6.35	6.40	6.00	6.18	6.11	6.16
US PERSONAL INCOME (BIL\$).....	8290.9	8750.7	9192.7	9652.6	10155.5	10663.4	11163.2	11698.2	12283.9	12932.6
PERCENTAGE CHANGE.....	6.43	5.55	5.05	5.00	5.21	5.00	4.69	4.79	5.01	5.28
TN PERSONAL INCOME (MIL96\$).....	138077	142492	147877	153395	159717	166726	173348	180171	186992	194096
PERCENTAGE CHANGE.....	3.24	3.20	3.78	3.73	4.12	4.39	3.97	3.94	3.79	3.80
US PERSONAL INCOME (BIL96\$).....	7712.5	7966.0	8205.9	8424.7	8678.0	8940.2	9180.2	9416.7	9671.9	9956.2
PERCENTAGE CHANGE.....	3.81	3.29	3.01	2.67	3.01	3.02	2.68	2.58	2.71	2.94
TN NONAGRIC JOBS (THOUS).....	2715.5	2747.9	2792.8	2855.5	2921.9	3001.3	3089.7	3179.4	3269.2	3355.0
PERCENTAGE CHANGE.....	1.55	1.19	1.64	2.25	2.32	2.72	2.95	2.90	2.82	2.63
US NONAGRIC JOBS (MIL).....	131.5	133.1	134.8	136.5	138.6	140.5	142.4	144.2	145.8	147.3
PERCENTAGE CHANGE.....	2.12	1.20	1.30	1.26	1.52	1.41	1.37	1.21	1.12	1.05
TN UNEMPLOYMENT RATE (%).....	3.7	4.3	4.5	4.5	4.9	4.9	5.0	4.9	4.9	5.0
US UNEMPLOYMENT RATE (%).....	4.1	4.4	4.5	4.6	4.6	4.6	4.6	4.5	4.6	4.8
BANK PRIME INTEREST RATE (%).....	9.2	9.5	9.4	9.0	9.0	9.0	9.0	8.8	8.8	8.8
TN MFG JOBS (THOUS).....	506.3	498.2	496.9	499.1	500.5	501.7	504.9	508.3	510.9	513.8
PERCENTAGE CHANGE.....	-0.54	-1.60	-0.27	0.44	0.28	0.24	0.65	0.66	0.52	0.56

(CONTINUED ON NEXT PAGE)

Forecast Data-Annual

TENNESSEE ECONOMETRIC MODEL November 2000 UPDATE  
 TABLE 1: SELECTED U.S. AND TENNESSEE ECONOMIC INDICATORS (CONT.)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
TN TAXABLE SALES (MIL\$).....	75542	78951	83123	87818	92969	98364	103807	109730	115983	122927
PERCENTAGE CHANGE.....	4.43	4.51	5.28	5.65	5.87	5.80	5.53	5.71	5.70	5.99
TN TAXABLE SALES (MIL96\$).....	70271	71872	74201	76647	79444	82468	85367	88329	91320	94636
PERCENTAGE CHANGE.....	1.85	2.28	3.24	3.30	3.65	3.81	3.52	3.47	3.39	3.63
TN MFG OUTPUT/EMPLOYEE (THOUS96\$)...	67.6	69.8	72.0	74.2	76.4	78.5	80.8	83.0	85.2	87.6
PERCENTAGE CHANGE.....	3.39	3.35	3.09	3.15	2.92	2.78	2.86	2.70	2.73	2.76
TN AVERAGE ANNUAL WAGE, NONAG (\$)....	31060	32264	33249	34346	35679	37025	38055	39378	40813	42403
PERCENTAGE CHANGE.....	3.27	3.88	3.05	3.30	3.88	3.77	2.78	3.48	3.65	3.89
TN AVERAGE ANNUAL WAGE, NONAG (96\$)..	28893	29371	29680	29977	30488	31041	31295	31698	32135	32644
PERCENTAGE CHANGE.....	0.72	1.65	1.05	1.00	1.71	1.81	0.82	1.29	1.38	1.58
TN TOTAL POPULATION (THOUS).....	5540	5599	5656	5717	5772	5833	5893	5953	6009	6071
PERCENTAGE CHANGE.....	0.99	1.08	1.01	1.08	0.97	1.06	1.02	1.03	0.93	1.04

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TENNESSEE ECONOMETRIC MODEL November 2000 UPDATE  
 TABLE 2: SELECTED PER CAPITA U.S. AND TENNESSEE ECONOMIC INDICATORS

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
TN GSP (96 \$).....	30037	30629	31357	32141	32947	33784	34737	35655	36735	37816
PERCENTAGE CHANGE.....	2.68	1.97	2.38	2.50	2.51	2.54	2.82	2.64	3.03	2.94
TN GSP (\$).....	32328	33885	35537	37358	39233	41175	43337	45584	48142	50829
PERCENTAGE CHANGE.....	5.53	4.82	4.88	5.12	5.02	4.95	5.25	5.18	5.61	5.58
US GDP (96 \$).....	33973	34774	35699	36716	37737	38629	39550	40557	41580	42596
PERCENTAGE CHANGE.....	4.31	2.36	2.66	2.85	2.78	2.36	2.38	2.55	2.52	2.44
US GDP (\$).....	36334	37982	39554	41361	43124	44742	46471	48450	50564	52785
PERCENTAGE CHANGE.....	6.47	4.54	4.14	4.57	4.26	3.75	3.86	4.26	4.36	4.39
TN PERSONAL INCOME (96 \$).....	24926	25449	26146	26832	27671	28581	29418	30264	31121	31971
PERCENTAGE CHANGE.....	2.23	2.10	2.74	2.62	3.13	3.29	2.93	2.87	2.83	2.73
TN PERSONAL INCOME (\$).....	26795	27956	29290	30743	32382	34091	35772	37596	39526	41529
PERCENTAGE CHANGE.....	4.81	4.33	4.77	4.96	5.33	5.28	4.93	5.10	5.13	5.07
US PERSONAL INCOME (96 \$).....	28066	28748	29380	29917	30567	31238	31821	32378	32987	33682
PERCENTAGE CHANGE.....	2.94	2.43	2.20	1.83	2.17	2.19	1.87	1.75	1.88	2.11
US PERSONAL INCOME (\$).....	30171	31579	32913	34278	35771	37259	38694	40223	41895	43751
PERCENTAGE CHANGE.....	5.54	4.67	4.22	4.15	4.36	4.16	3.85	3.95	4.16	4.43
TN TAXABLE SALES (96 \$).....	12685	12836	13120	13407	13764	14137	14487	14837	15198	15588
PERCENTAGE CHANGE.....	0.85	1.19	2.21	2.19	2.66	2.72	2.47	2.41	2.44	2.57
TN TAXABLE SALES (\$).....	13637	14101	14697	15361	16107	16862	17616	18432	19303	20249
PERCENTAGE CHANGE.....	3.40	3.40	4.23	4.52	4.85	4.69	4.47	4.63	4.73	4.90

CENTER FOR BUSINESS AND ECONOMIC RESEARCH, UT-KNOXVILLE.

TENNESSEE ECONOMETRIC MODEL November 2000 UPDATE  
 TABLE 3: TENNESSEE PERSONAL INCOME BY COMPONENTS  
 MILLIONS OF 1996 DOLLARS

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
TOTAL PERSONAL INCOME.....	138077	142492	147877	153395	159717	166726	173348	180171	186992	194096
PERCENTAGE CHANGE.....	3.24	3.20	3.78	3.73	4.12	4.39	3.97	3.94	3.79	3.80
WAGES AND SALARIES.....	79268	81549	83774	86526	90057	94191	97777	101926	106264	110801
PERCENTAGE CHANGE.....	2.32	2.88	2.73	3.28	4.08	4.59	3.81	4.24	4.26	4.27
OTHER LABOR INCOME.....	8444	8614	8886	9263	9880	10247	10586	10953	11347	11795
PERCENTAGE CHANGE.....	0.86	2.02	3.15	4.25	6.66	3.71	3.31	3.46	3.60	3.95
PROPRIETORS INCOME.....	13600	13937	14819	15417	16345	17796	18735	19610	20377	21053
PERCENTAGE CHANGE.....	5.66	2.48	6.33	4.03	6.02	8.88	5.28	4.67	3.91	3.32
RENT INTEREST DIVIDENDS.....	22667	23475	24442	25259	25776	26147	26997	27608	28043	28496
PERCENTAGE CHANGE.....	4.90	3.57	4.12	3.34	2.05	1.44	3.25	2.26	1.58	1.61
TRANSFER PAYMENTS.....	21315	22295	23461	24595	25546	26576	27632	28718	29885	31164
PERCENTAGE CHANGE.....	3.90	4.60	5.23	4.83	3.87	4.03	3.98	3.93	4.06	4.28
LESS:PERS CONT FOR SOC INS.....	6186	6319	6422	6556	6749	7062	7180	7412	7660	7918
PERCENTAGE CHANGE.....	2.13	2.15	1.63	2.09	2.95	4.63	1.67	3.24	3.35	3.36
RESIDENCE ADJUSTMENT.....	-1030	-1059	-1083	-1109	-1137	-1169	-1199	-1232	-1264	-1295
PERCENTAGE CHANGE.....	0.18	2.75	2.24	2.43	2.58	2.77	2.57	2.74	2.62	2.47
PER CAPITA PERSONAL INCOME (\$)	24926	25449	26146	26832	27671	28581	29418	30264	31121	31971
PERCENTAGE CHANGE.....	2.23	2.10	2.74	2.62	3.13	3.29	2.93	2.87	2.83	2.73

CENTER FOR BUSINESS AND ECONOMIC RESEARCH, UT-KNOXVILLE.

TENNESSEE ECONOMETRIC MODEL November 2000 UPDATE  
 TABLE 4: TENNESSEE PERSONAL INCOME BY COMPONENTS  
 MILLIONS OF CURRENT DOLLARS

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
TOTAL PERSONAL INCOME .....	148433	156528	165659	175752	186909	198863	210792	223824	237493	252120
PERCENTAGE CHANGE .....	5.85	5.45	5.83	6.09	6.35	6.40	6.00	6.18	6.11	6.16
WAGES AND SALARIES .....	85213	89582	93848	99137	105389	112346	118896	126621	134963	143925
PERCENTAGE CHANGE .....	4.91	5.13	4.76	5.64	6.31	6.60	5.83	6.50	6.59	6.64
OTHER LABOR INCOME .....	9077	9463	9954	10613	11562	12222	12873	13607	14412	15322
PERCENTAGE CHANGE .....	3.41	4.25	5.19	6.62	8.94	5.71	5.32	5.70	5.92	6.31
PROPRIETORS INCOME .....	14620	15309	16601	17664	19127	21226	22782	24361	25880	27346
PERCENTAGE CHANGE .....	8.33	4.72	8.44	6.40	8.28	10.97	7.33	6.93	6.23	5.67
RENT INTEREST DIVIDENDS .....	24367	25787	27381	28940	30165	31187	32828	34297	35617	37015
PERCENTAGE CHANGE .....	7.56	5.83	6.18	5.70	4.23	3.39	5.26	4.48	3.85	3.93
TRANSFER PAYMENTS .....	22914	24491	26282	28180	29895	31698	33601	35676	37956	40480
PERCENTAGE CHANGE .....	6.53	6.88	7.31	7.22	6.09	6.03	6.00	6.18	6.39	6.65
LESS:PERS CONT FOR SOC INS .....	6650	6941	7194	7511	7898	8423	8730	9208	9729	10285
PERCENTAGE CHANGE .....	4.71	4.38	3.64	4.41	5.15	6.64	3.65	5.47	5.66	5.71
RESIDENCE ADJUSTMENT .....	-1108	-1163	-1213	-1270	-1331	-1394	-1458	-1530	-1606	-1683
PERCENTAGE CHANGE .....	2.71	5.00	4.27	4.76	4.77	4.75	4.57	4.96	4.92	4.80
PER CAPITA PERSONAL INCOME (\$) .....	26795	27956	29290	30743	32382	34091	35772	37596	39526	41529
PERCENTAGE CHANGE .....	4.81	4.33	4.77	4.96	5.33	5.28	4.93	5.10	5.13	5.07

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TENNESSEE ECONOMETRIC MODEL November 2000 UPDATE  
 TABLE 5: TENNESSEE WAGE AND SALARY EMPLOYMENT BY SECTOR  
 THOUSANDS OF JOBS

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
TOTAL NONAGRICULTURAL.....	2715.5	2747.9	2792.8	2855.5	2921.9	3001.3	3089.7	3179.4	3269.2	3355.0
PERCENTAGE CHANGE.....	1.55	1.19	1.64	2.25	2.32	2.72	2.95	2.90	2.82	2.63
MINING.....	4.2	4.2	4.3	4.3	4.3	4.2	4.2	4.1	4.1	4.1
PERCENTAGE CHANGE.....	-1.33	0.22	0.63	0.13	-0.46	-0.77	-0.90	-0.94	-0.93	-0.91
CONSTRUCTION.....	128.5	131.8	134.9	141.1	145.2	149.4	153.8	156.9	160.2	163.5
PERCENTAGE CHANGE.....	3.80	2.57	2.32	4.58	2.93	2.86	2.98	1.99	2.09	2.06
MANUFACTURING.....	506.3	498.2	496.9	499.1	500.5	501.7	504.9	508.3	510.9	513.8
PERCENTAGE CHANGE.....	-0.54	-1.60	-0.27	0.44	0.28	0.24	0.65	0.66	0.52	0.56
DURABLE GOODS.....	299.9	296.2	298.7	303.3	307.8	312.7	318.4	324.2	329.7	335.3
PERCENTAGE CHANGE.....	0.45	-1.24	0.83	1.54	1.49	1.61	1.82	1.82	1.67	1.70
NONDURABLE GOODS.....	206.4	202.1	198.2	195.8	192.7	189.0	186.5	184.1	181.3	178.5
PERCENTAGE CHANGE.....	-1.93	-2.13	-1.89	-1.22	-1.59	-1.93	-1.29	-1.31	-1.52	-1.51
TRADE.....	637.8	649.4	664.1	687.3	709.5	731.6	751.2	772.0	795.7	814.9
PERCENTAGE CHANGE.....	1.56	1.82	2.26	3.49	3.23	3.12	2.68	2.76	3.08	2.40
SERVICES.....	732.4	748.0	763.7	779.7	804.1	838.0	879.8	923.5	968.7	1015.0
PERCENTAGE CHANGE.....	2.29	2.14	2.10	2.09	3.14	4.21	4.99	4.96	4.90	4.77
FIN, INS, REAL EST.....	131.1	133.0	136.1	139.2	142.2	145.3	148.4	151.6	154.8	158.0
PERCENTAGE CHANGE.....	0.41	1.47	2.33	2.24	2.21	2.18	2.15	2.12	2.09	2.06
TRANS, COMM, PUB UTIL.....	173.0	176.2	182.4	187.2	192.7	200.1	210.9	219.0	223.6	228.7
PERCENTAGE CHANGE.....	0.94	1.86	3.50	2.62	2.94	3.83	5.42	3.85	2.07	2.30
GOVERNMENT.....	402.1	406.9	410.4	417.8	423.4	431.0	436.3	444.0	451.2	457.2
PERCENTAGE CHANGE.....	2.84	1.19	0.88	1.80	1.34	1.78	1.24	1.77	1.62	1.34
FEDERAL, CIVILIAN.....	57.2	58.1	58.4	58.8	59.1	59.5	59.8	60.1	60.4	60.7
PERCENTAGE CHANGE.....	10.85	1.60	0.56	0.60	0.58	0.57	0.55	0.54	0.52	0.51
STATE AND LOCAL.....	344.9	348.8	352.0	359.0	364.3	371.5	376.5	383.9	390.8	396.5
PERCENTAGE CHANGE.....	1.63	1.12	0.93	2.00	1.47	1.98	1.35	1.96	1.79	1.47
FARM.....	12.1	11.7	11.3	10.9	10.5	10.0	9.7	9.4	9.0	8.7
PERCENTAGE CHANGE.....	-1.68	-3.37	-3.01	-3.40	-3.94	-4.25	-3.51	-3.41	-3.52	-3.65

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TENNESSEE ECONOMETRIC MODEL November 2000 UPDATE  
 TABLE 6: TENNESSEE DURABLE GOODS MANUFACTURING EMPLOYMENT  
 THOUSANDS OF JOBS

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
TOTAL DURABLE GOODS.....	299.9	296.2	298.7	303.3	307.8	312.7	318.4	324.2	329.7	335.3
PERCENTAGE CHANGE.....	0.45	-1.24	0.83	1.54	1.49	1.61	1.82	1.82	1.67	1.70
LUMBER AND WOOD.....	23.5	23.6	23.8	24.1	24.5	25.0	25.3	25.6	25.9	26.1
PERCENTAGE CHANGE.....	0.00	0.36	0.94	1.28	1.72	1.94	1.35	1.07	1.07	1.07
FURNITURE AND FIXTURES.....	27.3	26.8	27.2	27.7	28.2	29.2	30.0	30.8	32.0	33.4
PERCENTAGE CHANGE.....	-0.45	-2.09	1.68	1.62	2.15	3.21	2.92	2.81	3.86	4.39
STONE,CLAY AND GLASS.....	17.2	17.1	17.1	17.4	17.6	17.7	17.7	17.9	18.2	18.6
PERCENTAGE CHANGE.....	3.51	-0.29	0.04	1.76	0.97	0.55	0.27	0.78	1.90	2.10
PRIMARY METALS.....	17.8	18.0	18.2	18.4	18.6	18.7	18.8	19.0	19.2	19.3
PERCENTAGE CHANGE.....	-0.20	1.15	0.66	1.43	0.86	0.69	0.64	0.82	0.91	0.88
FABRICATED METALS.....	46.0	44.5	44.8	45.6	47.2	48.2	50.3	52.3	53.4	54.4
PERCENTAGE CHANGE.....	-1.11	-3.32	0.70	1.74	3.68	2.03	4.38	3.94	2.19	1.84
NONELECTRICAL MACHINERY.....	50.2	48.7	48.5	48.9	49.4	49.9	50.3	50.7	51.2	51.8
PERCENTAGE CHANGE.....	2.12	-2.86	-0.51	0.97	0.95	1.10	0.77	0.75	1.05	1.10
ELECTRICAL MACHINERY.....	40.1	39.5	39.8	40.3	40.2	40.9	41.3	41.6	41.8	41.8
PERCENTAGE CHANGE.....	-1.68	-1.27	0.58	1.40	-0.28	1.59	1.02	0.88	0.30	0.07
TRANSPORTATION EQUIPMENT.....	55.5	55.8	56.8	57.9	59.1	60.2	61.3	62.6	63.8	65.1
PERCENTAGE CHANGE.....	1.58	0.44	1.85	1.99	1.99	1.93	1.89	1.98	1.98	2.06
INSTRUMENTS.....	10.9	11.1	11.3	11.6	11.9	12.1	12.4	12.6	12.9	13.2
PERCENTAGE CHANGE.....	1.02	1.75	1.86	1.96	2.51	2.03	2.16	2.22	2.29	2.36
MISCELLANEOUS.....	11.4	11.1	11.2	11.4	11.1	10.9	10.9	11.1	11.2	11.4
PERCENTAGE CHANGE.....	0.81	-2.99	1.27	1.29	-2.49	-1.62	0.14	1.70	1.07	1.56

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TENNESSEE ECONOMETRIC MODEL November 2000 UPDATE  
 TABLE 7: TENNESSEE NONDURABLE GOODS MANUFACTURING EMPLOYMENT  
 THOUSANDS OF JOBS

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
TOTAL NONDURABLE GOODS.....	206.4	202.1	198.2	195.8	192.7	189.0	186.5	184.1	181.3	178.5
PERCENTAGE CHANGE.....	-1.93	-2.13	-1.89	-1.22	-1.59	-1.93	-1.29	-1.31	-1.52	-1.51
FOOD.....	38.8	38.8	38.9	39.0	39.1	39.1	39.2	39.3	39.4	39.4
PERCENTAGE CHANGE.....	1.49	0.12	0.23	0.23	0.22	0.21	0.20	0.19	0.18	0.17
TOBACCO.....	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
PERCENTAGE CHANGE.....	5.36	1.60	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TEXTILES.....	15.8	14.7	13.4	12.6	11.5	10.1	9.2	8.3	7.5	6.9
PERCENTAGE CHANGE.....	-2.96	-7.13	-8.68	-6.43	-8.18	-12.27	-9.40	-9.24	-9.60	-8.80
APPAREL.....	22.6	20.4	18.3	16.5	14.7	13.3	11.9	10.7	9.6	8.6
PERCENTAGE CHANGE.....	-13.56	-10.01	-9.87	-10.13	-10.76	-9.74	-10.43	-9.92	-10.33	-10.24
PAPER.....	21.9	21.8	21.8	21.9	21.9	20.9	20.6	20.3	19.8	19.6
PERCENTAGE CHANGE.....	-0.44	-0.45	-0.24	0.45	0.15	-4.71	-1.31	-1.66	-2.34	-1.09
PRINTING AND PUBLISHING.....	38.3	38.5	38.9	39.3	39.4	39.6	40.1	40.5	40.8	41.2
PERCENTAGE CHANGE.....	-0.54	0.35	1.15	1.01	0.32	0.47	1.22	0.94	0.79	0.94
CHEMICALS.....	28.3	27.8	27.3	27.0	26.3	26.0	25.4	24.6	23.9	22.9
PERCENTAGE CHANGE.....	-3.51	-1.91	-1.88	-0.96	-2.72	-1.08	-2.38	-2.85	-2.88	-4.35
PETROLEUM REFINING.....	1.1	1.1	1.1	1.2	1.1	1.1	1.1	1.1	1.1	1.1
PERCENTAGE CHANGE.....	7.07	-1.08	1.09	1.08	-1.23	-0.93	-0.77	-1.85	-1.09	-0.64
RUBBER AND PLASTICS.....	35.5	35.3	35.1	35.3	35.7	36.1	36.4	36.7	36.7	36.4
PERCENTAGE CHANGE.....	2.47	-0.58	-0.42	0.60	1.07	1.05	0.92	0.77	-0.08	-0.64
LEATHER.....	2.9	2.5	2.2	1.9	1.7	1.6	1.5	1.4	1.3	1.3
PERCENTAGE CHANGE.....	-8.17	-11.58	-13.87	-11.31	-9.85	-10.85	-6.35	-4.67	-4.08	-4.06

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TENNESSEE ECONOMETRIC MODEL November 2000 UPDATE  
 TABLE 8: TENNESSEE AVERAGE ANNUAL WAGE AND SALARY RATE BY SECTOR  
 1996 DOLLARS

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
TOTAL NONAGRICULTURAL.....	28893	29371	29680	29977	30488	31041	31295	31698	32135	32644
PERCENTAGE CHANGE.....	0.72	1.65	1.05	1.00	1.71	1.81	0.82	1.29	1.38	1.58
MINING.....	39208	42374	43264	44303	45189	46084	46889	47712	48641	49643
PERCENTAGE CHANGE.....	-7.02	8.07	2.10	2.40	2.00	1.98	1.75	1.76	1.95	2.06
CONSTRUCTION.....	33931	34382	34840	35211	35668	36250	36856	37414	37950	38506
PERCENTAGE CHANGE.....	5.23	1.33	1.33	1.06	1.30	1.63	1.67	1.52	1.43	1.47
MANUFACTURING.....	33099	34581	35800	36842	37453	37774	38215	38660	39148	39682
PERCENTAGE CHANGE.....	-0.76	4.48	3.53	2.91	1.66	0.86	1.17	1.16	1.26	1.36
DURABLE GOODS.....	33380	35008	36205	37126	37708	37959	38397	38886	39438	40053
PERCENTAGE CHANGE.....	-1.88	4.88	3.42	2.55	1.57	0.67	1.15	1.27	1.42	1.56
NONDURABLE GOODS.....	32691	33955	35191	36402	37047	37467	37904	38262	38622	38986
PERCENTAGE CHANGE.....	0.86	3.86	3.64	3.44	1.77	1.13	1.17	0.94	0.94	0.94
TRADE.....	22583	22625	22493	22438	22707	23158	23535	23833	24161	24531
PERCENTAGE CHANGE.....	0.69	0.19	-0.59	-0.24	1.20	1.99	1.63	1.27	1.38	1.53
SERVICES.....	27539	28103	28467	28868	29597	30346	30169	30687	31256	31892
PERCENTAGE CHANGE.....	0.95	2.05	1.30	1.41	2.52	2.53	-0.58	1.72	1.85	2.03
FIN, INS, REAL EST.....	40236	41664	40161	38967	39846	41074	41638	42482	43409	44441
PERCENTAGE CHANGE.....	1.61	3.55	-3.61	-2.97	2.26	3.08	1.37	2.03	2.18	2.38
TRANS, COMM, PUB UTIL.....	36387	34770	35054	35478	36083	36885	37569	38158	38867	39649
PERCENTAGE CHANGE.....	0.59	-4.44	0.81	1.21	1.70	2.22	1.85	1.57	1.86	2.01
GOVERNMENT.....	27433	27973	28454	28872	29374	29890	30257	30464	30725	31036
PERCENTAGE CHANGE.....	1.47	1.97	1.72	1.47	1.74	1.76	1.23	0.68	0.85	1.01
FEDERAL, CIVILIAN.....	41698	43079	43695	44312	45095	45813	45726	45185	45370	46079
PERCENTAGE CHANGE.....	0.52	3.31	1.43	1.41	1.77	1.59	-0.19	-1.18	0.41	1.56
STATE AND LOCAL.....	25068	25456	25924	26345	26822	27341	27801	28159	28460	28732
PERCENTAGE CHANGE.....	0.92	1.55	1.84	1.62	1.81	1.93	1.68	1.29	1.07	0.96
AGRICULTURE.....	11229	11471	11667	11923	12260	12654	12947	13231	13540	13876
PERCENTAGE CHANGE.....	0.17	2.15	1.72	2.19	2.83	3.21	2.32	2.19	2.33	2.48

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TENNESSEE ECONOMETRIC MODEL November 2000 UPDATE  
 TABLE 9: TENNESSEE AVERAGE ANNUAL WAGE AND SALARY RATE BY SECTOR  
 CURRENT DOLLARS

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
TOTAL NONAGRICULTURAL.....	31060	32264	33249	34346	35679	37025	38055	39378	40813	42403
PERCENTAGE CHANGE.....	3.27	3.88	3.05	3.30	3.88	3.77	2.78	3.48	3.65	3.89
MINING.....	42149	46548	48466	50760	52883	54966	57017	59273	61778	64483
PERCENTAGE CHANGE.....	-4.67	10.44	4.12	4.73	4.18	3.94	3.73	3.96	4.23	4.38
CONSTRUCTION.....	36476	37768	39030	40343	41741	43237	44816	46479	48199	50018
PERCENTAGE CHANGE.....	7.89	3.54	3.34	3.36	3.47	3.58	3.65	3.71	3.70	3.77
MANUFACTURING.....	35581	37987	40105	42212	43830	45055	46470	48027	49721	51545
PERCENTAGE CHANGE.....	1.74	6.76	5.57	5.25	3.83	2.80	3.14	3.35	3.53	3.67
DURABLE GOODS.....	35883	38457	40558	42538	44127	45276	46691	48308	50089	52027
PERCENTAGE CHANGE.....	0.60	7.17	5.46	4.88	3.74	2.60	3.13	3.46	3.69	3.87
NONDURABLE GOODS.....	35143	37299	39422	41708	43354	44688	46091	47532	49052	50641
PERCENTAGE CHANGE.....	3.41	6.13	5.69	5.80	3.95	3.08	3.14	3.13	3.20	3.24
TRADE.....	24277	24854	25197	25708	26573	27622	28618	29607	30686	31864
PERCENTAGE CHANGE.....	3.24	2.38	1.38	2.03	3.36	3.95	3.61	3.46	3.64	3.84
SERVICES.....	29604	30871	31891	33075	34636	36195	36686	38122	39698	41426
PERCENTAGE CHANGE.....	3.51	4.28	3.30	3.71	4.72	4.50	1.35	3.92	4.13	4.35
FIN, INS, REAL EST.....	43254	45768	44991	44646	46630	48991	50632	52775	55132	57727
PERCENTAGE CHANGE.....	4.17	5.81	-1.70	-0.77	4.44	5.06	3.35	4.23	4.47	4.71
TRANS, COMM, PUB UTIL.....	39116	38195	39269	40649	42226	43994	45683	47404	49363	51502
PERCENTAGE CHANGE.....	3.14	-2.35	2.81	3.51	3.88	4.19	3.84	3.77	4.13	4.33
GOVERNMENT.....	29491	30728	31875	33081	34375	35651	36793	37845	39022	40314
PERCENTAGE CHANGE.....	4.03	4.19	3.73	3.78	3.91	3.71	3.20	2.86	3.11	3.31
FEDERAL, CIVILIAN.....	44826	47323	48949	50771	52773	54643	55603	56133	57623	59854
PERCENTAGE CHANGE.....	3.06	5.57	3.44	3.72	3.94	3.54	1.76	0.95	2.65	3.87
STATE AND LOCAL.....	26948	27963	29041	30185	31389	32611	33806	34982	36146	37321
PERCENTAGE CHANGE.....	3.47	3.77	3.86	3.94	3.99	3.89	3.66	3.48	3.33	3.25
AGRICULTURE.....	12071	12600	13070	13661	14348	15093	15744	16437	17196	18024
PERCENTAGE CHANGE.....	2.70	4.39	3.73	4.52	5.03	5.19	4.32	4.40	4.62	4.81

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 TABLE 10: TENNESSEE CIVILIAN LABOR FORCE AND UNEMPLOYMENT RATE

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
CIVILIAN LABOR FORCE (THOUS).....	2837	2860	2905	2952	2993	3022	3078	3138	3201	3273
PERCENTAGE CHANGE.....	0.64	0.81	1.57	1.63	1.39	0.95	1.86	1.94	2.02	2.24
EMPLOYED PERSONS (THOUS).....	2732	2738	2775	2818	2846	2874	2923	2983	3044	3108
PERCENTAGE CHANGE.....	0.99	0.22	1.35	1.56	0.98	0.98	1.71	2.04	2.07	2.09
UNEMPLOYED PERSONS (THOUS).....	105	122	130	134	147	148	155	155	157	165
PERCENTAGE CHANGE.....	-7.49	16.19	6.56	2.99	10.12	0.29	4.66	0.11	1.18	5.24
PARTICIPATION RATE (PERCENT).....	65.4	65.2	65.6	66.0	66.3	66.2	66.8	67.4	68.2	69.0
PERCENTAGE CHANGE.....	-0.30	-0.24	0.59	0.56	0.47	-0.09	0.87	0.93	1.15	1.22
UNEMPLOYMENT RATE (PERCENT).....	3.7	4.3	4.5	4.5	4.9	4.9	5.0	4.9	4.9	5.0

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TENNESSEE ECONOMETRIC MODEL November 2000 UPDATE  
 TABLE 11: TENNESSEE TAXABLE SALES  
 MILLIONS OF 1996 DOLLARS

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
TOTAL.....	70271	71872	74201	76647	79444	82468	85367	88329	91320	94636
PERCENTAGE CHANGE.....	1.85	2.28	3.24	3.30	3.65	3.81	3.52	3.47	3.39	3.63
AUTO DEALERS.....	7709	7552	8012	8528	8734	9093	9337	9662	9898	10077
PERCENTAGE CHANGE.....	-0.38	-2.03	6.09	6.44	2.42	4.11	2.68	3.48	2.45	1.81
PURCHASES FROM MANUFACTURERS.....	4113	4184	4185	4461	4554	4752	5025	5105	5273	5494
PERCENTAGE CHANGE.....	1.95	1.73	0.04	6.59	2.07	4.36	5.73	1.59	3.31	4.18
MISC DURABLE GOODS.....	12257	12787	13073	13267	13846	14519	15071	15593	16545	17732
PERCENTAGE CHANGE.....	0.15	4.32	2.24	1.48	4.37	4.85	3.81	3.46	6.10	7.18
EATING AND DRINKING PLACES.....	5784	5843	6009	6214	6458	6751	7032	7298	7579	7862
PERCENTAGE CHANGE.....	3.49	1.02	2.84	3.40	3.93	4.54	4.15	3.79	3.84	3.75
FOOD STORES.....	7576	7953	8062	8099	8175	8298	8402	8467	8545	8611
PERCENTAGE CHANGE.....	0.60	4.97	1.37	0.45	0.94	1.51	1.25	0.78	0.91	0.78
LIQUOR STORES.....	363	362	359	355	352	352	350	347	345	342
PERCENTAGE CHANGE.....	3.62	-0.31	-0.88	-1.05	-0.68	-0.23	-0.42	-0.79	-0.73	-0.83
HOTELS AND MOTELS.....	1678	1658	1678	1691	1703	1717	1728	1733	1735	1734
PERCENTAGE CHANGE.....	0.41	-1.19	1.21	0.76	0.74	0.81	0.64	0.30	0.10	-0.05
OTHER RETAIL AND SERVICE.....	20463	20968	22129	23185	24365	25451	26590	27986	29043	30141
PERCENTAGE CHANGE.....	3.84	2.46	5.54	4.77	5.09	4.46	4.48	5.25	3.78	3.78
MISC NONDURABLE GOODS.....	6011	6241	6273	6352	6685	6884	7110	7360	7535	7745
PERCENTAGE CHANGE.....	2.23	3.82	0.51	1.26	5.24	2.98	3.28	3.52	2.38	2.78
TRANSPORTATION, COMMUNICATION.....	4317	4324	4419	4495	4571	4651	4723	4779	4824	4899
PERCENTAGE CHANGE.....	1.49	0.16	2.21	1.71	1.69	1.75	1.54	1.18	0.96	1.54
PER CAPITA TOTAL TAXABLE SALES (\$)..	12685	12836	13120	13407	13764	14137	14487	14837	15198	15588
PERCENTAGE CHANGE.....	0.85	1.19	2.21	2.19	2.66	2.72	2.47	2.41	2.44	2.57

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TENNESSEE ECONOMETRIC MODEL November 2000 UPDATE  
 TABLE 12: TENNESSEE TAXABLE SALES  
 MILLIONS OF CURRENT DOLLARS

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
TOTAL.....	75542	78951	83123	87818	92969	98364	103807	109730	115983	122927
PERCENTAGE CHANGE.....	4.43	4.51	5.28	5.65	5.87	5.80	5.53	5.71	5.70	5.99
AUTO DEALERS.....	8287	8296	8975	9771	10221	10846	11353	12002	12571	13089
PERCENTAGE CHANGE.....	2.14	0.11	8.19	8.86	4.61	6.11	4.68	5.72	4.74	4.12
PURCHASES FROM MANUFACTURERS.....	4421	4596	4689	5112	5329	5668	6110	6341	6697	7136
PERCENTAGE CHANGE.....	4.52	3.95	2.02	9.02	4.25	6.37	7.79	3.78	5.62	6.55
MISC DURABLE GOODS.....	13177	14047	14645	15201	16204	17317	18327	19371	21013	23033
PERCENTAGE CHANGE.....	2.68	6.60	4.26	3.79	6.60	6.87	5.83	5.70	8.47	9.61
EATING AND DRINKING PLACES.....	6218	6419	6732	7120	7558	8053	8550	9066	9625	10213
PERCENTAGE CHANGE.....	6.11	3.23	4.88	5.76	6.15	6.55	6.18	6.03	6.17	6.10
FOOD STORES.....	8145	8737	9032	9279	9567	9898	10217	10519	10852	11186
PERCENTAGE CHANGE.....	3.14	7.27	3.38	2.74	3.10	3.46	3.22	2.95	3.17	3.07
LIQUOR STORES.....	390	397	402	407	412	419	426	432	438	444
PERCENTAGE CHANGE.....	6.24	1.87	1.08	1.20	1.44	1.69	1.52	1.35	1.49	1.42
HOTELS AND MOTELS.....	1804	1821	1880	1937	1993	2048	2101	2153	2204	2253
PERCENTAGE CHANGE.....	2.94	0.97	3.22	3.05	2.89	2.74	2.60	2.47	2.34	2.22
OTHER RETAIL AND SERVICE.....	21998	23033	24790	26564	28513	30357	32334	34766	36886	39151
PERCENTAGE CHANGE.....	6.46	4.70	7.63	7.15	7.34	6.47	6.51	7.52	6.10	6.14
MISC NONDURABLE GOODS.....	6462	6856	7027	7278	7823	8210	8645	9143	9570	10060
PERCENTAGE CHANGE.....	4.81	6.09	2.50	3.57	7.49	4.96	5.29	5.76	4.67	5.12
TRANSPORTATION, COMMUNICATION.....	4640	4750	4951	5150	5349	5548	5743	5936	6127	6363
PERCENTAGE CHANGE.....	4.05	2.35	4.24	4.03	3.86	3.71	3.52	3.36	3.21	3.85
PER CAPITA TOTAL TAXABLE SALES (\$)..	13637	14101	14697	15361	16107	16862	17616	18432	19303	20249
PERCENTAGE CHANGE.....	3.40	3.40	4.23	4.52	4.85	4.69	4.47	4.63	4.73	4.90

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 TABLE 13: TENNESSEE GROSS STATE PRODUCT BY SECTOR  
 MILLIONS OF 1996 DOLLARS

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
GROSS STATE PRODUCT.....	166389.8	171495.0	177348.2	183744.9	190169.4	197077.2	204690.8	212266.2	220725.2	229580.0
PERCENTAGE CHANGE.....	3.70	3.07	3.41	3.61	3.50	3.63	3.86	3.70	3.99	4.01
MINING.....	483.1	508.1	536.9	564.7	590.1	620.1	649.3	678.3	705.4	732.9
PERCENTAGE CHANGE.....	4.63	5.19	5.67	5.16	4.51	5.07	4.71	4.48	4.00	3.89
CONSTRUCTION.....	6561.7	6725.8	6881.8	7193.5	7440.7	7683.6	7920.8	8163.4	8445.8	8716.1
PERCENTAGE CHANGE.....	3.70	2.50	2.32	4.53	3.44	3.26	3.09	3.06	3.46	3.20
MANUFACTURING.....	34211.0	34790.7	35767.0	37054.8	38244.5	39403.4	40793.5	42174.0	43550.4	45002.3
PERCENTAGE CHANGE.....	2.84	1.69	2.81	3.60	3.21	3.03	3.53	3.38	3.26	3.33
DURABLE GOODS.....	21853.4	22247.1	23043.6	24101.0	25132.8	26140.8	27244.6	28458.4	29678.0	30979.4
PERCENTAGE CHANGE.....	3.55	1.80	3.58	4.59	4.28	4.01	4.22	4.46	4.29	4.39
NONDURABLE GOODS.....	12357.6	12543.7	12723.4	12953.7	13111.6	13262.7	13548.9	13715.5	13872.4	14022.8
PERCENTAGE CHANGE.....	1.59	1.51	1.43	1.81	1.22	1.15	2.16	1.23	1.14	1.08
TRADE.....	33640.7	34669.4	35763.3	37093.7	38336.6	39566.3	40933.7	42438.4	44210.4	45767.0
PERCENTAGE CHANGE.....	3.57	3.06	3.16	3.72	3.35	3.21	3.46	3.68	4.18	3.52
SERVICES.....	33012.2	34078.0	35221.0	36358.0	37872.3	39727.2	41796.1	43948.3	46164.6	48450.7
PERCENTAGE CHANGE.....	3.33	3.23	3.35	3.23	4.17	4.90	5.21	5.15	5.04	4.95
FINANCE,INSURANCE AND REAL ESTATE..	24517.2	25622.2	27006.8	28170.9	29289.0	30439.9	31649.9	32877.9	34230.2	35918.4
PERCENTAGE CHANGE.....	4.62	4.51	5.40	4.31	3.97	3.93	3.97	3.88	4.11	4.93
TRANS.,COMM.,AND PUBLIC UTIL.....	13217.2	13730.2	14330.1	14890.2	15504.1	16228.0	17117.1	17642.9	18379.1	19348.4
PERCENTAGE CHANGE.....	2.94	3.88	4.37	3.91	4.12	4.67	5.48	3.07	4.17	5.27
GOVERNMENT.....	18732.0	19289.6	19707.4	20229.3	20649.0	21113.3	21475.8	21921.4	22543.3	23067.4
PERCENTAGE CHANGE.....	5.37	2.98	2.17	2.65	2.07	2.25	1.72	2.07	2.84	2.32
FEDERAL CIVILIAN.....	5587.0	5776.7	5898.4	6019.9	6132.5	6238.6	6340.7	6447.4	6555.0	6661.6
PERCENTAGE CHANGE.....	12.12	3.39	2.11	2.06	1.87	1.73	1.64	1.68	1.67	1.63
FEDERAL MILITARY.....	631.2	639.2	650.4	662.5	676.4	689.4	703.5	718.3	734.1	751.0
PERCENTAGE CHANGE.....	4.62	1.28	1.74	1.87	2.10	1.92	2.04	2.10	2.20	2.31
STATE AND LOCAL.....	12513.8	12873.6	13158.6	13546.8	13840.0	14185.3	14431.6	14755.7	15254.2	15654.8
PERCENTAGE CHANGE.....	2.65	2.88	2.21	2.95	2.16	2.49	1.74	2.25	3.38	2.63
AGRICULTURE.....	2014.9	2080.9	2133.8	2189.9	2243.1	2295.3	2354.6	2421.6	2495.8	2576.9
PERCENTAGE CHANGE.....	5.06	3.28	2.54	2.63	2.43	2.33	2.58	2.85	3.07	3.25
FARM.....	1330.6	1355.1	1363.5	1372.0	1373.9	1370.4	1369.3	1371.0	1374.6	1379.3
PERCENTAGE CHANGE.....	4.53	1.84	0.62	0.62	0.14	-0.25	-0.08	0.12	0.26	0.34
AG SERVICES,FORESTRY,FISHERIES..	684.2	725.8	770.3	817.9	869.2	924.9	985.3	1050.6	1121.2	1197.6
PERCENTAGE CHANGE.....	6.12	6.08	6.13	6.18	6.28	6.41	6.53	6.63	6.72	6.81
PER CAPITA GROSS STATE PRODUCT (\$)..	30036.9	30629.2	31357.3	32140.9	32946.7	33784.4	34736.9	35654.8	36735.3	37816.3
PERCENTAGE CHANGE.....	2.68	1.97	2.38	2.50	2.51	2.54	2.82	2.64	3.03	2.94

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 TABLE 14: TENNESSEE DURABLE GOODS MANUFACTURING GROSS PRODUCT  
 MILLIONS OF 1996 DOLLARS

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
TOTAL DURABLE GOODS.....	21853.4	22247.1	23043.6	24101.0	25132.8	26140.8	27244.6	28458.4	29678.0	30979.4
PERCENTAGE CHANGE.....	3.55	1.80	3.58	4.59	4.28	4.01	4.22	4.46	4.29	4.39
LUMBER AND WOOD PRODUCTS.....	1280.6	1326.2	1377.5	1428.5	1483.2	1538.6	1581.9	1633.3	1691.3	1750.0
PERCENTAGE CHANGE.....	2.35	3.56	3.87	3.70	3.83	3.74	2.81	3.25	3.55	3.47
FURNITURE AND FIXTURES.....	1071.1	1082.0	1137.0	1188.8	1247.0	1320.6	1395.4	1477.9	1576.4	1661.3
PERCENTAGE CHANGE.....	3.07	1.01	5.09	4.55	4.89	5.90	5.66	5.91	6.67	5.39
STONE,CLAY AND GLASS.....	1278.3	1312.0	1351.9	1417.1	1473.4	1544.4	1594.6	1655.5	1763.9	1883.8
PERCENTAGE CHANGE.....	6.79	2.63	3.05	4.82	3.97	4.82	3.25	3.82	6.55	6.80
PRIMARY METALS.....	1458.0	1516.3	1564.2	1628.9	1681.7	1730.9	1778.1	1834.5	1891.3	1944.8
PERCENTAGE CHANGE.....	3.41	4.00	3.16	4.14	3.24	2.92	2.73	3.17	3.10	2.83
FABRICATED METAL PRODUCTS.....	3230.2	3248.3	3354.0	3490.3	3667.8	3791.3	4019.4	4273.4	4458.5	4636.5
PERCENTAGE CHANGE.....	1.07	0.56	3.25	4.06	5.09	3.37	6.02	6.32	4.33	3.99
NONELECTRICAL MACHINERY.....	3829.2	3822.1	3870.8	3991.5	4175.8	4346.5	4534.2	4674.3	4728.7	4831.5
PERCENTAGE CHANGE.....	5.93	-0.19	1.27	3.12	4.62	4.09	4.32	3.09	1.16	2.17
ELECTRICAL MACHINERY.....	2867.3	2916.1	3000.6	3135.6	3216.4	3340.4	3478.0	3613.8	3788.3	3961.9
PERCENTAGE CHANGE.....	1.33	1.70	2.90	4.50	2.57	3.86	4.12	3.91	4.83	4.58
TRANSPORTATION EQUIPMENT.....	5407.3	5570.3	5840.5	6160.1	6463.9	6744.7	7023.7	7347.4	7710.8	8138.1
PERCENTAGE CHANGE.....	4.18	3.02	4.85	5.47	4.93	4.34	4.14	4.61	4.95	5.54
INSTRUMENTS.....	547.0	579.7	617.1	665.1	709.9	750.6	787.9	849.5	912.7	960.3
PERCENTAGE CHANGE.....	5.62	5.97	6.45	7.78	6.75	5.73	4.97	7.82	7.44	5.21
MISCELLANEOUS DURABLE GOODS.....	884.3	874.2	930.0	995.1	1013.9	1032.6	1051.4	1098.8	1156.2	1211.3
PERCENTAGE CHANGE.....	3.19	-1.14	6.37	7.00	1.89	1.85	1.82	4.51	5.22	4.77

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 TABLE 15: TENNESSEE NONDURABLE GOODS MANUFACTURING GROSS PRODUCT  
 MILLIONS OF 1996 DOLLARS

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
TOTAL NONDURABLE GOODS.....	12357.6	12543.7	12723.4	12953.7	13111.6	13262.7	13548.9	13715.5	13872.4	14022.8
PERCENTAGE CHANGE.....	1.59	1.51	1.43	1.81	1.22	1.15	2.16	1.23	1.14	1.08
FOOD.....	2949.4	3025.1	3102.1	3171.4	3238.5	3311.0	3408.7	3488.2	3582.8	3697.3
PERCENTAGE CHANGE.....	4.79	2.57	2.55	2.23	2.12	2.24	2.95	2.33	2.71	3.19
TOBACCO.....	204.9	220.9	232.4	243.1	252.0	259.2	264.7	271.3	278.1	284.0
PERCENTAGE CHANGE.....	12.97	7.82	5.19	4.62	3.65	2.88	2.12	2.48	2.52	2.12
TEXTILES.....	641.4	622.3	590.6	572.7	543.2	489.9	456.5	422.6	388.7	365.8
PERCENTAGE CHANGE.....	1.11	-2.98	-5.09	-3.04	-5.15	-9.81	-6.82	-7.43	-8.01	-5.91
APPAREL.....	649.6	598.5	553.1	511.0	465.4	432.0	398.6	367.1	338.6	311.3
PERCENTAGE CHANGE.....	-11.47	-7.86	-7.59	-7.61	-8.94	-7.17	-7.73	-7.90	-7.76	-8.07
PAPER.....	1557.7	1565.4	1576.5	1599.1	1616.4	1567.6	1561.8	1551.4	1530.9	1543.3
PERCENTAGE CHANGE.....	-0.08	0.49	0.71	1.43	1.09	-3.02	-0.37	-0.66	-1.32	0.81
PRINTING AND PUBLISHING.....	1447.8	1517.3	1599.9	1677.3	1755.4	1848.4	1944.0	2032.4	2119.8	2193.0
PERCENTAGE CHANGE.....	3.82	4.81	5.44	4.83	4.66	5.30	5.17	4.54	4.30	3.46
CHEMICALS.....	2881.9	2898.4	2914.4	2958.5	2944.7	2977.2	3052.5	3040.5	3025.9	2961.0
PERCENTAGE CHANGE.....	-1.09	0.57	0.55	1.51	-0.46	1.10	2.53	-0.39	-0.48	-2.15
PETROLEUM REFINING.....	144.5	143.6	145.8	148.1	147.0	146.3	145.9	143.9	143.1	144.1
PERCENTAGE CHANGE.....	7.28	-0.60	1.53	1.56	-0.77	-0.43	-0.27	-1.36	-0.60	0.72
RUBBER AND PLASTICS.....	1796.1	1874.5	1939.3	2009.7	2090.5	2176.4	2263.3	2346.0	2412.7	2471.6
PERCENTAGE CHANGE.....	5.02	4.37	3.46	3.63	4.02	4.11	3.99	3.66	2.84	2.44
LEATHER.....	84.3	77.6	69.1	62.8	58.5	54.6	52.9	52.1	51.7	51.5
PERCENTAGE CHANGE.....	-4.28	-8.01	-10.86	-9.10	-6.90	-6.71	-3.16	-1.39	-0.76	-0.50

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 TABLE 16: TENNESSEE GROSS STATE PRODUCT BY SECTOR  
 MILLIONS OF CURRENT DOLLARS

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
GROSS STATE PRODUCT.....	179083	189724	200990	213570	226454	240187	255370	271381	289265	308578
PERCENTAGE CHANGE.....	6.57	5.94	5.94	6.26	6.03	6.06	6.32	6.27	6.59	6.68
MINING.....	434	459	490	521	552	587	621	656	688	720
PERCENTAGE CHANGE.....	3.88	5.64	6.72	6.44	5.83	6.35	5.88	5.53	4.93	4.71
CONSTRUCTION.....	7581	8010	8484	9186	9843	10519	11237	11993	12828	13663
PERCENTAGE CHANGE.....	6.85	5.66	5.91	8.28	7.15	6.87	6.82	6.73	6.97	6.50
MANUFACTURING.....	35299	36628	38481	40789	43078	45354	47958	50588	53283	56193
PERCENTAGE CHANGE.....	4.68	3.77	5.06	6.00	5.61	5.28	5.74	5.48	5.33	5.46
DURABLE GOODS.....	21731	22578	23865	25473	27096	28685	30421	32281	34226	36364
PERCENTAGE CHANGE.....	5.78	3.90	5.70	6.74	6.37	5.86	6.05	6.11	6.03	6.25
NONDURABLE GOODS.....	13568	14050	14616	15316	15983	16669	17537	18307	19057	19829
PERCENTAGE CHANGE.....	2.96	3.55	4.03	4.79	4.35	4.30	5.21	4.39	4.10	4.05
TRADE.....	32715	34557	36287	38418	40392	42434	44677	47215	50302	53324
PERCENTAGE CHANGE.....	6.21	5.63	5.01	5.87	5.14	5.06	5.28	5.68	6.54	6.01
SERVICES.....	38021	40663	43332	46183	49614	53575	58059	63028	68229	73815
PERCENTAGE CHANGE.....	7.00	6.95	6.56	6.58	7.43	7.98	8.37	8.56	8.25	8.19
FINANCE,INSURANCE AND REAL ESTATE..	27332	29341	31712	33887	36047	38283	40642	43097	45806	49081
PERCENTAGE CHANGE.....	7.51	7.35	8.08	6.86	6.37	6.20	6.16	6.04	6.29	7.15
TRANS.,COMM.,AND PUBLIC UTIL.....	14517	15339	16161	16996	17891	18880	20141	21086	22342	23953
PERCENTAGE CHANGE.....	4.71	5.67	5.36	5.17	5.27	5.52	6.68	4.69	5.95	7.21
GOVERNMENT.....	21278	22709	23914	25349	26698	28157	29544	31138	33102	35026
PERCENTAGE CHANGE.....	9.80	6.72	5.31	6.00	5.32	5.47	4.92	5.40	6.31	5.81
FEDERAL CIVILIAN.....	6024	6393	6688	6996	7314	7632	7953	8286	8626	8967
PERCENTAGE CHANGE.....	14.61	6.13	4.61	4.61	4.55	4.35	4.20	4.18	4.11	3.95
FEDERAL MILITARY.....	696	728	763	801	841	881	924	968	1014	1063
PERCENTAGE CHANGE.....	7.97	4.50	4.88	4.93	5.06	4.78	4.81	4.79	4.80	4.82
STATE AND LOCAL.....	14558	15588	16463	17553	18542	19643	20667	21885	23461	24995
PERCENTAGE CHANGE.....	8.01	7.08	5.61	6.62	5.64	5.94	5.21	5.89	7.21	6.54
AGRICULTURE.....	1905	2018	2128	2242	2340	2398	2492	2581	2684	2803
PERCENTAGE CHANGE.....	5.37	5.89	5.50	5.32	4.39	2.49	3.89	3.57	4.00	4.45
FARM.....	1151	1215	1270	1324	1361	1355	1376	1388	1408	1436
PERCENTAGE CHANGE.....	4.88	5.51	4.54	4.30	2.80	-0.48	1.58	0.87	1.40	1.99
AG SERVICES,FORESTRY,FISHERIES..	754	803	859	918	979	1044	1115	1193	1276	1368
PERCENTAGE CHANGE.....	6.12	6.47	6.95	6.84	6.68	6.61	6.88	6.91	7.03	7.16
PER CAPITA GROSS STATE PRODUCT (\$)..	32328	33885	35537	37358	39233	41175	43337	45584	48142	50829
PERCENTAGE CHANGE.....	5.53	4.82	4.88	5.12	5.02	4.95	5.25	5.18	5.61	5.58

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 TABLE 17: TENNESSEE DURABLE GOODS MANUFACTURING GROSS PRODUCT  
 MILLIONS OF CURRENT DOLLARS

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
TOTAL DURABLE GOODS.....	21731	22578	23865	25473	27096	28685	30421	32281	34226	36364
PERCENTAGE CHANGE.....	5.78	3.90	5.70	6.74	6.37	5.86	6.05	6.11	6.03	6.25
LUMBER AND WOOD PRODUCTS.....	1436	1543	1662	1787	1923	2068	2202	2343	2493	2652
PERCENTAGE CHANGE.....	6.21	7.44	7.72	7.52	7.63	7.51	6.52	6.36	6.44	6.37
FURNITURE AND FIXTURES.....	1130	1136	1189	1240	1298	1374	1451	1538	1642	1733
PERCENTAGE CHANGE.....	2.58	0.50	4.68	4.27	4.71	5.82	5.64	5.96	6.78	5.55
STONE,CLAY AND GLASS.....	1357	1392	1441	1524	1603	1701	1778	1871	2024	2196
PERCENTAGE CHANGE.....	6.13	2.62	3.52	5.78	5.17	6.10	4.53	5.25	8.15	8.51
PRIMARY METALS.....	1498	1588	1668	1769	1858	1944	2029	2126	2225	2321
PERCENTAGE CHANGE.....	5.48	6.00	5.08	6.01	5.03	4.64	4.39	4.77	4.65	4.32
FABRICATED METAL PRODUCTS.....	3508	3581	3745	3960	4221	4417	4741	5115	5420	5727
PERCENTAGE CHANGE.....	2.97	2.07	4.57	5.74	6.61	4.62	7.34	7.89	5.96	5.66
NONELECTRICAL MACHINERY.....	3392	3570	3769	4014	4304	4566	4833	5039	5142	5288
PERCENTAGE CHANGE.....	12.84	5.25	5.57	6.48	7.23	6.09	5.85	4.25	2.04	2.85
ELECTRICAL MACHINERY.....	2088	2074	2079	2130	2146	2186	2229	2264	2314	2355
PERCENTAGE CHANGE.....	-0.77	-0.65	0.22	2.50	0.72	1.88	1.96	1.55	2.23	1.78
TRANSPORTATION EQUIPMENT.....	5593	5849	6257	6732	7193	7627	8075	8526	9076	9762
PERCENTAGE CHANGE.....	5.78	4.59	6.96	7.60	6.85	6.03	5.87	5.58	6.45	7.56
INSTRUMENTS.....	753	862	994	1164	1354	1564	1799	2095	2428	2767
PERCENTAGE CHANGE.....	13.79	14.46	15.30	17.06	16.28	15.52	15.04	16.47	15.89	13.97
MISCELLANEOUS DURABLE GOODS.....	976	982	1061	1153	1195	1239	1283	1364	1462	1562
PERCENTAGE CHANGE.....	5.62	0.68	7.98	8.69	3.67	3.65	3.56	6.35	7.18	6.81

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Forecast Data-Annual

TENNESSEE ECONOMETRIC MODEL November 2000 UPDATE  
 TABLE 18: TENNESSEE NONDURABLE GOODS MANUFACTURING GROSS PRODUCT  
 MILLIONS OF CURRENT DOLLARS

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
TOTAL NONDURABLE GOODS.....	13568	14050	14616	15316	15983	16669	17537	18307	19057	19829
PERCENTAGE CHANGE.....	2.96	3.55	4.03	4.79	4.35	4.30	5.21	4.39	4.10	4.05
FOOD.....	3100	3204	3324	3448	3576	3709	3870	4014	4178	4368
PERCENTAGE CHANGE.....	4.52	3.34	3.74	3.74	3.71	3.71	4.36	3.70	4.08	4.56
TOBACCO.....	325	363	399	439	481	524	567	615	668	722
PERCENTAGE CHANGE.....	15.27	11.69	9.95	10.11	9.55	8.90	8.10	8.53	8.59	8.16
TEXTILES.....	683	666	635	618	588	532	498	462	426	402
PERCENTAGE CHANGE.....	1.65	-2.55	-4.70	-2.67	-4.80	-9.50	-6.52	-7.15	-7.74	-5.65
APPAREL.....	631	568	520	482	443	416	389	364	341	320
PERCENTAGE CHANGE.....	-14.59	-10.12	-8.41	-7.31	-8.07	-6.02	-6.49	-6.51	-6.22	-6.38
PAPER.....	1615	1658	1704	1764	1818	1798	1825	1846	1855	1903
PERCENTAGE CHANGE.....	2.10	2.64	2.81	3.49	3.10	-1.14	1.52	1.18	0.46	2.59
PRINTING AND PUBLISHING.....	1824	2045	2303	2581	2886	3244	3641	4066	4475	4891
PERCENTAGE CHANGE.....	10.06	12.12	12.61	12.06	11.84	12.40	12.22	11.68	10.07	9.29
CHEMICALS.....	2991	3018	3098	3238	3321	3446	3613	3673	3730	3725
PERCENTAGE CHANGE.....	-2.64	0.91	2.67	4.53	2.54	3.78	4.84	1.67	1.55	-0.13
PETROLEUM REFINING.....	203	211	218	224	225	226	226	225	226	231
PERCENTAGE CHANGE.....	18.46	4.01	3.39	2.73	0.24	0.39	0.16	-0.63	0.51	2.27
RUBBER AND PLASTICS.....	2102	2231	2336	2448	2575	2708	2844	2977	3093	3201
PERCENTAGE CHANGE.....	8.31	6.12	4.71	4.81	5.17	5.18	5.00	4.70	3.89	3.49
LEATHER.....	93	87	79	73	70	66	65	65	66	66
PERCENTAGE CHANGE.....	-2.18	-6.17	-9.18	-7.46	-5.28	-5.14	-1.59	0.16	0.75	0.96

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# Appendix B: Historical Data

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TENNESSEE ECONOMETRIC MODEL November 2000 UPDATE  
 TABLE 1: SELECTED U.S. AND TENNESSEE ECONOMIC INDICATORS  
 SEASONALLY ADJUSTED

	HISTORICAL - DATA										ANNUAL			
	199704	199801	199802	199803	199804	199901	199902	199903	199904	200001	200002	1997	1998	1999
US GDP (BIL96\$) SAAR.....	8272.9	8404.9	8465.6	8537.6	8654.5	8730.0	8783.2	8905.8	9084.1	9191.8	9318.9	8159.5	8515.7	8875.8
% CHG PREV QTR SAAR.....	2.77	6.54	2.92	3.45	5.59	3.54	2.46	5.70	8.25	4.83	5.65	4.43	4.37	4.23
% CHG SAME QTR LAST YR.....	4.31	4.85	4.10	3.91	4.61	3.87	3.75	4.31	4.96	5.29	6.10	4.43	4.37	4.23
US GDP (BIL\$) SAAR.....	8478.6	8634.7	8722.0	8829.1	8974.9	9104.5	9191.5	9340.9	9559.7	9752.7	9945.7	8318.4	8790.2	9299.2
% CHG PREV QTR SAAR.....	4.25	7.57	4.11	5.00	6.77	5.90	3.88	6.66	9.70	8.32	8.15	6.47	5.67	5.79
% CHG SAME QTR LAST YR.....	6.23	6.28	5.34	5.22	5.85	5.44	5.38	5.80	6.52	7.12	8.21	6.47	5.67	5.79
IMPLICIT DEFLATOR,GDP.....	102.5	102.7	103.0	103.4	103.7	104.3	104.7	104.9	105.2	106.1	106.7	101.9	103.2	104.8
% CHG PREV QTR SAAR.....	1.58	0.78	1.17	1.56	1.17	2.33	1.54	0.77	1.15	3.47	2.28	1.95	1.25	1.53
% CHG SAME QTR LAST YR.....	1.89	1.38	1.18	1.27	1.17	1.56	1.65	1.45	1.45	1.73	1.91	1.95	1.25	1.53
US PERS CONS DEFL (1996=100)....	102.4	102.5	102.8	103.2	103.6	104.0	104.6	105.1	105.7	106.6	107.1	101.9	103.0	104.8
% CHG PREV QTR SAAR.....	1.18	0.39	1.18	1.57	1.56	1.55	2.33	1.93	2.30	3.45	1.89	1.92	1.05	1.77
% CHG SAME QTR LAST YR.....	1.49	0.99	0.98	1.08	1.17	1.46	1.75	1.84	2.03	2.50	2.39	1.92	1.05	1.77
TN PERSONAL INCOME (MIL96\$) SAAR	125548	127105	129222	130369	131652	131674	133241	134481	135556	136585	138429	123045	129587	133738
% CHG PREV QTR SAAR.....	7.78	5.06	6.83	3.60	3.99	0.07	4.85	3.78	3.24	3.07	5.51	3.18	5.32	3.20
% CHG SAME QTR LAST YR.....	4.29	4.77	5.84	5.80	4.86	3.59	3.11	3.15	2.97	3.73	3.89	3.18	5.32	3.20
US PERSONAL INCOME (BIL96\$) SAAR	6931.5	7054.3	7139.6	7214.2	7286.3	7334.7	7389.8	7448.6	7542.4	7603.9	7695.7	6804.0	7173.6	7428.9
% CHG PREV QTR SAAR.....	5.77	7.28	4.92	4.25	4.06	2.68	3.04	3.22	5.13	3.30	4.92	3.95	5.43	3.56
% CHG SAME QTR LAST YR.....	4.73	5.41	5.65	5.55	5.12	3.97	3.50	3.25	3.51	3.67	4.14	3.95	5.43	3.56
TN PERSONAL INCOME (MIL\$) SAAR..	128561	130283	132840	134541	136391	136941	139370	141340	143283	145600	148257	125449	133514	140234
% CHG PREV QTR SAAR.....	9.05	5.47	8.08	5.22	5.61	1.62	7.29	5.78	5.61	6.63	7.50	5.17	6.43	5.03
% CHG SAME QTR LAST YR.....	5.84	5.80	6.88	6.94	6.09	5.11	4.92	5.05	5.05	6.32	6.38	5.17	6.43	5.03
US PERSONAL INCOME (BIL\$) SAAR..	7097.9	7230.7	7339.5	7445.1	7548.6	7628.1	7729.7	7828.5	7972.3	8105.8	8242.1	6937.0	7391.0	7789.6
% CHG PREV QTR SAAR.....	7.02	7.70	6.16	5.88	5.68	4.28	5.44	5.21	7.55	6.87	6.90	5.95	6.54	5.39
% CHG SAME QTR LAST YR.....	6.29	6.45	6.69	6.68	6.35	5.50	5.32	5.15	5.61	6.26	6.63	5.95	6.54	5.39
TN NONAGRIC JOBS (THOUS).....	2602.1	2615.7	2632.1	2644.9	2654.2	2662.2	2667.0	2683.1	2688.3	2703.4	2717.2	2583.5	2636.7	2675.2
% CHG PREV QTR SAAR.....	2.10	2.11	2.52	1.96	1.41	1.22	0.72	2.44	0.78	2.27	2.05	1.93	2.06	1.46
% CHG SAME QTR LAST YR.....	2.22	2.14	1.93	2.17	2.00	1.78	1.33	1.45	1.29	1.55	1.88	1.93	2.06	1.46
US NONAGRIC JOBS (MIL).....	124.0	124.7	125.5	126.2	127.0	127.8	128.4	129.1	129.8	130.6	131.6	122.7	125.8	128.8
% CHG PREV QTR SAAR.....	3.29	2.28	2.59	2.25	2.56	2.54	1.89	2.20	2.19	2.49	3.10	2.55	2.59	2.32
% CHG SAME QTR LAST YR.....	2.73	2.72	2.62	2.60	2.42	2.49	2.31	2.30	2.20	2.19	2.49	2.55	2.59	2.32
TN UNEMPLOYMENT RATE (%).....	5.0	4.4	4.2	4.1	4.1	4.2	4.1	4.0	3.8	3.5	3.7	5.4	4.2	4.0
US UNEMPLOYMENT RATE (%).....	4.7	4.7	4.4	4.5	4.4	4.3	4.3	4.2	4.1	4.1	4.0	4.9	4.5	4.2
BANK PRIME INTEREST RATE (%)....	8.5	8.5	8.5	8.5	7.9	7.8	7.8	8.1	8.4	8.7	9.2	8.4	8.4	8.0
TN MFG JOBS (THOUS).....	519.5	518.4	516.2	512.0	510.3	507.7	507.0	510.4	509.6	507.2	507.0	517.5	514.2	508.7
% CHG PREV QTR SAAR.....	2.16	-0.90	-1.69	-3.16	-1.35	-2.02	-0.58	2.76	-0.65	-1.87	-0.13	-0.40	-0.64	-1.08
% CHG SAME QTR LAST YR.....	0.61	0.46	-0.32	-0.92	-1.78	-2.06	-1.78	-0.31	-0.14	-0.10	0.01	-0.40	-0.64	-1.08

(CONTINUED ON NEXT PAGE)

Historical Data-Quarterly



TENNESSEE ECONOMETRIC MODEL November 2000 UPDATE  
 TABLE 1: SELECTED U.S. AND TENNESSEE ECONOMIC INDICATORS (CONT.)  
 SEASONALLY ADJUSTED

	HISTORICAL - DATA											ANNUAL		
	199704	199801	199802	199803	199804	199901	199902	199903	199904	200001	200002	1997	1998	1999
TN TAXABLE SALES (MIL96\$).....	16022	14997	16346	16157	16791	17224	17119	17204	17437	17956	17340	64754	64291	68984
% CHG PREV QTR SAAR.....	-23.10	-23.23	41.14	-4.55	16.63	10.74	-2.42	2.01	5.52	12.45	-13.04	6.78	-0.71	7.30
% CHG SAME QTR LAST YR.....	4.11	-4.21	2.37	-5.56	4.80	14.85	4.73	6.48	3.85	4.25	1.29	6.78	-0.71	7.30
TN TAXABLE SALES (MIL\$).....	16406	15372	16804	16674	17395	17913	17906	18082	18431	19141	18571	66020	66245	72332
% CHG PREV QTR SAAR.....	-22.20	-22.93	42.80	-3.06	18.45	12.46	-0.15	3.97	7.95	16.33	-11.39	8.84	0.34	9.19
% CHG SAME QTR LAST YR.....	5.66	-3.26	3.38	-4.55	6.03	16.53	6.56	8.44	5.95	6.86	3.71	8.84	0.34	9.19
TN AVG ANNUAL WAGE, NONAG (96\$)..	27601	27697	28024	28083	28321	28257	28668	28867	28896	28761	28986	27120	28031	28672
% CHG PREV QTR SAAR.....	7.94	1.40	4.80	0.85	3.44	-0.90	5.94	2.80	0.40	-1.86	3.17	2.94	3.36	2.29
% CHG SAME QTR LAST YR.....	3.64	2.87	4.26	3.71	2.61	2.02	2.30	2.79	2.03	1.78	1.11	2.94	3.36	2.29
TN AVG ANNUAL WAGE, NONAG (\$)....	28263	28389	28808	28981	29341	29388	29987	30339	30543	30659	31044	27650	28880	30064
% CHG PREV QTR SAAR.....	9.21	1.80	6.03	2.43	5.06	0.64	8.41	4.78	2.72	1.53	5.12	4.92	4.45	4.10
% CHG SAME QTR LAST YR.....	5.18	3.89	5.29	4.83	3.81	3.52	4.09	4.68	4.10	4.33	3.53	4.92	4.45	4.10

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Historical Data-Quarterly

TENNESSEE ECONOMETRIC MODEL November 2000 UPDATE  
 TABLE 2: SELECTED PER CAPITA U.S. AND TENNESSEE ECONOMIC INDICATORS  
 SEASONALLY ADJUSTED

	HISTORICAL - DATA											ANNUAL		
	199704	199801	199802	199803	199804	199901	199902	199903	199904	200001	200002	1997	1998	1999
US GDP (96\$) SAAR.....	30812	31245	31401	31597	31959	32167	32303	32682	33263	33583	33986	30491	31550	32604
% CHG PREV QTR SAAR.....	1.85	5.75	2.01	2.53	4.66	2.62	1.71	4.77	7.30	3.91	4.88	3.50	3.48	3.34
% CHG SAME QTR LAST YR.....	3.37	3.95	3.22	3.02	3.72	2.95	2.87	3.43	4.08	4.41	5.21	3.50	3.48	3.34
US GDP (\$) SAAR.....	31578	32099	32352	32676	33142	33546	33805	34279	35004	35633	36272	31084	32567	34159
% CHG PREV QTR SAAR.....	3.32	6.77	3.18	4.07	5.83	4.97	3.12	5.73	8.74	7.38	7.37	5.51	4.77	4.89
% CHG SAME QTR LAST YR.....	5.28	5.37	4.44	4.33	4.95	4.51	4.49	4.90	5.62	6.22	7.30	5.51	4.77	4.89
TN PERSONAL INCOME (96\$) SAAR...	23255	23485	23816	23969	24149	24097	24327	24481	24618	24754	25029	22883	23855	24381
% CHG PREV QTR SAAR.....	6.70	4.01	5.76	2.60	3.03	-0.86	3.87	2.56	2.27	2.23	4.52	1.94	4.25	2.20
% CHG SAME QTR LAST YR.....	3.11	3.64	4.75	4.76	3.84	2.61	2.14	2.13	1.95	2.73	2.89	1.94	4.25	2.20
TN PERSONAL INCOME (\$) SAAR.....	23813	24072	24483	24736	25018	25061	25446	25729	26022	26388	26807	23330	24577	25564
% CHG PREV QTR SAAR.....	7.96	4.41	7.01	4.21	4.64	0.68	6.29	4.53	4.63	5.75	6.49	3.90	5.35	4.02
% CHG SAME QTR LAST YR.....	4.64	4.66	5.78	5.88	5.06	4.11	3.93	4.01	4.01	5.30	5.35	3.90	5.35	4.02
US PERSONAL INCOME (96\$) SAAR...	25816	26224	26482	26700	26907	27025	27178	27334	27618	27782	28066	25425	26578	27289
% CHG PREV QTR SAAR.....	4.82	6.48	3.99	3.33	3.14	1.78	2.28	2.32	4.21	2.40	4.15	3.02	4.53	2.67
% CHG SAME QTR LAST YR.....	3.80	4.51	4.75	4.65	4.23	3.05	2.63	2.38	2.64	2.80	3.27	3.02	4.53	2.67
US PERSONAL INCOME (\$) SAAR.....	26435	26880	27224	27554	27875	28106	28428	28728	29192	29616	30059	25922	27383	28614
% CHG PREV QTR SAAR.....	6.06	6.90	5.21	4.94	4.74	3.36	4.66	4.29	6.61	5.93	6.12	5.00	5.64	4.49
% CHG SAME QTR LAST YR.....	5.34	5.54	5.78	5.78	5.45	4.56	4.43	4.26	4.72	5.37	5.73	5.00	5.64	4.49
TN TAXABLE SALES (96\$).....	2968	2771	3013	2971	3080	3152	3125	3132	3167	3254	3135	12042	11834	12576
% CHG PREV QTR SAAR.....	-23.87	-23.99	39.73	-5.47	15.55	9.71	-3.33	0.81	4.54	11.53	-13.85	5.50	-1.73	6.27
% CHG SAME QTR LAST YR.....	2.94	-5.24	1.33	-6.50	3.78	13.75	3.74	5.43	2.82	3.24	0.31	5.50	-1.73	6.27
TN TAXABLE SALES (\$).....	3039	2840	3097	3066	3191	3278	3269	3292	3347	3469	3358	12278	12194	13186
% CHG PREV QTR SAAR.....	-22.97	-23.70	41.37	-3.99	17.35	11.41	-1.08	2.75	6.94	15.38	-12.23	7.53	-0.68	8.14
% CHG SAME QTR LAST YR.....	4.47	-4.30	2.32	-5.49	5.00	15.42	5.56	7.37	4.90	5.82	2.71	7.53	-0.68	8.14

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Historical Data-Quarterly

TENNESSEE ECONOMETRIC MODEL November 2000 UPDATE  
 TABLE 3: TENNESSEE PERSONAL INCOME BY COMPONENTS  
 SEASONALLY ADJUSTED ANNUAL RATES  
 MILLIONS OF 1996 DOLLARS

	HISTORICAL - DATA										ANNUAL			
	199704	199801	199802	199803	199804	199901	199902	199903	199904	200001	200002	1997	1998	1999
TOTAL PERSONAL INCOME.....	125548	127105	129222	130369	131652	131674	133241	134481	135556	136585	138429	123045	129587	133738
% CHG PREV QTR SAAR.....	7.78	5.06	6.83	3.60	3.99	0.07	4.85	3.78	3.24	3.07	5.51	3.18	5.32	3.20
% CHG SAME QTR LAST YR.....	4.29	4.77	5.84	5.80	4.86	3.59	3.11	3.15	2.97	3.73	3.89	3.18	5.32	3.20
WAGES AND SALARIES.....	72493	73137	74462	75000	75913	75987	77220	78206	78440	78561	79561	70740	74628	77463
% CHG PREV QTR SAAR.....	10.11	3.60	7.45	2.92	4.96	0.39	6.65	5.20	1.20	0.62	5.19	4.73	5.50	3.80
% CHG SAME QTR LAST YR.....	5.81	5.05	6.26	5.98	4.72	3.90	3.70	4.27	3.33	3.39	3.03	4.73	5.50	3.80
OTHER LABOR INCOME.....	8175	8193	8272	8252	8282	8288	8357	8420	8421	8425	8523	8288	8250	8371
% CHG PREV QTR SAAR.....	1.04	0.90	3.92	-0.98	1.46	0.27	3.38	3.05	0.07	0.19	4.73	-7.19	-0.46	1.47
% CHG SAME QTR LAST YR.....	-5.92	-3.74	-0.47	1.20	1.31	1.15	1.02	2.03	1.68	1.66	1.99	-7.19	-0.46	1.47
PROPRIETORS INCOME.....	12029	12172	12247	12351	12710	12537	12859	12834	13249	13562	13763	11814	12370	12870
% CHG PREV QTR SAAR.....	4.93	4.82	2.50	3.43	12.17	-5.36	10.68	-0.75	13.55	9.79	6.06	3.75	4.71	4.04
% CHG SAME QTR LAST YR.....	3.75	4.75	4.49	3.92	5.66	3.00	4.99	3.92	4.24	8.18	7.03	3.75	4.71	4.04
RENT INTEREST DIVIDENDS.....	19773	20379	21045	21476	21483	21374	21411	21624	22012	22308	22555	19059	21095	21605
% CHG PREV QTR SAAR.....	12.11	12.81	13.73	8.45	0.13	-2.01	0.70	4.04	7.38	5.48	4.50	3.64	10.69	2.42
% CHG SAME QTR LAST YR.....	6.02	10.55	11.87	11.76	8.64	4.89	1.74	0.69	2.47	4.37	5.34	3.64	10.69	2.42
TRANSFER PAYMENTS.....	19590	19891	19974	20078	20116	20413	20473	20566	20605	20890	21290	19511	20014	20514
% CHG PREV QTR SAAR.....	0.71	6.29	1.68	2.09	0.77	6.05	1.18	1.83	0.75	5.66	7.88	2.55	2.58	2.50
% CHG SAME QTR LAST YR.....	2.98	2.45	2.52	2.67	2.68	2.63	2.50	2.43	2.43	2.34	3.99	2.55	2.58	2.50
LESS:PERS CONT FOR SOC INS.....	5686	5727	5804	5824	5876	5952	6043	6111	6121	6155	6222	5584	5808	6057
% CHG PREV QTR SAAR.....	7.87	2.94	5.46	1.40	3.68	5.24	6.26	4.60	0.64	2.22	4.46	4.11	4.00	4.29
% CHG SAME QTR LAST YR.....	4.88	3.61	4.66	4.39	3.36	3.93	4.13	4.94	4.16	3.41	2.97	4.11	4.00	4.29
RESIDENCE ADJUSTMENT.....	-827	-939	-975	-963	-976	-972	-1035	-1057	-1049	-1006	-1041	-782	-963	-1028
% CHG PREV QTR SAAR.....	26.07	65.76	16.33	-4.65	5.38	-1.53	28.68	8.66	-2.95	-15.60	14.87	18.10	23.17	6.79
% CHG SAME QTR LAST YR.....	25.13	24.04	27.70	23.39	17.98	3.58	6.22	9.75	7.51	3.45	0.55	18.10	23.17	6.79
PER CAPITA PERSONAL INCOME (\$)...	23255	23485	23816	23969	24149	24097	24327	24481	24618	24754	25029	22883	23855	24381
% CHG PREV QTR SAAR.....	6.70	4.01	5.76	2.60	3.03	-0.86	3.87	2.56	2.27	2.23	4.52	1.94	4.25	2.20
% CHG SAME QTR LAST YR.....	3.11	3.64	4.75	4.76	3.84	2.61	2.14	2.13	1.95	2.73	2.89	1.94	4.25	2.20

CENTER FOR BUSINESS AND ECONOMIC RESEARCH, UT-KNOXVILLE.

Historical Data-Quarterly

TENNESSEE ECONOMETRIC MODEL November 2000 UPDATE  
 TABLE 4: TENNESSEE PERSONAL INCOME BY COMPONENTS  
 SEASONALLY ADJUSTED ANNUAL RATES  
 MILLIONS OF CURRENT DOLLARS

	HISTORICAL - DATA										ANNUAL			
	199704	199801	199802	199803	199804	199901	199902	199903	199904	200001	200002	1997	1998	1999
TOTAL PERSONAL INCOME.....	128561	130283	132840	134541	136391	136941	139370	141340	143283	145600	148257	125449	133514	140234
% CHG PREV QTR SAAR.....	9.05	5.47	8.08	5.22	5.61	1.62	7.29	5.78	5.61	6.63	7.50	5.17	6.43	5.03
% CHG SAME QTR LAST YR.....	5.84	5.80	6.88	6.94	6.09	5.11	4.92	5.05	5.05	6.32	6.38	5.17	6.43	5.03
WAGES AND SALARIES.....	74233	74965	76547	77400	78646	79026	80772	82194	82911	83746	85210	72123	76890	81226
% CHG PREV QTR SAAR.....	11.41	4.00	8.71	4.53	6.60	1.95	9.13	7.23	3.54	4.09	7.18	6.74	6.61	5.64
% CHG SAME QTR LAST YR.....	7.38	6.08	7.30	7.12	5.94	5.42	5.52	6.19	5.42	5.97	5.49	6.74	6.61	5.64
OTHER LABOR INCOME.....	8371	8398	8504	8516	8580	8619	8741	8849	8901	8981	9128	8449	8500	8778
% CHG PREV QTR SAAR.....	2.23	1.30	5.15	0.57	3.04	1.83	5.78	5.03	2.37	3.64	6.71	-5.40	0.60	3.27
% CHG SAME QTR LAST YR.....	-4.52	-2.79	0.51	2.29	2.50	2.63	2.79	3.91	3.74	4.20	4.43	-5.40	0.60	3.27
PROPRIETORS INCOME.....	12318	12476	12590	12746	13168	13038	13450	13489	14004	14457	14740	12045	12745	13495
% CHG PREV QTR SAAR.....	6.17	5.23	3.71	5.05	13.92	-3.89	13.25	1.16	16.17	13.58	8.06	5.74	5.81	5.89
% CHG SAME QTR LAST YR.....	5.29	5.78	5.51	5.04	6.90	4.50	6.83	5.83	6.35	10.88	9.59	5.74	5.81	5.89
RENT INTEREST DIVIDENDS.....	20248	20888	21634	22163	22256	22229	22396	22727	23267	23780	24156	19432	21735	22655
% CHG PREV QTR SAAR.....	13.43	13.26	15.07	10.15	1.69	-0.48	3.04	6.04	9.85	9.12	6.48	5.64	11.85	4.23
% CHG SAME QTR LAST YR.....	7.59	11.64	12.97	12.96	9.92	6.42	3.52	2.54	4.54	6.98	7.86	5.64	11.85	4.23
TRANSFER PAYMENTS.....	20060	20388	20533	20720	20840	21230	21415	21615	21779	22269	22802	19891	20620	21510
% CHG PREV QTR SAAR.....	1.90	6.70	2.88	3.69	2.34	7.70	3.53	3.79	3.07	9.31	9.92	4.52	3.66	4.31
% CHG SAME QTR LAST YR.....	4.51	3.46	3.53	3.78	3.89	4.13	4.30	4.32	4.51	4.89	6.48	4.52	3.66	4.31
LESS:PERS CONT FOR SOC INS.....	5822	5870	5966	6010	6088	6190	6321	6423	6470	6561	6664	5693	5984	6351
% CHG PREV QTR SAAR.....	9.15	3.34	6.70	2.98	5.29	6.87	8.74	6.61	2.96	5.75	6.43	6.11	5.10	6.14
% CHG SAME QTR LAST YR.....	6.44	4.63	5.69	5.51	4.57	5.45	5.95	6.87	6.27	5.99	5.43	6.11	5.10	6.14
RESIDENCE ADJUSTMENT.....	-847	-962	-1002	-994	-1011	-1011	-1083	-1111	-1109	-1072	-1115	-797	-992	-1079
% CHG PREV QTR SAAR.....	27.56	66.41	17.70	-3.16	7.02	0.00	31.68	10.75	-0.72	-12.69	17.04	20.39	24.46	8.69
% CHG SAME QTR LAST YR.....	26.99	25.26	28.96	24.72	19.36	5.09	8.08	11.77	9.69	6.03	2.95	20.39	24.46	8.69
PER CAPITA PERSONAL INCOME (\$)...	23813	24072	24483	24736	25018	25061	25446	25729	26022	26388	26807	23330	24577	25564
% CHG PREV QTR SAAR.....	7.96	4.41	7.01	4.21	4.64	0.68	6.29	4.53	4.63	5.75	6.49	3.90	5.35	4.02
% CHG SAME QTR LAST YR.....	4.64	4.66	5.78	5.88	5.06	4.11	3.93	4.01	4.01	5.30	5.35	3.90	5.35	4.02

CENTER FOR BUSINESS AND ECONOMIC RESEARCH, UT-KNOXVILLE.

Historical Data-Quarterly

TENNESSEE ECONOMETRIC MODEL November 2000 UPDATE  
 TABLE 5: TENNESSEE NONAGRICULTURAL EMPLOYMENT BY SECTOR  
 THOUSANDS OF JOBS

	HISTORICAL - DATA										ANNUAL			
	199704	199801	199802	199803	199804	199901	199902	199903	199904	200001	200002	1997	1998	1999
TOTAL NONAGRICULTURAL.....	2631.1	2583.0	2640.1	2647.0	2683.7	2628.8	2675.0	2678.9	2714.0	2676.9	2719.3	2584.0	2638.4	2674.2
% CHG SAME QTR LAST YR....	2.31	2.13	2.05	2.25	2.00	1.77	1.32	1.20	1.13	1.83	1.66	2.00	2.11	1.35
MINING.....	4.5	4.3	4.3	4.4	4.3	4.2	4.3	4.4	4.2	4.2	4.3	4.6	4.3	4.3
% CHG SAME QTR LAST YR....	-1.45	-2.27	-7.86	-4.35	-4.41	-2.33	0.78	0.00	-2.31	-0.79	-0.77	-1.44	-4.76	-0.96
CONSTRUCTION.....	120.7	112.8	122.3	125.4	123.2	115.4	124.7	128.4	126.8	119.0	130.0	118.1	120.9	123.8
% CHG SAME QTR LAST YR....	4.20	3.08	3.32	1.29	2.10	2.25	1.96	2.42	2.92	3.12	4.25	4.38	2.42	2.39
MANUFACTURING.....	520.8	518.1	518.9	510.1	511.7	507.5	509.8	508.6	510.4	507.4	506.7	517.6	514.7	509.1
% CHG SAME QTR LAST YR....	0.62	0.45	-0.04	-0.86	-1.75	-2.05	-1.77	-0.30	-0.26	-0.02	-0.60	-0.33	-0.55	-1.10
DURABLE GOODS.....	290.6	291.3	293.6	290.9	295.1	296.5	298.8	298.4	300.5	299.9	300.4	288.3	292.7	298.6
% CHG SAME QTR LAST YR....	1.63	1.46	1.46	1.65	1.56	1.78	1.77	2.58	1.82	1.15	0.54	1.24	1.53	1.99
NONDURABLE GOODS.....	230.2	226.8	225.3	219.2	216.6	211.0	211.0	210.2	209.9	207.5	206.3	229.3	222.0	210.5
% CHG SAME QTR LAST YR....	-0.63	-0.82	-1.93	-4.01	-5.94	-6.97	-6.38	-4.12	-3.09	-1.66	-2.21	-2.23	-3.18	-5.17
TRADE.....	627.3	604.4	618.4	623.4	635.8	616.0	623.7	629.6	642.9	622.4	634.4	610.2	620.5	628.1
% CHG SAME QTR LAST YR....	2.80	1.76	1.53	2.12	1.37	1.92	0.86	1.00	1.12	1.05	1.70	2.66	1.69	1.22
SERVICES.....	693.4	682.4	705.5	712.8	712.9	695.4	719.1	723.4	726.1	719.4	737.2	682.4	703.4	716.0
% CHG SAME QTR LAST YR....	3.55	3.90	2.94	2.72	2.80	1.91	1.92	1.49	1.86	3.45	2.51	3.59	3.08	1.79
FIN, INS, REAL EST.....	121.7	122.2	125.8	128.5	130.4	129.8	131.0	131.0	130.5	130.2	131.0	120.1	126.7	130.5
% CHG SAME QTR LAST YR....	3.87	4.09	4.92	5.79	7.15	6.19	4.08	1.89	0.08	0.31	0.03	3.14	5.50	3.00
TRANS, COMM, PUB UTIL.....	155.4	154.6	159.3	165.6	169.5	167.9	171.3	172.7	173.7	169.6	172.7	150.8	162.3	171.4
% CHG SAME QTR LAST YR....	3.17	5.03	6.27	9.89	9.10	8.56	7.53	4.29	2.46	1.05	0.82	3.86	7.60	5.62
GOVERNMENT.....	387.3	384.1	385.4	376.8	395.9	392.7	391.1	380.8	399.3	404.7	403.1	380.3	385.5	391.0
% CHG SAME QTR LAST YR....	0.32	-0.01	1.29	2.03	2.22	2.23	1.48	1.06	0.87	3.06	3.06	-0.35	1.38	1.41
FEDERAL, CIVILIAN.....	50.4	50.3	51.1	49.9	52.0	51.3	52.1	51.1	51.9	53.4	61.3	51.8	50.8	51.6
% CHG SAME QTR LAST YR....	-5.20	-4.91	-2.54	-2.92	3.11	1.99	1.89	2.34	-0.19	4.03	17.73	-4.31	-1.87	1.49
STATE AND LOCAL.....	336.8	333.8	334.3	326.8	343.9	341.4	339.0	329.7	347.4	351.3	341.8	328.5	334.7	339.4
% CHG SAME QTR LAST YR....	1.20	0.77	1.90	2.83	2.09	2.27	1.42	0.87	1.03	2.91	0.81	0.30	1.89	1.39

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Historical Data-Quarterly

TENNESSEE ECONOMETRIC MODEL November 2000 UPDATE  
 TABLE 6: TENNESSEE DURABLE GOODS MANUFACTURING EMPLOYMENT  
 THOUSANDS OF JOBS

	HISTORICAL - DATA										ANNUAL			
	199704	199801	199802	199803	199804	199901	199902	199903	199904	200001	200002	1997	1998	1999
TOTAL DURABLE GOODS.....	290.6	291.3	293.6	290.9	295.1	296.5	298.8	298.4	300.5	299.9	300.4	288.3	292.7	298.6
% CHG SAME QTR LAST YR.....	1.63	1.46	1.46	1.65	1.56	1.78	1.77	2.58	1.82	1.15	0.54	1.24	1.53	1.99
LUMBER AND WOOD.....	23.0	22.7	23.2	23.4	23.4	23.7	23.3	23.4	23.5	23.4	23.5	22.5	23.2	23.5
% CHG SAME QTR LAST YR.....	4.38	5.90	2.66	2.78	1.59	4.11	0.72	0.14	0.28	-1.27	0.86	2.32	3.19	1.29
FURNITURE AND FIXTURES.....	27.4	27.0	27.1	26.6	27.4	27.0	27.6	27.7	27.5	27.4	27.4	27.4	27.1	27.5
% CHG SAME QTR LAST YR.....	-2.61	-1.93	-1.81	-0.75	0.12	-0.12	1.84	3.88	0.36	1.36	-0.97	-3.92	-1.10	1.48
STONE,CLAY AND GLASS.....	16.1	16.2	16.3	16.3	16.1	16.0	16.6	16.8	17.0	17.0	17.3	16.4	16.2	16.6
% CHG SAME QTR LAST YR.....	-2.03	-1.02	-1.80	-2.40	-0.21	-0.82	1.43	2.86	5.81	6.03	4.23	-0.20	-1.37	2.31
PRIMARY METALS.....	17.5	17.7	17.8	17.6	17.8	18.0	17.9	17.8	17.9	17.9	18.0	17.1	17.7	17.9
% CHG SAME QTR LAST YR.....	5.84	5.78	5.31	3.12	1.52	1.51	0.19	0.95	0.37	-0.56	0.56	4.01	3.90	0.75
FABRICATED METALS.....	44.6	44.8	45.1	45.3	46.4	46.6	46.4	46.5	46.7	46.1	45.8	43.8	45.4	46.5
% CHG SAME QTR LAST YR.....	0.83	1.97	4.16	4.70	4.11	3.94	2.81	2.65	0.57	-1.00	-1.29	0.25	3.73	2.48
NONELECTRICAL MACHINERY.....	44.7	46.6	47.8	46.1	48.1	48.8	49.1	48.5	50.0	50.2	50.2	45.4	47.2	49.1
% CHG SAME QTR LAST YR.....	4.77	0.94	2.50	5.17	7.53	4.65	2.65	5.20	4.09	2.87	2.31	5.36	3.99	4.13
ELECTRICAL MACHINERY.....	40.4	39.8	40.0	40.6	41.4	41.0	40.6	40.8	40.6	40.1	40.3	40.2	40.4	40.7
% CHG SAME QTR LAST YR.....	-2.02	-0.91	0.59	0.83	2.39	3.10	1.58	0.33	-1.93	-2.28	-0.82	-0.37	0.73	0.74
TRANSPORTATION EQUIPMENT.....	54.4	54.3	53.8	52.8	53.0	53.9	54.7	54.7	55.3	55.6	55.5	53.4	53.5	54.6
% CHG SAME QTR LAST YR.....	3.49	3.23	0.81	-1.00	-2.57	-0.68	1.80	3.60	4.21	3.09	1.34	2.40	0.09	2.21
INSTRUMENTS.....	11.2	11.3	11.3	11.3	10.9	10.8	10.8	10.9	10.8	11.0	11.0	11.0	11.2	10.8
% CHG SAME QTR LAST YR.....	7.32	5.30	2.11	3.05	-2.97	-3.85	-4.14	-3.55	-0.61	1.54	1.54	4.19	1.82	-3.06
MISCELLANEOUS.....	11.2	11.0	11.2	10.9	10.7	10.8	11.8	11.5	11.3	11.4	11.5	11.3	10.9	11.3
% CHG SAME QTR LAST YR.....	-3.17	-4.64	-2.90	-2.39	-4.76	-1.82	5.37	5.20	5.62	5.88	-1.98	-3.68	-3.67	3.59

CENTER FOR BUSINESS AND ECONOMIC RESEARCH, UT-KNOXVILLE.

Historical Data-Quarterly

TENNESSEE ECONOMETRIC MODEL November 2000 UPDATE  
 TABLE 7: TENNESSEE NONDURABLE GOODS MANUFACTURING EMPLOYMENT  
 THOUSANDS OF JOBS

	HISTORICAL - DATA										ANNUAL			
	199704	199801	199802	199803	199804	199901	199902	199903	199904	200001	200002	1997	1998	1999
TOTAL NONDURABLE GOODS.....	230.2	226.8	225.3	219.2	216.6	211.0	211.0	210.2	209.9	207.5	206.3	229.3	222.0	210.5
% CHG SAME QTR LAST YR.....	-0.63	-0.82	-1.93	-4.01	-5.94	-6.97	-6.38	-4.12	-3.09	-1.66	-2.21	-2.23	-3.18	-5.17
FOOD.....	36.8	36.4	37.4	37.6	38.0	37.7	38.0	38.3	38.7	38.5	38.8	35.9	37.4	38.2
% CHG SAME QTR LAST YR.....	4.94	4.29	6.04	3.21	3.08	3.48	1.42	2.04	2.02	2.21	2.11	0.99	4.14	2.23
TOBACCO.....	1.1	1.3	1.1	1.1	1.1	1.3	1.0	1.0	1.1	1.2	1.2	1.1	1.2	1.1
% CHG SAME QTR LAST YR.....	-2.86	5.41	3.03	10.00	0.00	-2.56	-8.82	-6.06	-2.94	-7.89	12.90	-2.90	4.48	-5.00
TEXTILES.....	18.3	18.2	17.9	17.4	16.8	16.4	16.6	16.2	16.1	16.0	16.0	18.6	17.6	16.3
% CHG SAME QTR LAST YR.....	-5.17	-2.85	-4.63	-5.79	-8.36	-9.71	-7.28	-6.91	-3.97	-2.84	-3.22	-4.13	-5.39	-7.02
APPAREL.....	38.0	36.5	35.1	31.3	29.6	27.8	26.7	25.4	24.9	23.7	22.7	38.2	33.1	26.2
% CHG SAME QTR LAST YR.....	-4.68	-6.57	-10.00	-14.71	-22.17	-23.93	-24.03	-18.96	-15.99	-14.77	-14.75	-8.74	-13.29	-21.01
PAPER.....	22.6	21.8	21.9	22.2	21.7	21.7	22.2	22.2	22.0	21.7	21.8	22.0	21.9	22.0
% CHG SAME QTR LAST YR.....	4.15	4.64	-0.91	-2.21	-3.69	-0.46	1.37	0.15	1.23	-0.15	-1.80	2.05	-0.64	0.57
PRINTING AND PUBLISHING.....	38.9	39.2	39.4	39.3	39.6	38.3	38.4	38.7	38.7	38.7	38.2	38.7	39.3	38.5
% CHG SAME QTR LAST YR.....	0.34	2.26	1.81	1.55	1.63	-2.38	-2.37	-1.36	-2.19	1.13	-0.69	-0.47	1.81	-2.08
CHEMICALS.....	34.9	34.1	33.4	32.0	31.0	29.6	29.4	29.3	29.0	28.3	28.3	35.7	32.6	29.4
% CHG SAME QTR LAST YR.....	-4.90	-6.67	-7.14	-9.77	-11.35	-13.11	-11.88	-8.43	-6.24	-4.28	-3.96	-3.77	-8.70	-10.02
PETROLEUM REFINING.....	1.1	1.0	1.1	1.1	1.0	1.0	1.1	1.1	1.1	1.1	1.2	1.0	1.0	1.1
% CHG SAME QTR LAST YR.....	3.23	3.45	3.23	0.00	-3.13	-3.33	3.12	0.00	6.45	13.79	6.06	1.63	0.80	1.59
RUBBER AND PLASTICS.....	34.8	34.9	34.8	33.9	34.5	34.2	34.5	34.8	35.1	35.3	35.3	34.3	34.5	34.6
% CHG SAME QTR LAST YR.....	2.86	2.95	1.86	-0.88	-0.86	-2.01	-0.86	2.55	1.74	3.41	2.51	1.83	0.75	0.34
LEATHER.....	3.6	3.4	3.3	3.4	3.3	3.1	3.1	3.1	3.1	3.0	2.9	3.8	3.3	3.1
% CHG SAME QTR LAST YR.....	-12.90	-18.25	-11.50	-8.18	-9.26	-8.74	-6.00	-7.92	-5.10	-3.19	-7.45	-13.28	-12.04	-6.97

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Historical Data-Quarterly

TENNESSEE ECONOMETRIC MODEL November 2000 UPDATE  
 TABLE 8: TENNESSEE NONAGRICULTURAL EMPLOYMENT BY SECTOR  
 THOUSANDS OF SEASONALLY ADJUSTED JOBS

	HISTORICAL - DATA										ANNUAL			
	199704	199801	199802	199803	199804	199901	199902	199903	199904	200001	200002	1997	1998	1999
TOTAL NONAGRICULTURAL.....	2602.1	2615.7	2632.1	2644.9	2654.2	2662.2	2667.0	2683.1	2688.3	2703.4	2717.2	2583.5	2636.7	2675.2
% CHG PREV QTR SAAR.....	2.10	2.11	2.52	1.96	1.41	1.22	0.72	2.44	0.78	2.27	2.05	1.93	2.06	1.46
% CHG SAME QTR LAST YR....	2.22	2.14	1.93	2.17	2.00	1.78	1.33	1.45	1.29	1.55	1.88	1.93	2.06	1.46
MINING.....	4.5	4.4	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.2	4.3	4.5	4.3	4.3
% CHG PREV QTR SAAR.....	-2.91	-8.60	-8.79	0.00	0.00	3.14	0.00	0.00	-3.04	-6.06	3.19	-1.45	-4.77	0.00
% CHG SAME QTR LAST YR....	-0.74	-2.22	-7.19	-5.15	-4.44	-1.52	0.78	0.78	0.00	-2.31	-1.54	-1.45	-4.77	0.00
CONSTRUCTION.....	119.1	120.0	121.0	120.7	121.7	122.7	123.3	124.0	125.1	125.9	129.2	117.7	120.8	123.8
% CHG PREV QTR SAAR.....	1.01	3.29	3.26	-1.10	3.36	3.44	2.08	2.29	3.59	2.58	10.67	4.10	2.65	2.45
% CHG SAME QTR LAST YR....	3.87	3.03	3.80	1.60	2.18	2.22	1.93	2.79	2.85	2.64	4.73	4.10	2.65	2.45
MANUFACTURING.....	519.5	518.4	516.2	512.0	510.3	507.7	507.0	510.4	509.6	507.2	507.0	517.5	514.2	508.7
% CHG PREV QTR SAAR.....	2.16	-0.90	-1.69	-3.16	-1.35	-2.02	-0.58	2.76	-0.65	-1.87	-0.13	-0.40	-0.64	-1.08
% CHG SAME QTR LAST YR....	0.61	0.46	-0.32	-0.92	-1.78	-2.06	-1.78	-0.31	-0.14	-0.10	0.01	-0.40	-0.64	-1.08
DURABLE GOODS.....	290.1	290.3	291.8	292.9	294.5	295.6	297.0	299.9	300.5	299.1	300.7	288.3	292.4	298.2
% CHG PREV QTR SAAR.....	2.10	0.32	2.13	1.47	2.20	1.46	1.95	3.92	0.89	-1.89	2.11	1.17	1.42	2.00
% CHG SAME QTR LAST YR....	1.73	1.49	1.14	1.50	1.53	1.81	1.77	2.38	2.05	1.20	1.23	1.17	1.42	2.00
NONDURABLE GOODS.....	229.5	228.1	224.3	219.1	215.8	212.1	210.0	210.6	209.1	208.1	206.4	229.2	221.8	210.4
% CHG PREV QTR SAAR.....	2.24	-2.42	-6.39	-8.95	-5.95	-6.63	-4.02	1.15	-2.82	-1.84	-3.29	-2.30	-3.22	-5.14
% CHG SAME QTR LAST YR....	-0.76	-0.83	-2.15	-3.97	-5.96	-6.99	-6.40	-3.91	-3.12	-1.90	-1.71	-2.30	-3.22	-5.14
TRADE.....	614.9	615.4	620.1	622.4	623.2	627.0	625.6	629.0	631.2	634.1	636.4	610.3	620.3	628.2
% CHG PREV QTR SAAR.....	2.98	0.33	3.11	1.49	0.52	2.44	-0.89	2.19	1.43	1.85	1.48	2.60	1.64	1.27
% CHG SAME QTR LAST YR....	2.59	1.70	1.54	1.97	1.36	1.89	0.88	1.06	1.28	1.14	1.74	2.60	1.64	1.27
SERVICES.....	689.1	697.0	700.9	704.6	708.5	710.5	714.1	718.6	722.8	730.1	734.5	682.1	702.7	716.5
% CHG PREV QTR SAAR.....	1.84	4.66	2.22	2.13	2.25	1.13	2.06	2.54	2.36	4.06	2.43	3.51	3.03	1.96
% CHG SAME QTR LAST YR....	3.50	3.95	2.68	2.71	2.81	1.93	1.89	2.00	2.02	2.75	2.85	3.51	3.03	1.96
FIN, INS, REAL EST.....	121.5	123.1	125.7	127.9	130.1	130.7	130.9	130.3	130.7	131.0	130.8	120.1	126.7	130.6
% CHG PREV QTR SAAR.....	1.89	5.60	8.72	7.07	7.17	1.75	0.61	-1.72	1.03	1.02	-0.71	3.14	5.50	3.10
% CHG SAME QTR LAST YR....	3.82	4.06	4.98	5.79	7.14	6.15	4.11	1.90	0.41	0.23	-0.10	3.14	5.50	3.10
TRANS, COMM, PUB UTIL.....	153.3	156.8	160.0	164.6	167.3	170.2	172.1	172.1	173.1	171.0	172.5	150.8	162.2	171.9
% CHG PREV QTR SAAR.....	9.48	9.45	8.51	11.82	6.81	7.20	4.54	-0.15	2.35	-4.62	3.47	3.85	7.56	5.98
% CHG SAME QTR LAST YR....	3.05	5.00	6.26	9.81	9.13	8.57	7.56	4.56	3.45	0.47	0.21	3.85	7.56	5.98
GOVERNMENT.....	380.2	380.6	383.9	388.4	388.8	389.1	389.6	394.3	391.5	399.9	402.5	380.4	385.4	391.1
% CHG PREV QTR SAAR.....	-1.22	0.39	3.48	4.84	0.34	0.34	0.55	4.88	-2.81	8.83	2.69	-0.35	1.31	1.48
% CHG SAME QTR LAST YR....	0.30	0.00	1.14	1.84	2.24	2.23	1.50	1.51	0.70	2.77	3.31	-0.35	1.31	1.48
FEDERAL, CIVILIAN.....	50.7	50.3	50.6	50.2	52.1	51.4	51.6	51.5	52.4	53.1	60.6	51.8	50.8	51.7
% CHG PREV QTR SAAR.....	-7.52	-2.61	2.14	-3.12	16.02	-5.51	1.83	-1.03	7.45	5.45	69.26	-4.25	-1.99	1.77
% CHG SAME QTR LAST YR....	-5.18	-4.91	-2.88	-2.84	2.83	2.05	1.98	2.52	0.58	3.37	17.38	-4.25	-1.99	1.77
STATE AND LOCAL.....	329.6	330.3	333.3	338.2	336.7	337.7	338.0	342.8	339.1	346.8	342.0	328.6	334.6	339.4
% CHG PREV QTR SAAR.....	-0.20	0.85	3.68	6.10	-1.84	1.27	0.36	5.80	-4.29	9.35	-5.42	0.29	1.83	1.44
% CHG SAME QTR LAST YR....	1.20	0.79	1.78	2.58	2.15	2.26	1.43	1.36	0.72	2.67	1.16	0.29	1.83	1.44
STATISTICAL DISCREPANCY.....	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Historical Data-Quarterly



TENNESSEE ECONOMETRIC MODEL November 2000 UPDATE  
 TABLE 9: TENNESSEE DURABLE GOODS MANUFACTURING EMPLOYMENT  
 THOUSANDS OF SEASONALLY ADJUSTED JOBS

	HISTORICAL - DATA										ANNUAL			
	199704	199801	199802	199803	199804	199901	199902	199903	199904	200001	200002	1997	1998	1999
TOTAL DURABLE GOODS.....	290.1	290.3	291.8	292.9	294.5	295.6	297.0	299.9	300.5	299.1	300.7	288.3	292.4	298.2
% CHG PREV QTR SAAR.....	2.10	0.32	2.13	1.47	2.20	1.46	1.95	3.92	0.89	-1.89	2.11	1.17	1.42	2.00
% CHG SAME QTR LAST YR.....	1.73	1.49	1.14	1.50	1.53	1.81	1.77	2.38	2.05	1.20	1.23	1.17	1.42	2.00
LUMBER AND WOOD.....	23.0	23.0	23.1	23.2	23.4	23.9	23.3	23.3	23.4	23.5	23.5	22.5	23.2	23.5
% CHG PREV QTR SAAR.....	5.40	0.58	1.75	1.74	2.90	8.84	-9.16	0.57	1.15	2.30	-0.57	2.24	3.15	1.33
% CHG SAME QTR LAST YR.....	3.92	5.83	2.82	2.35	1.74	3.77	0.87	0.57	0.14	-1.40	0.86	2.24	3.15	1.33
FURNITURE AND FIXTURES.....	27.2	27.0	26.9	26.9	27.1	27.0	27.3	27.8	27.5	27.5	27.3	27.4	27.0	27.4
% CHG PREV QTR SAAR.....	-1.94	-1.95	-2.44	0.50	3.52	-1.95	5.03	6.49	-4.25	0.97	-3.82	-4.03	-1.37	1.51
% CHG SAME QTR LAST YR.....	-2.51	-1.70	-2.18	-1.47	-0.12	-0.12	1.74	3.22	1.23	1.98	-0.24	-4.03	-1.37	1.51
STONE,CLAY AND GLASS.....	16.1	16.4	16.2	16.1	16.1	16.2	16.4	16.7	17.0	17.1	17.2	16.5	16.2	16.6
% CHG PREV QTR SAAR.....	-10.78	5.91	-4.01	-1.64	0.00	2.50	5.02	7.50	5.70	3.18	2.36	-0.25	-1.52	2.37
% CHG SAME QTR LAST YR.....	-2.02	-1.01	-2.21	-2.81	0.00	-0.81	1.44	3.72	5.17	5.34	4.67	-0.25	-1.52	2.37
PRIMARY METALS.....	17.5	17.6	17.8	17.7	17.8	17.9	17.8	18.0	17.8	17.8	17.9	17.1	17.7	17.9
% CHG PREV QTR SAAR.....	7.15	2.30	3.06	-1.49	2.28	2.27	-2.95	4.58	-2.94	-1.49	3.81	3.90	3.65	0.80
% CHG SAME QTR LAST YR.....	6.05	5.80	4.72	2.71	1.52	1.51	0.00	1.51	0.19	-0.74	0.94	3.90	3.65	0.80
FABRICATED METALS.....	44.2	44.6	45.2	45.6	46.0	46.3	46.5	46.7	46.5	45.7	46.2	43.8	45.3	46.5
% CHG PREV QTR SAAR.....	4.34	3.67	5.81	3.28	3.86	2.63	1.74	2.02	-2.26	-6.44	4.15	0.11	3.62	2.57
% CHG SAME QTR LAST YR.....	0.91	2.06	3.99	4.27	4.15	3.89	2.88	2.56	1.01	-1.30	-0.72	0.11	3.62	2.57
NONELECTRICAL MACHINERY.....	45.2	45.6	47.0	47.4	48.5	47.8	48.3	49.6	50.2	49.5	49.7	45.2	47.1	49.0
% CHG PREV QTR SAAR.....	3.93	3.59	12.86	3.45	9.91	-6.17	4.25	11.22	5.21	-5.46	1.63	5.15	4.20	3.85
% CHG SAME QTR LAST YR.....	4.87	0.96	2.62	5.88	7.37	4.75	2.70	4.57	3.43	3.63	2.97	5.15	4.20	3.85
ELECTRICAL MACHINERY.....	39.9	39.9	40.4	40.6	40.8	41.1	41.0	40.7	40.6	40.3	40.4	40.1	40.4	40.9
% CHG PREV QTR SAAR.....	-3.28	0.00	5.11	2.00	2.66	2.97	-1.29	-2.58	-1.30	-2.92	1.00	-0.37	0.71	1.13
% CHG SAME QTR LAST YR.....	-1.81	-0.99	0.50	0.91	2.42	3.18	1.57	0.41	-0.57	-2.03	-1.46	-0.37	0.71	1.13
TRANSPORTATION EQUIPMENT.....	54.2	54.4	53.4	52.9	52.8	54.0	54.4	54.7	55.2	55.5	55.5	53.4	53.4	54.6
% CHG PREV QTR SAAR.....	5.60	0.99	-6.69	-3.93	-0.50	9.13	3.00	2.47	3.45	2.44	-0.24	2.30	-0.09	2.25
% CHG SAME QTR LAST YR.....	3.50	3.23	0.19	-1.12	-2.58	-0.67	1.81	3.47	4.48	2.84	2.02	2.30	-0.09	2.25
INSTRUMENTS.....	11.5	10.9	10.9	11.6	11.1	10.6	10.4	10.8	11.1	10.7	11.6	11.0	11.1	10.7
% CHG PREV QTR SAAR.....	2.35	-21.19	1.23	28.27	-15.15	-18.86	-6.16	16.30	10.25	-13.69	38.27	4.66	0.75	-3.75
% CHG SAME QTR LAST YR.....	7.79	5.84	0.00	1.16	-3.47	-2.76	-4.59	-6.90	-0.60	0.95	11.22	4.66	0.75	-3.75
MISCELLANEOUS.....	11.3	11.0	11.0	10.9	10.7	10.8	11.6	11.5	11.3	11.5	11.4	11.3	10.9	11.3
% CHG PREV QTR SAAR.....	4.88	-9.14	0.00	-2.40	-7.12	2.51	33.09	-3.40	-5.67	4.79	-1.16	-3.54	-3.75	3.59
% CHG SAME QTR LAST YR.....	-2.87	-4.90	-3.51	-1.80	-4.73	-1.82	5.45	5.18	5.59	6.17	-1.44	-3.54	-3.75	3.59
STATISTICAL DISCREPANCY.....	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Historical Data-Quarterly

CENTER FOR BUSINESS AND ECONOMIC RESEARCH, UT-KNOXVILLE.

TENNESSEE ECONOMETRIC MODEL November 2000 UPDATE  
 TABLE 10: TENNESSEE NONDURABLE GOODS MANUFACTURING EMPLOYMENT  
 THOUSANDS OF SEASONALLY ADJUSTED JOBS

	HISTORICAL - DATA										ANNUAL			
	199704	199801	199802	199803	199804	199901	199902	199903	199904	200001	200002	1997	1998	1999
TOTAL NONDURABLE GOODS.....	229.5	228.1	224.3	219.1	215.8	212.1	210.0	210.6	209.1	208.1	206.4	229.2	221.8	210.4
% CHG PREV QTR SAAR.....	2.24	-2.42	-6.39	-8.95	-5.95	-6.63	-4.02	1.15	-2.82	-1.84	-3.29	-2.30	-3.22	-5.14
% CHG SAME QTR LAST YR.....	-0.76	-0.83	-2.15	-3.97	-5.96	-6.99	-6.40	-3.91	-3.12	-1.90	-1.71	-2.30	-3.22	-5.14
FOOD.....	36.6	36.8	37.4	37.2	37.8	38.0	38.0	38.2	38.5	38.8	38.9	35.9	37.3	38.2
% CHG PREV QTR SAAR.....	4.87	1.46	7.45	-2.12	5.85	2.85	-0.70	2.84	2.46	3.51	0.69	0.89	3.92	2.35
% CHG SAME QTR LAST YR.....	4.47	4.25	5.55	2.85	3.09	3.45	1.42	2.69	1.85	2.02	2.37	0.89	3.92	2.35
TOBACCO.....	1.1	1.1	1.2	1.2	1.1	1.1	1.1	1.1	1.1	1.1	1.2	1.1	1.2	1.1
% CHG PREV QTR SAAR.....	0.00	12.68	25.69	0.00	-29.39	0.00	0.00	-11.58	0.00	13.10	58.03	-2.90	3.73	-6.47
% CHG SAME QTR LAST YR.....	-8.33	3.03	2.86	9.09	0.00	-2.94	-8.33	-11.11	-3.03	0.00	12.12	-2.90	3.73	-6.47
TEXTILES.....	18.5	18.3	17.7	17.4	17.0	16.5	16.4	16.1	16.1	16.0	15.9	18.6	17.6	16.3
% CHG PREV QTR SAAR.....	1.45	-4.25	-13.14	-5.90	-9.60	-9.83	-3.97	-5.58	-0.82	-3.27	-0.83	-3.88	-5.47	-7.39
% CHG SAME QTR LAST YR.....	-4.48	-2.83	-5.19	-5.61	-8.29	-9.65	-7.36	-7.28	-5.11	-3.43	-2.65	-3.88	-5.47	-7.39
APPAREL.....	37.8	36.4	34.5	31.6	29.4	27.6	26.0	25.8	24.9	23.8	22.4	38.1	33.0	26.1
% CHG PREV QTR SAAR.....	7.38	-14.01	-19.61	-29.34	-25.41	-21.60	-22.03	-3.05	-13.26	-16.09	-21.53	-9.07	-13.53	-20.94
% CHG SAME QTR LAST YR.....	-4.63	-6.67	-10.55	-14.90	-22.31	-24.08	-24.66	-18.46	-15.32	-13.87	-13.74	-9.07	-13.53	-20.94
PAPER.....	22.5	22.4	21.9	21.6	21.7	22.3	22.2	22.0	21.8	21.9	21.9	22.1	21.9	22.1
% CHG PREV QTR SAAR.....	7.43	-2.35	-9.19	-4.20	0.62	11.55	-1.19	-4.14	-2.41	0.61	0.61	2.04	-0.76	0.80
% CHG SAME QTR LAST YR.....	3.68	4.35	-1.06	-2.26	-3.85	-0.60	1.52	1.54	0.77	-1.80	-1.35	2.04	-0.76	0.80
PRINTING AND PUBLISHING.....	38.7	39.5	39.4	39.2	39.3	38.6	38.5	38.7	38.4	38.8	38.4	38.7	39.4	38.6
% CHG PREV QTR SAAR.....	1.04	8.90	-1.01	-2.68	1.37	-6.94	-1.03	2.09	-2.73	3.51	-4.06	-0.36	1.77	-2.03
% CHG SAME QTR LAST YR.....	0.35	2.24	1.81	1.47	1.55	-2.36	-2.37	-1.19	-2.21	0.43	-0.35	-0.36	1.77	-2.03
CHEMICALS.....	35.0	34.2	33.4	32.0	31.0	29.7	29.4	29.4	29.0	28.4	28.2	35.8	32.7	29.4
% CHG PREV QTR SAAR.....	-5.16	-8.48	-9.39	-16.09	-11.18	-16.11	-3.54	-0.90	-4.46	-8.87	-1.87	-3.61	-8.71	-10.03
% CHG SAME QTR LAST YR.....	-4.89	-6.64	-7.14	-9.87	-11.33	-13.24	-11.88	-8.13	-6.44	-4.49	-4.08	-3.61	-8.71	-10.03
PETROLEUM REFINING.....	1.1	1.0	1.0	1.0	1.0	1.0	1.1	1.1	1.1	1.1	1.1	1.0	1.0	1.1
% CHG PREV QTR SAAR.....	-11.58	-11.93	0.00	0.00	0.00	-12.29	46.41	0.00	0.00	12.68	0.00	0.00	0.00	4.03
% CHG SAME QTR LAST YR.....	0.00	6.90	3.33	-6.06	-3.13	-3.23	6.45	6.45	6.45	13.33	3.03	0.00	0.00	4.03
RUBBER AND PLASTICS.....	34.6	34.8	34.5	34.6	34.3	34.1	34.2	35.1	35.1	35.3	35.4	34.1	34.6	34.6
% CHG PREV QTR SAAR.....	2.35	2.73	-3.40	1.16	-3.05	-2.69	1.18	11.37	-0.76	2.69	1.14	1.54	1.25	0.19
% CHG SAME QTR LAST YR.....	2.57	3.16	1.87	0.68	-0.68	-2.01	-0.87	1.54	2.14	3.52	3.51	1.54	1.25	0.19
LEATHER.....	3.6	3.5	3.3	3.3	3.2	3.2	3.1	3.1	3.1	3.0	2.9	3.8	3.3	3.1
% CHG PREV QTR SAAR.....	-10.47	-10.75	-14.52	-3.94	-7.84	-8.00	-4.14	-4.19	0.00	-12.29	-12.68	-13.72	-12.85	-6.25
% CHG SAME QTR LAST YR.....	-13.01	-18.75	-12.28	-10.00	-9.35	-8.65	-6.00	-6.06	-4.12	-5.26	-7.45	-13.72	-12.85	-6.25
STATISTICAL DISCREPANCY.....	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Historical Data-Quarterly

CENTER FOR BUSINESS AND ECONOMIC RESEARCH, UT-KNOXVILLE.

TENNESSEE ECONOMETRIC MODEL November 2000 UPDATE  
 TABLE 11: TENNESSEE AVERAGE ANNUAL WAGE AND SALARY RATE BY SECTOR  
 1996 DOLLARS

	HISTORICAL - DATA										ANNUAL			
	199704	199801	199802	199803	199804	199901	199902	199903	199904	200001	200002	1997	1998	1999
TOTAL NONAGRICULTURAL.....	27297	28048	27939	28060	28009	28617	28582	28912	28623	29046	28963	27116	28014	28684
% CHG SAME QTR LAST YR....	3.55	2.89	4.14	3.63	2.61	2.03	2.30	3.04	2.19	1.50	1.33	2.89	3.31	2.39
MINING.....	38129	48327	43887	42504	46778	43269	41035	43465	40897	36923	37348	42868	45374	42167
% CHG SAME QTR LAST YR....	-4.85	7.91	15.19	-15.77	22.68	-10.47	-6.50	2.26	-12.57	-14.67	-8.99	13.04	5.84	-7.07
CONSTRUCTION.....	31004	32493	30495	30407	31589	33697	32191	31123	32104	35728	33863	30162	31246	32279
% CHG SAME QTR LAST YR....	7.27	3.68	4.24	4.67	1.89	3.70	5.56	2.35	1.63	6.03	5.19	4.80	3.60	3.30
MANUFACTURING.....	32047	32044	32428	32884	32506	32717	33065	33919	33701	32701	32765	31838	32465	33350
% CHG SAME QTR LAST YR....	2.96	0.64	2.25	3.56	1.43	2.10	1.97	3.15	3.68	-0.05	-0.91	2.65	1.97	2.73
DURABLE GOODS.....	32637	32476	32499	33106	32748	33058	33630	34713	34641	32909	32969	32324	32708	34011
% CHG SAME QTR LAST YR....	3.14	0.86	1.28	2.27	0.34	1.79	3.48	4.85	5.78	-0.45	-1.97	2.29	1.19	3.98
NONDURABLE GOODS.....	31303	31488	32334	32589	32176	32237	32265	32791	32354	32401	32469	31227	32147	32412
% CHG SAME QTR LAST YR....	2.67	0.32	3.50	5.20	2.79	2.38	-0.21	0.62	0.55	0.51	0.63	3.03	2.94	0.82
TRADE.....	20728	21696	21549	21562	21455	22521	22643	22465	22090	23125	22936	20592	21566	22430
% CHG SAME QTR LAST YR....	4.48	4.26	6.61	4.60	3.51	3.80	5.08	4.19	2.96	2.68	1.29	2.54	4.73	4.01
SERVICES.....	26049	27187	26709	26588	27006	27653	27105	27115	27247	27631	27347	25888	26872	27280
% CHG SAME QTR LAST YR....	3.02	3.84	5.12	2.59	3.67	1.71	1.48	1.98	0.89	-0.08	0.89	3.30	3.80	1.52
FIN, INS, REAL EST.....	37000	38338	38877	38629	39543	37064	39791	40372	41120	39702	39836	36360	38847	39586
% CHG SAME QTR LAST YR....	4.12	6.51	7.12	6.84	6.87	-3.32	2.35	4.51	3.99	7.12	0.11	5.87	6.84	1.90
TRANS, COMM, PUB UTIL.....	35425	35331	34764	34617	34937	35777	35428	37332	36118	37931	38803	34381	34912	36164
% CHG SAME QTR LAST YR....	10.17	2.72	1.26	3.73	-1.38	1.26	1.91	7.84	3.38	6.02	9.53	3.85	1.54	3.58
GOVERNMENT.....	26188	26447	27015	27627	26446	27088	26884	27627	26572	26889	27203	26438	26884	27043
% CHG SAME QTR LAST YR....	0.03	1.05	2.04	2.64	0.99	2.43	-0.48	0.00	0.48	-0.74	1.19	0.94	1.69	0.59
FEDERAL, CIVILIAN.....	41496	42244	42375	42848	41302	42660	41240	41280	40778	41572	39374	41176	42192	41490
% CHG SAME QTR LAST YR....	-2.39	2.13	4.09	4.17	-0.47	0.98	-2.68	-3.66	-1.27	-2.55	-4.52	-2.99	2.47	-1.67
STATE AND LOCAL.....	23896	24066	24667	25302	24200	24748	24679	25511	24450	24658	25020	24114	24559	24847
% CHG SAME QTR LAST YR....	1.39	1.35	1.93	2.79	1.27	2.83	0.05	0.83	1.03	-0.36	1.38	2.59	1.84	1.17

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Historical Data-Quarterly

TENNESSEE ECONOMETRIC MODEL November 2000 UPDATE  
 TABLE 12: TENNESSEE AVERAGE ANNUAL WAGE AND SALARY RATE BY SECTOR  
 SEASONALLY ADJUSTED 1996 DOLLARS

	HISTORICAL - DATA											ANNUAL		
	199704	199801	199802	199803	199804	199901	199902	199903	199904	200001	200002	1997	1998	1999
TOTAL NONAGRICULTURAL.....	27601	27697	28024	28083	28321	28257	28668	28867	28896	28761	28986	27120	28031	28672
% CHG PREV QTR SAAR.....	7.94	1.40	4.80	0.85	3.44	-0.90	5.94	2.80	0.40	-1.86	3.17	2.94	3.36	2.29
% CHG SAME QTR LAST YR....	3.64	2.87	4.26	3.71	2.61	2.02	2.30	2.79	2.03	1.78	1.11	2.94	3.36	2.29
MINING.....	38411	47228	43887	43492	47140	41938	41035	44134	40263	36342	37640	42944	45437	41843
% CHG PREV QTR SAAR.....	-68.33	128.54	-25.43	-3.56	38.02	-37.36	-8.33	33.80	-30.73	-33.63	15.08	12.95	5.80	-7.91
% CHG SAME QTR LAST YR....	-5.54	7.86	14.37	-15.06	22.72	-11.20	-6.50	1.48	-14.59	-13.34	-8.27	12.95	5.80	-7.91
CONSTRUCTION.....	31429	30544	30831	31591	31996	31683	32556	32219	32541	33752	34091	30216	31241	32250
% CHG PREV QTR SAAR.....	16.17	-10.80	3.81	10.24	5.22	-3.86	11.49	-4.09	4.06	15.74	4.08	5.11	3.39	3.23
% CHG SAME QTR LAST YR....	7.62	3.73	3.76	4.35	1.80	3.73	5.60	1.99	1.70	6.53	4.71	5.11	3.39	3.23
MANUFACTURING.....	32128	32029	32602	32762	32595	32706	33248	33797	33751	32717	32744	31842	32497	33376
% CHG PREV QTR SAAR.....	6.61	-1.22	7.34	1.98	-2.02	1.37	6.80	6.77	-0.54	-11.71	0.34	2.72	2.06	2.70
% CHG SAME QTR LAST YR....	2.96	0.64	2.54	3.62	1.45	2.11	1.98	3.16	3.55	0.03	-1.52	2.72	2.06	2.70
DURABLE GOODS.....	32697	32592	32696	32884	32819	33166	33834	34548	34637	33001	32940	32327	32748	34046
% CHG PREV QTR SAAR.....	7.58	-1.28	1.28	2.32	-0.80	4.31	8.30	8.70	1.04	-17.60	-0.74	2.37	1.30	3.97
% CHG SAME QTR LAST YR....	3.04	0.83	1.59	2.43	0.37	1.76	3.48	5.06	5.54	-0.50	-2.64	2.37	1.30	3.97
NONDURABLE GOODS.....	31408	31313	32478	32598	32290	32064	32419	32729	32478	32308	32459	31232	32170	32422
% CHG PREV QTR SAAR.....	5.35	-1.20	15.74	1.49	-3.73	-2.76	4.50	3.88	-3.03	-2.07	1.88	3.10	3.00	0.78
% CHG SAME QTR LAST YR....	2.80	0.33	3.74	5.15	2.81	2.40	-0.18	0.40	0.58	0.76	0.12	3.10	3.00	0.78
TRADE.....	21146	21308	21491	21597	21890	22126	22577	22489	22501	22700	22862	20588	21572	22423
% CHG PREV QTR SAAR.....	10.64	3.10	3.49	1.98	5.54	4.38	8.41	-1.55	0.21	3.59	2.88	2.60	4.78	3.95
% CHG SAME QTR LAST YR....	4.69	4.32	6.60	4.75	3.52	3.84	5.05	4.13	2.79	2.59	1.26	2.60	4.78	3.95
SERVICES.....	26212	26615	26887	26900	27173	27064	27294	27296	27372	27226	27448	25895	26894	27256
% CHG PREV QTR SAAR.....	-0.04	6.29	4.16	0.18	4.13	-1.59	3.44	0.03	1.12	-2.11	3.30	3.38	3.85	1.35
% CHG SAME QTR LAST YR....	3.07	3.79	5.39	2.61	3.67	1.69	1.51	1.47	0.73	0.60	0.57	3.38	3.85	1.35
FIN,INS,REAL EST.....	37071	38047	38908	38820	39624	36799	39811	40568	41067	39450	39907	36364	38850	39561
% CHG PREV QTR SAAR.....	8.37	10.95	9.36	-0.90	8.54	-25.61	36.99	7.82	5.02	-14.85	4.72	5.86	6.83	1.83
% CHG SAME QTR LAST YR....	4.17	6.55	7.06	6.84	6.89	-3.28	2.32	4.50	3.64	7.20	0.24	5.86	6.83	1.83
TRANS,COMM,PUB UTIL.....	35903	34843	34605	34834	35396	35280	35257	37469	36243	37620	38848	34386	34920	36062
% CHG PREV QTR SAAR.....	31.00	-11.29	-2.71	2.68	6.61	-1.31	-0.26	27.57	-12.46	16.09	13.70	3.89	1.55	3.27
% CHG SAME QTR LAST YR....	10.30	2.75	1.27	3.80	-1.41	1.25	1.88	7.56	2.39	6.63	10.19	3.89	1.55	3.27
GOVERNMENT.....	26672	26692	27123	26797	26929	27339	26985	26679	27101	27214	27239	26423	26885	27026
% CHG PREV QTR SAAR.....	9.73	0.30	6.61	-4.71	1.98	6.23	-5.07	-4.46	6.49	1.67	0.37	0.97	1.75	0.52
% CHG SAME QTR LAST YR....	0.05	1.04	2.19	2.83	0.96	2.42	-0.51	-0.44	0.64	-0.46	0.94	0.97	1.75	0.52
FEDERAL,CIVILIAN.....	41305	42216	42794	42620	41222	42605	41613	40986	40389	41781	39851	41140	42213	41398
% CHG PREV QTR SAAR.....	3.55	9.12	5.59	-1.61	-12.49	14.10	-8.99	-5.89	-5.70	14.52	-17.24	-3.05	2.61	-1.93
% CHG SAME QTR LAST YR....	-2.41	2.12	4.45	4.09	-0.20	0.92	-2.76	-3.83	-2.02	-1.93	-4.23	-3.05	2.61	-1.93
STATE AND LOCAL.....	24422	24326	24743	24449	24717	25017	24752	24531	25048	24983	25005	24101	24559	24837
% CHG PREV QTR SAAR.....	12.24	-1.57	7.04	-4.68	4.46	4.94	-4.16	-3.53	8.70	-1.04	0.36	2.64	1.90	1.13
% CHG SAME QTR LAST YR....	1.39	1.33	2.05	3.04	1.21	2.84	0.04	0.34	1.34	-0.14	1.02	2.64	1.90	1.13

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TENNESSEE ECONOMETRIC MODEL November 2000 UPDATE  
 TABLE 13: TENNESSEE AVERAGE ANNUAL WAGE AND SALARY RATE BY SECTOR  
 CURRENT DOLLARS

	HISTORICAL - DATA										ANNUAL			
	199704	199801	199802	199803	199804	199901	199902	199903	199904	200001	200002	1997	1998	1999
TOTAL NONAGRICULTURAL.....	27952	28750	28721	28958	29018	29762	29897	30387	30254	30963	31019	27645	28861	30075
% CHG SAME QTR LAST YR....	5.09	3.90	5.16	4.75	3.81	3.52	4.09	4.93	4.26	4.04	3.75	4.86	4.40	4.20
MINING.....	39044	49535	45116	43864	48462	45000	42923	45682	43228	39360	40000	43702	46744	44208
% CHG SAME QTR LAST YR....	-3.44	8.98	16.32	-14.86	24.12	-9.15	-4.86	4.15	-10.80	-12.53	-6.81	15.18	6.96	-5.42
CONSTRUCTION.....	31748	33306	31349	31380	32727	35045	33672	32710	33934	38086	36268	30749	32190	33840
% CHG SAME QTR LAST YR....	8.87	4.71	5.27	5.80	3.08	5.22	7.41	4.24	3.69	8.68	7.71	6.83	4.69	5.13
MANUFACTURING.....	32817	32845	33336	33936	33676	34025	34586	35649	35621	34860	35092	32459	33448	34971
% CHG SAME QTR LAST YR....	4.49	1.63	3.26	4.68	2.62	3.59	3.75	5.05	5.78	2.45	1.46	4.62	3.05	4.55
DURABLE GOODS.....	33421	33288	33409	34166	33927	34381	35177	36484	36616	35081	35310	32955	33698	35664
% CHG SAME QTR LAST YR....	4.68	1.86	2.27	3.38	1.52	3.28	5.29	6.78	7.92	2.04	0.38	4.26	2.25	5.84
NONDURABLE GOODS.....	32054	32275	33240	33631	33334	33526	33749	34463	34198	34540	34775	31836	33120	33984
% CHG SAME QTR LAST YR....	4.19	1.31	4.52	6.33	3.99	3.88	1.53	2.47	2.59	3.02	3.04	5.02	4.03	2.61
TRADE.....	21225	22238	22153	22252	22228	23422	23685	23611	23349	24652	24565	20993	22218	23517
% CHG SAME QTR LAST YR....	6.03	5.29	7.65	5.72	4.72	5.32	6.92	6.10	5.05	5.25	3.71	4.52	5.83	5.85
SERVICES.....	26675	27866	27457	27438	27979	28759	28352	28497	28800	29455	29289	26393	27685	28602
% CHG SAME QTR LAST YR....	4.55	4.86	6.16	3.70	4.89	3.20	3.26	3.86	2.94	2.42	3.31	5.29	4.89	3.31
FIN, INS, REAL EST.....	37888	39296	39966	39865	40966	38546	41621	42431	43464	42323	42664	37070	40023	41515
% CHG SAME QTR LAST YR....	5.67	7.56	8.17	8.00	8.12	-1.91	4.14	6.44	6.10	9.80	2.51	7.89	7.97	3.73
TRANS, COMM, PUB UTIL.....	36275	36215	35738	35725	36195	37208	37058	39236	38177	40434	41558	35053	35968	37920
% CHG SAME QTR LAST YR....	11.81	3.74	2.25	4.84	-0.22	2.74	3.69	9.83	5.48	8.67	12.14	5.86	2.61	5.43
GOVERNMENT.....	26816	27108	27771	28511	27398	28172	28121	29036	28087	28663	29134	26953	27697	28354
% CHG SAME QTR LAST YR....	1.52	2.05	3.04	3.75	2.17	3.92	1.26	1.84	2.51	1.74	3.60	2.87	2.76	2.37
FEDERAL, CIVILIAN.....	42492	43300	43562	44219	42788	44366	43137	43386	43102	44316	42170	41979	43467	43498
% CHG SAME QTR LAST YR....	-0.94	3.13	5.11	5.29	0.70	2.46	-0.97	-1.88	0.73	-0.11	-2.24	-1.12	3.55	0.07
STATE AND LOCAL.....	24469	24668	25357	26111	25071	25738	25815	26812	25843	26286	26796	24585	25302	26052
% CHG SAME QTR LAST YR....	2.89	2.35	2.93	3.89	2.46	4.34	1.80	2.68	3.08	2.13	3.80	4.55	2.92	2.96

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Historical Data-Quarterly

TENNESSEE ECONOMETRIC MODEL November 2000 UPDATE  
 TABLE 14: TENNESSEE AVERAGE ANNUAL WAGE AND SALARY RATE BY SECTOR  
 SEASONALLY ADJUSTED CURRENT DOLLARS

	HISTORICAL - DATA										ANNUAL			
	199704	199801	199802	199803	199804	199901	199902	199903	199904	200001	200002	1997	1998	1999
TOTAL NONAGRICULTURAL.....	28263	28389	28808	28981	29341	29388	29987	30339	30543	30659	31044	27650	28880	30064
% CHG PREV QTR SAAR.....	9.21	1.80	6.03	2.43	5.06	0.64	8.41	4.78	2.72	1.53	5.12	4.92	4.45	4.10
% CHG SAME QTR LAST YR....	5.18	3.89	5.29	4.83	3.81	3.52	4.09	4.68	4.10	4.33	3.53	4.92	4.45	4.10
MINING.....	39333	48409	45116	44884	48837	43615	42923	46385	42558	38740	40312	43780	46812	43870
% CHG PREV QTR SAAR.....	-67.96	129.44	-24.56	-2.05	40.17	-36.39	-6.20	36.37	-29.13	-31.34	17.25	15.08	6.92	-6.28
% CHG SAME QTR LAST YR....	-4.13	8.92	15.49	-14.15	24.16	-9.90	-4.86	3.34	-12.86	-11.18	-6.08	15.08	6.92	-6.28
CONSTRUCTION.....	32184	31308	31694	32602	33148	32950	34054	33862	34395	35979	36511	30808	32188	33815
% CHG PREV QTR SAAR.....	17.54	-10.45	5.03	11.96	6.87	-2.36	14.09	-2.24	6.45	19.73	6.04	7.13	4.48	5.06
% CHG SAME QTR LAST YR....	9.22	4.75	4.78	5.48	3.00	5.25	7.45	3.86	3.76	9.19	7.21	7.13	4.48	5.06
MANUFACTURING.....	32899	32830	33514	33810	33768	34014	34777	35521	35675	34876	35069	32463	33481	34997
% CHG PREV QTR SAAR.....	7.87	-0.83	8.60	3.58	-0.50	2.94	9.28	8.83	1.75	-8.66	2.23	4.69	3.13	4.53
% CHG SAME QTR LAST YR....	4.50	1.63	3.54	4.74	2.64	3.61	3.77	5.06	5.65	2.53	0.84	4.69	3.13	4.53
DURABLE GOODS.....	33482	33407	33612	33936	34000	34493	35391	36309	36612	35179	35278	32958	33739	35701
% CHG PREV QTR SAAR.....	8.85	-0.89	2.48	3.92	0.75	5.93	10.82	10.80	3.37	-14.76	1.14	4.33	2.37	5.82
% CHG SAME QTR LAST YR....	4.58	1.83	2.59	3.53	1.55	3.25	5.29	6.99	7.68	1.99	-0.32	4.33	2.37	5.82
NONDURABLE GOODS.....	32162	32096	33388	33642	33452	33347	33910	34398	34329	34440	34763	31841	33144	33996
% CHG PREV QTR SAAR.....	6.60	-0.81	17.10	3.08	-2.23	-1.25	6.93	5.88	-0.80	1.30	3.81	5.09	4.09	2.57
% CHG SAME QTR LAST YR....	4.33	1.32	4.76	6.29	4.01	3.90	1.56	2.25	2.62	3.28	2.52	5.09	4.09	2.57
TRADE.....	21653	21841	22093	22288	22678	23011	23615	23636	23783	24198	24485	20990	22225	23511
% CHG PREV QTR SAAR.....	11.94	3.50	4.71	3.57	7.19	6.00	10.93	0.34	2.52	7.16	4.83	4.57	5.88	5.79
% CHG SAME QTR LAST YR....	6.25	5.35	7.65	5.87	4.73	5.36	6.89	6.05	4.87	5.16	3.68	4.57	5.88	5.79
SERVICES.....	26841	27280	27640	27760	28151	28146	28549	28688	28932	29023	29397	26401	27708	28579
% CHG PREV QTR SAAR.....	1.14	6.70	5.39	1.75	5.75	-0.07	5.85	1.95	3.45	1.27	5.25	5.37	4.95	3.14
% CHG SAME QTR LAST YR....	4.60	4.81	6.43	3.72	4.88	3.18	3.29	3.34	2.77	3.12	2.97	5.37	4.95	3.14
FIN,INS,REAL EST.....	37961	38998	39997	40063	41050	38271	41642	42637	43408	42053	42740	37075	40027	41490
% CHG PREV QTR SAAR.....	9.65	11.39	10.65	0.65	10.23	-24.45	40.18	9.90	7.44	-11.91	6.69	7.88	7.96	3.65
% CHG SAME QTR LAST YR....	5.72	7.60	8.11	7.99	8.14	-1.87	4.11	6.43	5.74	9.88	2.64	7.88	7.96	3.65
TRANS,COMM,PUB UTIL.....	36765	35714	35574	35949	36671	36691	36878	39380	38309	40103	41606	35059	35977	37815
% CHG PREV QTR SAAR.....	32.55	-10.95	-1.56	4.29	8.28	0.22	2.06	30.02	-10.44	20.09	15.85	5.89	2.62	5.11
% CHG SAME QTR LAST YR....	11.94	3.76	2.26	4.92	-0.26	2.73	3.67	9.54	4.47	9.30	12.82	5.89	2.62	5.11
GOVERNMENT.....	27312	27359	27882	27655	27898	28432	28227	28040	28646	29010	29173	26938	27699	28336
% CHG PREV QTR SAAR.....	11.03	0.69	7.86	-3.22	3.57	7.88	-2.86	-2.62	8.94	5.17	2.27	2.91	2.82	2.30
% CHG SAME QTR LAST YR....	1.54	2.04	3.19	3.94	2.15	3.92	1.24	1.39	2.68	2.03	3.35	2.91	2.82	2.30
FEDERAL,CIVILIAN.....	42296	43272	43992	43984	42706	44309	43527	43076	42691	44539	42680	41942	43489	43401
% CHG PREV QTR SAAR.....	4.77	9.55	6.83	-0.07	-11.12	15.88	-6.87	-4.08	-3.53	18.47	-15.67	-1.19	3.69	-0.20
% CHG SAME QTR LAST YR....	-0.96	3.13	5.48	5.21	0.97	2.40	-1.06	-2.06	-0.04	0.52	-1.95	-1.19	3.69	-0.20
STATE AND LOCAL.....	25009	24934	25436	25231	25607	26018	25891	25782	26476	26632	26780	24571	25302	26042
% CHG PREV QTR SAAR.....	13.57	-1.18	8.29	-3.18	6.09	6.57	-1.93	-1.67	11.21	2.37	2.25	4.60	2.98	2.92
% CHG SAME QTR LAST YR....	2.90	2.33	3.05	4.15	2.39	4.34	1.79	2.18	3.39	2.36	3.44	4.60	2.98	2.92

Historical Data-Quarterly

TENNESSEE ECONOMETRIC MODEL November 2000 UPDATE  
 TABLE 15: TENNESSEE CIVILIAN LABOR FORCE AND UNEMPLOYMENT RATE

	HISTORICAL - DATA											ANNUAL		
	199704	199801	199802	199803	199804	199901	199902	199903	199904	200001	200002	1997	1998	1999
CIVILIAN LABOR FORCE (THOUS)....	2721	2688	2740	2799	2809	2776	2809	2853	2838	2798	2829	2711	2759	2819
% CHG SAME QTR LAST YR.....	-1.21	-0.04	1.39	2.46	3.22	3.28	2.52	1.92	1.03	0.81	0.72	-1.20	1.76	2.17
EMPLOYED PERSONS (THOUS).....	2595	2559	2631	2682	2701	2648	2699	2735	2739	2691	2731	2565	2643	2705
% CHG SAME QTR LAST YR.....	-0.92	1.18	2.93	3.99	4.08	3.49	2.60	1.98	1.40	1.63	1.18	-1.46	3.06	2.35
UNEMPLOYED PERSONS (THOUS)....	126	129	109	117	107	128	110	118	99	107	98	146	116	114
% CHG SAME QTR LAST YR.....	-6.86	-19.37	-25.50	-23.37	-14.44	-0.88	0.68	0.44	-8.28	-16.18	-10.67	3.46	-20.89	-1.90
PARTICIPATION RATE (PERCENT)....	64.4	63.5	64.5	65.7	65.8	64.9	65.5	66.3	65.8	64.8	65.3	64.5	64.9	65.6
% CHG SAME QTR LAST YR.....	-2.46	-1.25	0.24	1.34	2.11	2.18	1.45	0.82	-0.01	-0.15	-0.21	-2.49	0.61	1.10
UNEMPLOYMENT RATE (PERCENT).....	4.6	4.8	4.0	4.2	3.8	4.6	3.9	4.1	3.5	3.8	3.5	5.4	4.2	4.0

CENTER FOR BUSINESS AND ECONOMIC RESEARCH, UT-KNOXVILLE.

TENNESSEE ECONOMETRIC MODEL November 2000 UPDATE  
 TABLE 16: TENNESSEE CIVILIAN LABOR FORCE AND UNEMPLOYMENT RATE  
 SEASONALLY ADJUSTED

	HISTORICAL - DATA											ANNUAL		
	199704	199801	199802	199803	199804	199901	199902	199903	199904	200001	200002	1997	1998	1999
CIVILIAN LABOR FORCE (THOUS)....	2706	2722	2748	2771	2794	2811	2817	2825	2822	2833	2838	2711	2759	2819
% CHG PREV QTR SAAR.....	0.33	2.37	3.86	3.41	3.27	2.45	0.98	1.06	-0.36	1.56	0.64	-1.35	1.77	2.17
% CHG SAME QTR LAST YR.....	-1.28	-0.03	1.40	2.48	3.22	3.25	2.52	1.94	1.03	0.81	0.72	-1.35	1.77	2.17
EMPLOYED PERSONS (THOUS).....	2572	2602	2634	2659	2678	2691	2702	2712	2716	2735	2734	2565	2643	2705
% CHG PREV QTR SAAR.....	2.63	4.69	4.98	3.84	2.94	1.99	1.62	1.47	0.58	2.78	-0.07	-1.60	3.06	2.35
% CHG SAME QTR LAST YR.....	-0.91	1.17	2.92	4.03	4.11	3.43	2.59	2.00	1.41	1.61	1.18	-1.60	3.06	2.35
UNEMPLOYED PERSONS (THOUS)....	134	120	114	113	116	119	115	113	106	99	104	146	116	113
% CHG PREV QTR SAAR.....	-33.56	-35.21	-18.22	-6.19	11.11	13.55	-12.51	-8.13	-21.15	-26.00	22.03	3.32	-20.90	-1.88
% CHG SAME QTR LAST YR.....	-7.89	-20.44	-24.42	-24.20	-13.80	-0.81	0.88	0.35	-7.89	-17.24	-10.07	3.32	-20.90	-1.88
PARTICIPATION RATE (PERCENT)....	64.1	64.3	64.7	65.1	65.4	65.7	65.7	65.6	65.4	65.6	65.5	64.5	64.9	65.6
% CHG PREV QTR SAAR.....	-0.78	1.24	2.72	2.30	2.19	1.39	-0.06	-0.14	-1.24	0.82	-0.25	-2.63	0.61	1.10
% CHG SAME QTR LAST YR.....	-2.54	-1.23	0.24	1.36	2.11	2.15	1.45	0.84	-0.02	-0.16	-0.20	-2.63	0.61	1.10
UNEMPLOYMENT RATE (PERCENT).....	5.0	4.4	4.2	4.1	4.1	4.2	4.1	4.0	3.8	3.5	3.7	5.4	4.2	4.0

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TENNESSEE ECONOMETRIC MODEL November 2000 UPDATE  
 TABLE 17: TENNESSEE TAXABLE SALES  
 MILLIONS OF 1996 DOLLARS

	HISTORICAL - DATA										ANNUAL			
	199704	199801	199802	199803	199804	199901	199902	199903	199904	200001	200002	1997	1998	1999
TOTAL.....	16945	13578	16602	16488	17749	15629	17368	17552	18422	16325	17571	64800	64418	68971
% CHG SAME QTR LAST YR.....	4.22	-3.77	2.23	-5.81	4.75	15.10	4.61	6.45	3.79	4.45	1.17	6.84	-0.59	7.07
AUTO DEALERS.....	1530	1518	1925	1853	1621	1848	2034	2095	1762	1987	2056	6529	6917	7739
% CHG SAME QTR LAST YR.....	2.79	-1.82	14.70	4.45	5.94	21.78	5.64	13.03	8.70	7.49	1.08	-1.17	5.95	11.88
PURCHASES FROM MANUFACTURERS..	1117	905	1091	1087	1066	921	1079	1009	1023	884	1032	4287	4148	4034
% CHG SAME QTR LAST YR.....	-3.86	-2.10	2.86	-8.30	-4.59	1.82	-1.04	-7.14	-3.95	-4.04	-4.36	3.21	-3.23	-2.76
MISC DURABLE GOODS.....	2778	2162	2965	2892	2966	2717	3221	3158	3140	2961	3131	11684	10984	12236
% CHG SAME QTR LAST YR.....	3.18	-10.99	4.56	-20.60	6.76	25.68	8.65	9.19	5.87	8.98	-2.81	12.62	-5.99	11.39
EATING AND DRINKING PLACES....	1278	1175	1384	1402	1356	1316	1434	1443	1395	1370	1493	5115	5317	5588
% CHG SAME QTR LAST YR.....	3.18	-0.83	4.98	5.17	6.06	11.94	3.61	2.95	2.92	4.15	4.10	3.51	3.95	5.10
FOOD STORES.....	1943	1661	1816	1847	2042	1768	1835	1884	2043	1767	1894	7341	7366	7529
% CHG SAME QTR LAST YR.....	0.34	-3.69	-1.34	0.77	5.10	6.46	1.02	1.97	0.04	-0.06	3.20	0.49	0.34	2.21
LIQUOR STORES.....	100	72	78	76	103	78	81	80	111	81	86	328	329	350
% CHG SAME QTR LAST YR.....	2.92	-5.04	0.92	1.90	2.36	8.34	2.81	5.70	8.20	4.05	6.42	2.32	0.21	6.37
HOTELS AND MOTELS.....	394	308	431	460	424	335	435	473	427	350	450	1598	1622	1670
% CHG SAME QTR LAST YR.....	5.76	1.24	-1.06	-0.99	7.48	8.95	0.86	2.94	0.80	4.48	3.57	7.26	1.51	2.97
OTHER RETAIL AND SERVICE.....	5280	3820	4672	4581	5552	4347	4805	4799	5745	4522	4914	18025	18626	19696
% CHG SAME QTR LAST YR.....	5.58	-2.04	6.94	2.33	5.16	13.80	2.84	4.76	3.47	4.01	2.27	4.69	3.33	5.75
MISC NONDURABLE GOODS.....	1582	989	1338	1349	1623	1323	1445	1406	1703	1323	1430	5396	5299	5877
% CHG SAME QTR LAST YR.....	10.75	-11.62	8.23	-7.57	2.58	33.82	7.99	4.24	4.94	-0.04	-1.06	9.73	-1.82	10.92
TRANSPORTATION, COMMUNICATION..	943	970	901	940	998	975	1000	1204	1072	1080	1086	4496	3810	4252
% CHG SAME QTR LAST YR.....	11.99	7.26	-35.02	-25.50	5.85	0.58	10.91	28.06	7.47	10.76	8.62	35.30	-15.27	11.61
PER CAPITA (\$)	3139	2509	3060	3031	3256	2860	3171	3195	3346	2959	3177	12049	11856	12572
% CHG SAME QTR LAST YR.....	3.04	-4.80	1.19	-6.75	3.73	14.00	3.63	5.40	2.76	3.44	0.19	5.56	-1.60	6.04

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Historical Data-Quarterly

TENNESSEE ECONOMETRIC MODEL November 2000 UPDATE  
 TABLE 18: TENNESSEE TAXABLE SALES  
 MILLIONS OF SEASONALLY ADJUSTED 1996 DOLLARS

	HISTORICAL - DATA										ANNUAL			
	199704	199801	199802	199803	199804	199901	199902	199903	199904	200001	200002	1997	1998	1999
TOTAL.....	16022	14997	16346	16157	16791	17224	17119	17204	17437	17956	17340	64754	64291	68984
% CHG PREV QTR SAAR.....	-23.10	-23.23	41.14	-4.55	16.63	10.74	-2.42	2.01	5.52	12.45	-13.04	6.78	-0.71	7.30
% CHG SAME QTR LAST YR.....	4.11	-4.21	2.37	-5.56	4.80	14.85	4.73	6.48	3.85	4.25	1.29	6.78	-0.71	7.30
AUTO DEALERS.....	1673	1559	1834	1741	1781	1893	1939	1966	1940	2032	1960	6535	6915	7738
% CHG PREV QTR SAAR.....	0.12	-24.60	91.42	-18.73	9.54	27.44	10.16	5.76	-5.22	20.42	-13.49	-1.16	5.82	11.90
% CHG SAME QTR LAST YR.....	3.35	-2.27	15.03	4.10	6.47	21.39	5.73	12.93	8.92	7.38	1.09	-1.16	5.82	11.90
PURCHASES FROM MANUFACTURERS..	1079	1039	1039	1044	1029	1054	1027	972	988	1009	983	4286	4149	4042
% CHG PREV QTR SAAR.....	-17.62	-14.34	0.01	2.07	-5.73	10.46	-9.89	-19.84	6.59	9.07	-10.09	3.56	-3.19	-2.60
% CHG SAME QTR LAST YR.....	-4.04	-2.33	2.77	-7.87	-4.72	1.54	-1.07	-6.87	-3.97	-4.27	-4.33	3.56	-3.19	-2.60
MISC DURABLE GOODS.....	2778	2454	2766	2766	2967	3064	3015	3027	3138	3329	2934	11668	10953	12244
% CHG PREV QTR SAAR.....	-59.36	-39.03	61.37	-0.08	32.43	13.71	-6.27	1.67	15.50	26.59	-39.64	12.43	-6.12	11.78
% CHG SAME QTR LAST YR.....	3.14	-11.64	5.03	-20.50	6.82	24.83	8.98	9.45	5.77	8.65	-2.68	12.43	-6.12	11.78
EATING AND DRINKING PLACES....	1296	1258	1333	1348	1375	1403	1383	1391	1414	1458	1441	5119	5315	5591
% CHG PREV QTR SAAR.....	6.04	-11.18	26.08	4.56	8.05	8.41	-5.61	2.57	6.70	13.00	-4.69	3.56	3.83	5.20
% CHG SAME QTR LAST YR.....	3.17	-1.39	5.06	5.56	6.06	11.47	3.69	3.20	2.87	3.94	4.19	3.56	3.83	5.20
FOOD STORES.....	1824	1775	1824	1851	1901	1895	1847	1889	1896	1896	1907	7330	7351	7526
% CHG PREV QTR SAAR.....	-0.48	-10.35	11.41	6.02	11.38	-1.39	-9.73	9.40	1.61	-0.09	2.40	0.50	0.28	2.38
% CHG SAME QTR LAST YR.....	-1.17	-3.21	-1.17	1.32	4.21	6.72	1.25	2.05	-0.27	0.06	3.27	0.50	0.28	2.38
LIQUOR STORES.....	82	79	83	83	84	86	85	88	90	89	91	328	328	349
% CHG PREV QTR SAAR.....	7.97	-16.05	24.35	-2.47	5.94	8.83	-1.48	11.46	13.17	-4.61	6.01	2.28	0.05	6.28
% CHG SAME QTR LAST YR.....	2.54	-4.67	0.62	2.40	1.91	8.74	2.59	6.07	7.84	4.34	6.27	2.28	0.05	6.28
HOTELS AND MOTELS.....	399	393	400	401	426	426	404	415	428	443	420	1597	1621	1674
% CHG PREV QTR SAAR.....	-2.45	-5.80	7.52	0.60	27.86	-0.52	-18.69	11.36	12.71	15.01	-19.72	7.61	1.52	3.25
% CHG SAME QTR LAST YR.....	5.26	0.23	-0.83	-0.15	6.84	8.30	0.99	3.59	0.38	4.08	3.75	7.61	1.52	3.25
OTHER RETAIL AND SERVICE.....	4547	4328	4782	4678	4790	4911	4918	4905	4958	5103	5030	18023	18578	19692
% CHG PREV QTR SAAR.....	-1.71	-17.93	49.05	-8.44	9.89	10.58	0.55	-1.09	4.40	12.19	-5.55	4.60	3.08	6.00
% CHG SAME QTR LAST YR.....	5.89	-2.43	6.91	2.43	5.33	13.48	2.84	4.85	3.51	3.89	2.28	4.60	3.08	6.00
MISC NONDURABLE GOODS.....	1368	1125	1381	1356	1402	1502	1493	1417	1471	1499	1477	5383	5265	5882
% CHG PREV QTR SAAR.....	-23.80	-54.38	127.59	-7.09	14.34	31.43	-2.36	-18.80	16.01	7.92	-5.64	9.53	-2.19	11.72
% CHG SAME QTR LAST YR.....	10.66	-11.81	8.40	-7.41	2.48	33.51	8.06	4.48	4.86	-0.18	-1.03	9.53	-2.19	11.72
TRANSPORTATION, COMMUNICATION..	974	987	904	890	1036	992	1008	1134	1114	1098	1098	4485	3816	4247
% CHG PREV QTR SAAR.....	-57.63	5.51	-29.83	-5.95	83.64	-16.02	6.84	59.99	-6.88	-5.58	-0.10	34.86	-14.91	11.29
% CHG SAME QTR LAST YR.....	13.33	6.94	-34.55	-26.30	6.34	0.44	11.57	27.42	7.52	10.72	8.88	34.86	-14.91	11.29
PER CAPITA (\$). . . . .	2968	2771	3013	2971	3080	3152	3125	3132	3167	3254	3135	12042	11834	12576
% CHG PREV QTR SAAR.....	-23.87	-23.99	39.73	-5.47	15.55	9.71	-3.33	0.81	4.54	11.53	-13.85	5.50	-1.73	6.27
% CHG SAME QTR LAST YR.....	2.94	-5.24	1.33	-6.50	3.78	13.75	3.74	5.43	2.82	3.24	0.31	5.50	-1.73	6.27

Historical Data-Quarterly

CENTER FOR BUSINESS AND ECONOMIC RESEARCH, UT-KNOXVILLE.

TENNESSEE ECONOMETRIC MODEL November 2000 UPDATE  
 TABLE 19: TENNESSEE TAXABLE SALES  
 MILLIONS OF CURRENT DOLLARS

	HISTORICAL - DATA										ANNUAL			
	199704	199801	199802	199803	199804	199901	199902	199903	199904	200001	200002	1997	1998	1999
TOTAL.....	17352	13918	17067	17016	18388	16254	18167	18447	19472	17402	18818	66079	66389	72341
% CHG SAME QTR LAST YR.....	5.77	-2.82	3.24	-4.80	5.97	16.79	6.45	8.41	5.89	7.06	3.58	8.88	0.47	8.96
AUTO DEALERS.....	1566	1556	1979	1913	1679	1922	2127	2202	1862	2118	2202	6656	7127	8114
% CHG SAME QTR LAST YR.....	4.32	-0.85	15.83	5.58	7.18	23.57	7.49	15.11	10.91	10.18	3.50	0.76	7.07	13.85
PURCHASES FROM MANUFACTURERS..	1144	928	1121	1122	1104	958	1129	1061	1082	943	1105	4371	4274	4230
% CHG SAME QTR LAST YR.....	-2.43	-1.13	3.87	-7.31	-3.47	3.31	0.69	-5.43	-2.00	-1.65	-2.08	5.15	-2.22	-1.04
MISC DURABLE GOODS.....	2845	2216	3048	2984	3073	2826	3369	3319	3319	3156	3353	11915	11321	12833
% CHG SAME QTR LAST YR.....	4.71	-10.11	5.59	-19.75	8.02	27.52	10.56	11.20	8.01	11.70	-0.49	14.77	-4.99	13.36
EATING AND DRINKING PLACES....	1309	1205	1423	1447	1404	1368	1500	1517	1475	1461	1599	5215	5479	5860
% CHG SAME QTR LAST YR.....	4.71	0.15	6.01	6.30	7.30	13.58	5.43	4.84	5.01	6.76	6.59	5.49	5.06	6.96
FOOD STORES.....	1989	1702	1867	1906	2115	1839	1919	1980	2159	1883	2028	7485	7591	7897
% CHG SAME QTR LAST YR.....	1.83	-2.74	-0.37	1.86	6.33	8.02	2.79	3.85	2.07	2.44	5.67	2.42	1.41	4.03
LIQUOR STORES.....	103	74	81	78	106	81	84	84	118	86	92	335	339	367
% CHG SAME QTR LAST YR.....	4.45	-4.10	1.91	3.00	3.56	9.92	4.61	7.64	10.39	6.65	8.96	4.26	1.28	8.28
HOTELS AND MOTELS.....	404	315	443	474	439	348	455	497	452	373	482	1630	1672	1752
% CHG SAME QTR LAST YR.....	7.33	2.24	-0.08	0.08	8.74	10.54	2.62	4.84	2.84	7.09	6.05	9.29	2.59	4.80
OTHER RETAIL AND SERVICE.....	5406	3916	4803	4728	5752	4521	5026	5044	6072	4820	5263	18383	19199	20663
% CHG SAME QTR LAST YR.....	7.15	-1.07	7.99	3.44	6.39	15.46	4.64	6.68	5.57	6.61	4.71	6.68	4.44	7.63
MISC NONDURABLE GOODS.....	1620	1013	1376	1392	1681	1376	1511	1478	1800	1410	1531	5504	5462	6165
% CHG SAME QTR LAST YR.....	12.39	-10.75	9.29	-6.58	3.78	35.78	9.88	6.16	7.06	2.46	1.31	11.82	-0.76	12.87
TRANSPORTATION, COMMUNICATION..	965	994	927	971	1034	1014	1046	1266	1134	1152	1163	4584	3925	4460
% CHG SAME QTR LAST YR.....	13.65	8.32	-34.38	-24.69	7.09	2.05	12.85	30.41	9.65	13.53	11.22	37.89	-14.37	13.61
PER CAPITA (\$)	3214	2572	3146	3128	3373	2975	3317	3358	3536	3154	3403	12286	12218	13186
% CHG SAME QTR LAST YR.....	4.58	-3.87	2.18	-5.74	4.94	15.67	5.45	7.34	4.84	6.03	2.58	7.58	-0.55	7.92

CENTER FOR BUSINESS AND ECONOMIC RESEARCH, UT-KNOXVILLE.

Historical Data-Quarterly

TENNESSEE ECONOMETRIC MODEL November 2000 UPDATE  
 TABLE 20: TENNESSEE TAXABLE SALES  
 MILLIONS OF SEASONALLY ADJUSTED CURRENT DOLLARS

	HISTORICAL - DATA										ANNUAL			
	199704	199801	199802	199803	199804	199901	199902	199903	199904	200001	200002	1997	1998	1999
TOTAL.....	16406	15372	16804	16674	17395	17913	17906	18082	18431	19141	18571	66020	66245	72332
% CHG PREV QTR SAAR.....	-22.20	-22.93	42.80	-3.06	18.45	12.46	-0.15	3.97	7.95	16.33	-11.39	8.84	0.34	9.19
% CHG SAME QTR LAST YR.....	5.66	-3.26	3.38	-4.55	6.03	16.53	6.56	8.44	5.95	6.86	3.71	8.84	0.34	9.19
AUTO DEALERS.....	1713	1598	1885	1797	1845	1968	2028	2067	2051	2166	2099	6663	7125	8114
% CHG PREV QTR SAAR.....	1.30	-24.30	93.67	-17.46	11.25	29.42	12.73	7.80	-3.04	24.57	-11.86	0.76	6.94	13.87
% CHG SAME QTR LAST YR.....	4.88	-1.31	16.16	5.22	7.72	23.17	7.58	15.01	11.12	10.07	3.50	0.76	6.94	13.87
PURCHASES FROM MANUFACTURERS..	1105	1064	1068	1077	1066	1097	1075	1022	1044	1076	1053	4370	4275	4237
% CHG PREV QTR SAAR.....	-16.64	-14.01	1.19	3.67	-4.26	12.17	-7.79	-18.30	9.04	12.83	-8.40	5.52	-2.18	-0.89
% CHG SAME QTR LAST YR.....	-2.61	-1.37	3.78	-6.88	-3.60	3.02	0.66	-5.16	-2.02	-1.88	-2.04	5.52	-2.18	-0.89
MISC DURABLE GOODS.....	2844	2516	2844	2854	3074	3186	3153	3182	3317	3548	3142	11897	11288	12838
% CHG PREV QTR SAAR.....	-58.88	-38.80	63.27	1.48	34.50	15.48	-4.08	3.63	18.16	30.95	-38.50	14.59	-5.12	13.74
% CHG SAME QTR LAST YR.....	4.68	-10.77	6.06	-19.64	8.07	26.66	10.89	11.47	7.92	11.36	-0.35	14.59	-5.12	13.74
EATING AND DRINKING PLACES....	1327	1290	1371	1391	1424	1459	1446	1462	1495	1554	1543	5219	5476	5862
% CHG PREV QTR SAAR.....	7.29	-10.83	27.56	6.20	9.74	10.09	-3.41	4.55	9.16	16.89	-2.89	5.55	4.93	7.05
% CHG SAME QTR LAST YR.....	4.71	-0.42	6.10	6.70	7.30	13.11	5.51	5.10	4.96	6.54	6.68	5.55	4.93	7.05
FOOD STORES.....	1868	1820	1875	1910	1970	1970	1932	1985	2004	2021	2042	7473	7574	7891
% CHG PREV QTR SAAR.....	0.69	-10.00	12.72	7.68	13.12	0.14	-7.63	11.50	3.95	3.36	4.34	2.43	1.35	4.19
% CHG SAME QTR LAST YR.....	0.30	-2.25	-0.20	2.41	5.43	8.29	3.03	3.93	1.76	2.56	5.74	2.43	1.35	4.19
LIQUOR STORES.....	84	81	85	85	87	89	89	92	96	95	97	335	338	366
% CHG PREV QTR SAAR.....	9.24	-15.72	25.81	-0.94	7.59	10.52	0.82	13.60	15.77	-1.32	8.01	4.25	1.11	8.17
% CHG SAME QTR LAST YR.....	4.06	-3.73	1.61	3.50	3.10	10.33	4.39	8.03	10.02	6.95	8.81	4.25	1.11	8.17
HOTELS AND MOTELS.....	409	403	412	414	442	443	423	437	452	472	449	1628	1670	1755
% CHG PREV QTR SAAR.....	-1.29	-5.43	8.79	2.17	29.85	1.02	-16.80	13.50	15.31	18.97	-18.21	9.66	2.60	5.07
% CHG SAME QTR LAST YR.....	6.83	1.22	0.14	0.93	8.09	9.89	2.76	5.50	2.41	6.69	6.23	9.66	2.60	5.07
OTHER RETAIL AND SERVICE.....	4656	4436	4916	4828	4962	5108	5144	5155	5240	5439	5387	18375	19142	20648
% CHG PREV QTR SAAR.....	-0.55	-17.61	50.80	-7.01	11.61	12.30	2.89	0.82	6.80	16.06	-3.76	6.62	4.17	7.87
% CHG SAME QTR LAST YR.....	7.47	-1.47	7.96	3.53	6.56	15.14	4.65	6.78	5.61	6.49	4.72	6.62	4.17	7.87
MISC NONDURABLE GOODS.....	1401	1153	1420	1400	1453	1562	1561	1489	1554	1598	1582	5489	5425	6167
% CHG PREV QTR SAAR.....	-22.90	-54.20	130.27	-5.64	16.12	33.47	-0.08	-17.24	18.68	11.65	-3.86	11.65	-1.15	13.66
% CHG SAME QTR LAST YR.....	12.30	-10.94	9.46	-6.41	3.68	35.47	9.95	6.40	6.98	2.31	1.33	11.65	-1.15	13.66
TRANSPORTATION, COMMUNICATION..	997	1012	929	918	1073	1031	1054	1192	1177	1170	1176	4572	3932	4455
% CHG PREV QTR SAAR.....	-57.13	5.92	-29.00	-4.48	86.51	-14.72	9.33	63.07	-4.74	-2.33	1.79	37.43	-14.00	13.29
% CHG SAME QTR LAST YR.....	15.01	7.99	-33.91	-25.51	7.59	1.91	13.53	29.77	9.70	13.49	11.48	37.43	-14.00	13.29
PER CAPITA (\$).....	3039	2840	3097	3066	3191	3278	3269	3292	3347	3469	3358	12278	12194	13186
% CHG PREV QTR SAAR.....	-22.97	-23.70	41.37	-3.99	17.35	11.41	-1.08	2.75	6.94	15.38	-12.23	7.53	-0.68	8.14
% CHG SAME QTR LAST YR.....	4.47	-4.30	2.32	-5.49	5.00	15.42	5.56	7.37	4.90	5.82	2.71	7.53	-0.68	8.14

Historical Data-Quarterly

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TENNESSEE ECONOMETRIC MODEL November 2000 UPDATE  
 TABLE 1: SELECTED U.S. AND TENNESSEE ECONOMIC INDICATORS

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
US GDP (BIL96\$).....	6707.0	6675.5	6877.8	7064.4	7348.2	7542.0	7815.1	8161.3	8517.6	8875.4
PERCENTAGE CHANGE.....	1.72	-0.47	3.03	2.71	4.02	2.64	3.62	4.43	4.37	4.20
TN GSP (MIL96\$).....	110490.0	114300.0	121946.0	127032.0	134308.0	138440.0	141812.0	148582.0	154986.0	160457.4
PERCENTAGE CHANGE.....	-0.72	3.45	6.69	4.17	5.73	3.08	2.44	4.77	4.31	3.53
US GDP (BIL\$).....	5803.3	5986.2	6319.0	6642.3	7054.3	7400.5	7813.2	8318.4	8790.2	9299.2
PERCENTAGE CHANGE.....	5.72	3.15	5.56	5.12	6.20	4.91	5.58	6.47	5.67	5.79
TN GSP (MIL\$).....	95014.0	102028.0	111831.0	119685.0	129541.0	136628.0	141812.0	150728.0	159575.0	168042.3
PERCENTAGE CHANGE.....	2.80	7.38	9.61	7.02	8.23	5.47	3.79	6.29	5.87	5.31
IMPLICIT DEFLATOR,GDP.....	86.5	89.7	91.9	94.0	96.0	98.1	100.0	101.9	103.2	104.8
PERCENTAGE CHANGE.....	3.93	3.64	2.45	2.34	2.10	2.21	1.89	1.95	1.25	1.53
IMPLICIT DEFLATOR,GSP.....	86.0	89.3	91.7	94.2	96.5	98.7	100.0	101.4	103.0	104.7
PERCENTAGE CHANGE.....	3.54	3.80	2.74	2.74	2.37	2.32	1.33	1.44	1.50	1.72
US PERS CONS DEFL (1996=100).....	85.6	88.9	91.7	93.8	95.7	97.9	100.0	101.9	103.0	104.8
PERCENTAGE CHANGE.....	4.58	3.85	3.06	2.37	2.00	2.32	2.14	1.92	1.05	1.77
TN PERSONAL INCOME (MIL\$).....	82267	86582	94465	100394	106855	114260	119287	125449	133514	140234
PERCENTAGE CHANGE.....	6.69	5.25	9.10	6.28	6.44	6.93	4.40	5.17	6.43	5.03
US PERSONAL INCOME (BIL\$).....	4903.2	5085.4	5390.4	5610.0	5888.0	6200.9	6547.4	6937.0	7391.0	7789.6
PERCENTAGE CHANGE.....	6.60	3.71	6.00	4.07	4.96	5.31	5.59	5.95	6.54	5.39
TN PERSONAL INCOME (MIL96\$).....	96079	97365	103071	107002	111656	116681	119257	123050	129594	133747
PERCENTAGE CHANGE.....	2.02	1.34	5.86	3.81	4.35	4.50	2.21	3.18	5.32	3.20
US PERSONAL INCOME (BIL96\$).....	5726.4	5718.7	5881.5	5979.2	6152.6	6332.3	6545.7	6804.3	7174.0	7429.3
PERCENTAGE CHANGE.....	1.93	-0.13	2.85	1.66	2.90	2.92	3.37	3.95	5.43	3.56
TN NONAGRIC JOBS (THOUS).....	2193.2	2183.6	2245.0	2328.5	2423.0	2499.0	2533.4	2584.0	2638.4	2674.2
PERCENTAGE CHANGE.....	1.20	-0.44	2.81	3.72	4.06	3.14	1.38	2.00	2.11	1.35
US NONAGRIC JOBS (MIL).....	109.4	108.3	108.6	110.7	114.1	117.2	119.6	122.7	125.8	128.8
PERCENTAGE CHANGE.....	1.41	-1.05	0.30	1.96	3.12	2.67	2.07	2.55	2.59	2.32
TN UNEMPLOYMENT RATE (%).....	5.3	6.7	6.4	5.7	4.8	5.2	5.2	5.4	4.2	4.0
US UNEMPLOYMENT RATE (%).....	5.6	6.8	7.5	6.9	6.1	5.6	5.4	4.9	4.5	4.2
BANK PRIME INTEREST RATE (%).....	10.0	8.5	6.3	6.0	7.1	8.8	8.3	8.4	8.4	8.0
TN MFG JOBS (THOUS).....	520.3	502.7	514.5	528.4	538.9	538.9	519.3	517.6	514.7	509.1
PERCENTAGE CHANGE.....	-0.81	-3.39	2.35	2.71	1.98	0.00	-3.64	-0.33	-0.55	-1.10

(CONTINUED ON NEXT PAGE)

TENNESSEE ECONOMETRIC MODEL November 2000 UPDATE  
 TABLE 1: SELECTED U.S. AND TENNESSEE ECONOMIC INDICATORS (CONT.)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
TN TAXABLE SALES (MIL\$).....	41991	42650	45473	49112	53778	57943	60689	66079	66389	72341
PERCENTAGE CHANGE.....	3.84	1.57	6.62	8.00	9.50	7.75	4.74	8.88	0.47	8.96
TN TAXABLE SALES (MIL96\$).....	49040	47962	49616	52344	56194	59171	60674	64815	64440	68994
PERCENTAGE CHANGE.....	-0.71	-2.20	3.45	5.50	7.36	5.30	2.54	6.82	-0.58	7.07
TN MFG OUTPUT/EMPLOYEE (THOUS96\$)...	48.6	52.5	55.3	56.9	59.1	60.5	59.4	61.6	62.8	65.4
PERCENTAGE CHANGE.....	-2.46	8.13	5.30	2.88	3.80	2.44	-1.93	3.85	1.91	4.03
TN AVERAGE ANNUAL WAGE, NONAG (\$)....	21272	22215	23424	23892	24635	25522	26364	27646	28863	30077
PERCENTAGE CHANGE.....	4.36	4.43	5.44	2.00	3.11	3.60	3.30	4.86	4.40	4.21
TN AVERAGE ANNUAL WAGE, NONAG (96\$)..	24844	24981	25558	25464	25742	26063	26358	27117	28015	28686
PERCENTAGE CHANGE.....	-0.21	0.55	2.31	-0.37	1.09	1.25	1.13	2.88	3.31	2.39
TN TOTAL POPULATION (THOUS).....	4891	4947	5014	5086	5163	5241	5313	5378	5432	5485
PERCENTAGE CHANGE.....	0.75	1.16	1.35	1.43	1.51	1.51	1.38	1.22	1.02	0.97

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TENNESSEE ECONOMETRIC MODEL November 2000 UPDATE  
 TABLE 2: SELECTED PER CAPITA U.S. AND TENNESSEE ECONOMIC INDICATORS

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
TN GSP (96 \$).....	22592	23104	24320	24977	26014	26416	26691	27629	28530	29252
PERCENTAGE CHANGE.....	-1.46	2.27	5.26	2.70	4.15	1.55	1.04	3.51	3.26	2.53
TN GSP (\$).....	19427	20623	22303	23532	25090	26070	26691	28028	29374	30635
PERCENTAGE CHANGE.....	2.03	6.16	8.14	5.51	6.62	3.91	2.38	5.01	4.80	4.29
US GDP (96 \$).....	26850	26437	26929	27371	28197	28666	29436	30464	31523	32570
PERCENTAGE CHANGE.....	0.62	-1.53	1.86	1.64	3.02	1.66	2.69	3.49	3.48	3.32
US GDP (\$).....	23232	23708	24741	25735	27069	28128	29428	31050	32532	34125
PERCENTAGE CHANGE.....	4.58	2.05	4.36	4.02	5.18	3.91	4.62	5.51	4.77	4.90
TN PERSONAL INCOME (96 \$).....	19645	19681	20556	21039	21626	22264	22446	22881	23855	24383
PERCENTAGE CHANGE.....	1.26	0.18	4.45	2.35	2.79	2.95	0.82	1.94	4.26	2.21
TN PERSONAL INCOME (\$).....	16821	17501	18839	19739	20696	21802	22452	23328	24577	25565
PERCENTAGE CHANGE.....	5.90	4.04	7.65	4.78	4.85	5.34	2.98	3.90	5.36	4.02
US PERSONAL INCOME (96 \$).....	22924	22648	23028	23166	23609	24068	24654	25399	26551	27264
PERCENTAGE CHANGE.....	0.83	-1.20	1.68	0.60	1.91	1.94	2.44	3.02	4.54	2.69
US PERSONAL INCOME (\$).....	19629	20140	21106	21736	22594	23569	24661	25894	27354	28586
PERCENTAGE CHANGE.....	5.44	2.61	4.79	2.99	3.95	4.31	4.63	5.00	5.64	4.50
TN TAXABLE SALES (96 \$).....	10027	9695	9895	10292	10884	11291	11420	12052	11862	12578
PERCENTAGE CHANGE.....	-1.45	-3.32	2.07	4.01	5.75	3.73	1.14	5.54	-1.58	6.04
TN TAXABLE SALES (\$).....	8586	8621	9069	9656	10416	11056	11423	12287	12221	13188
PERCENTAGE CHANGE.....	3.06	0.41	5.20	6.48	7.87	6.15	3.31	7.57	-0.54	7.92

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TENNESSEE ECONOMETRIC MODEL November 2000 UPDATE  
 TABLE 3: TENNESSEE PERSONAL INCOME BY COMPONENTS  
 MILLIONS OF 1996 DOLLARS

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
TOTAL PERSONAL INCOME.....	96079	97365	103071	107002	111656	116681	119257	123050	129594	133747
PERCENTAGE CHANGE.....	2.02	1.34	5.86	3.81	4.35	4.50	2.21	3.18	5.32	3.20
WAGES AND SALARIES.....	55328	55367	58172	60075	63175	65922	67551	70743	74632	77469
PERCENTAGE CHANGE.....	1.04	0.07	5.07	3.27	5.16	4.35	2.47	4.73	5.50	3.80
OTHER LABOR INCOME.....	7737	7972	8631	9324	9979	9883	8929	8287	8250	8371
PERCENTAGE CHANGE.....	4.28	3.04	8.26	8.04	7.02	-0.96	-9.65	-7.19	-0.45	1.47
PROPRIETORS INCOME.....	7788	7897	9099	9836	10011	10692	11388	11814	12371	12871
PERCENTAGE CHANGE.....	-1.12	1.40	15.22	8.10	1.78	6.80	6.51	3.74	4.71	4.04
RENT INTEREST DIVIDENDS.....	16776	16454	16094	16099	16884	17683	18390	19060	21097	21607
PERCENTAGE CHANGE.....	1.81	-1.92	-2.19	0.03	4.88	4.73	4.00	3.64	10.69	2.42
TRANSFER PAYMENTS.....	13320	14624	16035	16973	17314	18522	19026	19511	20015	20515
PERCENTAGE CHANGE.....	7.13	9.78	9.65	5.85	2.01	6.98	2.72	2.55	2.58	2.50
LESS:PERS CONT FOR SOC INS.....	4168	4298	4477	4705	5043	5291	5364	5584	5808	6057
PERCENTAGE CHANGE.....	1.61	3.12	4.18	5.09	7.17	4.92	1.39	4.10	4.00	4.29
RESIDENCE ADJUSTMENT.....	-704	-651	-482	-600	-664	-730	-662	-782	-963	-1029
PERCENTAGE CHANGE.....	2.10	-7.47	-26.02	24.56	10.71	9.95	-9.35	18.11	23.16	6.80
PER CAPITA PERSONAL INCOME (\$)	19645	19681	20556	21039	21626	22264	22446	22881	23855	24383
PERCENTAGE CHANGE.....	1.26	0.18	4.45	2.35	2.79	2.95	0.82	1.94	4.26	2.21

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TENNESSEE ECONOMETRIC MODEL November 2000 UPDATE  
 TABLE 4: TENNESSEE PERSONAL INCOME BY COMPONENTS  
 MILLIONS OF CURRENT DOLLARS

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
TOTAL PERSONAL INCOME .....	82267	86582	94465	100394	106855	114260	119287	125449	133514	140234
PERCENTAGE CHANGE .....	6.69	5.25	9.10	6.28	6.44	6.93	4.40	5.17	6.43	5.03
WAGES AND SALARIES .....	47375	49236	53315	56365	60458	64554	67568	72123	76890	81226
PERCENTAGE CHANGE .....	5.67	3.93	8.28	5.72	7.26	6.77	4.67	6.74	6.61	5.64
OTHER LABOR INCOME .....	6625	7089	7910	8749	9550	9678	8931	8449	8500	8778
PERCENTAGE CHANGE .....	9.05	7.02	11.58	10.60	9.16	1.34	-7.71	-5.40	0.60	3.27
PROPRIETORS INCOME .....	6669	7023	8339	9229	9581	10470	11391	12045	12745	13495
PERCENTAGE CHANGE .....	3.41	5.30	18.75	10.67	3.82	9.28	8.79	5.74	5.81	5.89
RENT INTEREST DIVIDENDS .....	14365	14632	14750	15105	16158	17316	18395	19432	21735	22655
PERCENTAGE CHANGE .....	6.47	1.86	0.81	2.40	6.97	7.17	6.23	5.64	11.85	4.23
TRANSFER PAYMENTS .....	11406	13004	14696	15925	16570	18138	19031	19891	20620	21510
PERCENTAGE CHANGE .....	12.04	14.02	13.01	8.36	4.05	9.46	4.92	4.52	3.66	4.31
LESS:PERS CONT FOR SOC INS .....	3569	3822	4104	4415	4826	5181	5366	5693	5984	6351
PERCENTAGE CHANGE .....	6.27	7.10	7.37	7.58	9.32	7.36	3.56	6.11	5.10	6.14
RESIDENCE ADJUSTMENT .....	-603	-579	-442	-563	-636	-715	-662	-797	-992	-1079
PERCENTAGE CHANGE .....	6.78	-3.90	-23.75	27.52	12.92	12.50	-7.41	20.39	24.46	8.69
PER CAPITA PERSONAL INCOME (\$) .....	16821	17501	18839	19739	20696	21802	22452	23328	24577	25565
PERCENTAGE CHANGE .....	5.90	4.04	7.65	4.78	4.85	5.34	2.98	3.90	5.36	4.02

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TENNESSEE ECONOMETRIC MODEL November 2000 UPDATE  
 TABLE 5: TENNESSEE WAGE AND SALARY EMPLOYMENT BY SECTOR  
 THOUSANDS OF JOBS

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
TOTAL NONAGRICULTURAL.....	2193.2	2183.6	2245.0	2328.5	2423.0	2499.0	2533.4	2584.0	2638.4	2674.2
PERCENTAGE CHANGE.....	1.20	-0.44	2.81	3.72	4.06	3.14	1.38	2.00	2.11	1.35
MINING.....	6.2	5.5	5.0	4.7	4.6	4.6	4.6	4.6	4.3	4.3
PERCENTAGE CHANGE.....	-2.89	-10.30	-10.12	-5.55	-1.78	-0.36	0.73	-1.44	-4.76	-0.96
CONSTRUCTION.....	92.4	86.5	88.3	94.3	101.0	108.8	113.1	118.1	120.9	123.8
PERCENTAGE CHANGE.....	-5.02	-6.33	2.13	6.74	7.15	7.74	3.93	4.38	2.42	2.39
MANUFACTURING.....	520.3	502.7	514.5	528.4	538.9	538.9	519.3	517.6	514.7	509.1
PERCENTAGE CHANGE.....	-0.81	-3.39	2.35	2.71	1.98	0.00	-3.64	-0.33	-0.55	-1.10
DURABLE GOODS.....	258.4	248.6	257.3	269.6	281.7	288.0	284.8	288.3	292.7	298.6
PERCENTAGE CHANGE.....	-1.25	-3.80	3.51	4.78	4.48	2.23	-1.11	1.24	1.53	1.99
NONDURABLE GOODS.....	261.9	254.1	257.2	258.8	257.2	250.9	234.5	229.3	222.0	210.5
PERCENTAGE CHANGE.....	-0.36	-2.98	1.21	0.64	-0.61	-2.45	-6.55	-2.23	-3.18	-5.17
TRADE.....	517.2	511.6	517.7	535.9	562.1	585.5	594.4	610.2	620.5	628.1
PERCENTAGE CHANGE.....	1.73	-1.09	1.19	3.53	4.89	4.15	1.53	2.66	1.69	1.22
SERVICES.....	486.3	505.2	541.1	572.4	603.8	638.0	658.7	682.4	703.4	716.0
PERCENTAGE CHANGE.....	4.09	3.88	7.10	5.78	5.48	5.66	3.25	3.59	3.08	1.79
FIN, INS, REAL EST.....	103.1	101.6	101.0	104.1	108.3	111.6	116.5	120.1	126.7	130.5
PERCENTAGE CHANGE.....	-0.35	-1.44	-0.56	3.08	4.04	2.97	4.42	3.14	5.50	3.00
TRANS, COMM, PUB UTIL.....	116.4	117.4	120.6	126.8	133.6	138.6	145.2	150.8	162.3	171.4
PERCENTAGE CHANGE.....	0.55	0.81	2.77	5.10	5.36	3.74	4.80	3.86	7.60	5.62
GOVERNMENT.....	351.4	353.2	356.9	362.0	370.7	373.1	381.6	380.3	385.5	391.0
PERCENTAGE CHANGE.....	2.08	0.49	1.05	1.43	2.42	0.66	2.28	-0.35	1.38	1.41
FEDERAL, CIVILIAN.....	63.6	61.7	58.4	55.7	55.3	54.4	54.1	51.8	50.8	51.6
PERCENTAGE CHANGE.....	3.00	-3.03	-5.38	-4.58	-0.76	-1.57	-0.47	-4.31	-1.87	1.49
STATE AND LOCAL.....	287.8	291.5	298.5	306.3	315.5	318.8	327.5	328.5	334.7	339.4
PERCENTAGE CHANGE.....	1.88	1.27	2.41	2.60	3.00	1.05	2.75	0.30	1.89	1.39
FARM.....	15.7	13.2	14.6	12.9	10.4	12.6	11.3	14.1	11.8	12.3
PERCENTAGE CHANGE.....	1.96	-15.86	10.83	-11.96	-19.24	20.73	-10.45	25.29	-16.62	4.40

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TENNESSEE ECONOMETRIC MODEL November 2000 UPDATE  
 TABLE 6: TENNESSEE DURABLE GOODS MANUFACTURING EMPLOYMENT  
 THOUSANDS OF JOBS

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
TOTAL DURABLE GOODS.....	258.4	248.6	257.3	269.6	281.7	288.0	284.8	288.3	292.7	298.6
PERCENTAGE CHANGE.....	-1.25	-3.80	3.51	4.78	4.48	2.23	-1.11	1.24	1.53	1.99
LUMBER AND WOOD.....	20.2	18.3	18.5	19.6	20.5	21.7	22.0	22.5	23.2	23.5
PERCENTAGE CHANGE.....	-3.88	-9.40	0.91	6.13	4.59	5.77	1.19	2.32	3.19	1.29
FURNITURE AND FIXTURES.....	27.1	26.1	27.4	28.9	29.8	29.5	28.5	27.4	27.1	27.5
PERCENTAGE CHANGE.....	-0.21	-3.57	4.88	5.56	2.97	-1.12	-3.37	-3.92	-1.10	1.48
STONE,CLAY AND GLASS.....	14.3	13.5	14.1	15.2	16.1	16.2	16.5	16.4	16.2	16.6
PERCENTAGE CHANGE.....	-2.93	-6.05	4.76	7.62	6.37	0.41	1.59	-0.20	-1.37	2.31
PRIMARY METALS.....	15.6	15.2	15.2	15.5	16.2	16.2	16.4	17.1	17.7	17.9
PERCENTAGE CHANGE.....	-1.32	-2.68	0.33	2.30	3.97	0.36	1.18	4.01	3.90	0.75
FABRICATED METALS.....	43.2	41.7	42.0	44.2	45.6	45.6	43.7	43.8	45.4	46.5
PERCENTAGE CHANGE.....	0.64	-3.44	0.86	5.25	3.15	0.04	-4.38	0.25	3.73	2.48
NONELECTRICAL MACHINERY.....	38.1	35.4	37.3	38.8	41.1	43.4	43.0	45.4	47.2	49.1
PERCENTAGE CHANGE.....	-5.04	-7.26	5.40	4.18	5.99	5.59	-0.90	5.36	3.99	4.13
ELECTRICAL MACHINERY.....	37.3	35.5	35.8	37.4	39.3	40.3	40.3	40.2	40.4	40.7
PERCENTAGE CHANGE.....	-6.59	-4.91	0.70	4.64	5.14	2.48	-0.06	-0.37	0.73	0.74
TRANSPORTATION EQUIPMENT.....	39.4	41.3	45.3	48.0	51.0	52.5	52.2	53.4	53.5	54.6
PERCENTAGE CHANGE.....	6.66	4.87	9.67	6.09	6.21	2.96	-0.68	2.40	0.09	2.21
INSTRUMENTS.....	11.0	10.8	10.3	9.9	10.1	10.5	10.5	11.0	11.2	10.8
PERCENTAGE CHANGE.....	2.81	-1.97	-4.80	-3.25	1.76	4.46	-0.08	4.19	1.82	-3.06
MISCELLANEOUS.....	12.2	10.9	11.5	11.9	11.8	11.9	11.8	11.3	10.9	11.3
PERCENTAGE CHANGE.....	-1.15	-10.57	5.57	3.25	-0.56	0.56	-1.12	-3.68	-3.67	3.59

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TENNESSEE ECONOMETRIC MODEL November 2000 UPDATE  
 TABLE 7: TENNESSEE NONDURABLE GOODS MANUFACTURING EMPLOYMENT  
 THOUSANDS OF JOBS

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
TOTAL NONDURABLE GOODS.....	261.9	254.1	257.2	258.8	257.2	250.9	234.5	229.3	222.0	210.5
PERCENTAGE CHANGE.....	-0.36	-2.98	1.21	0.64	-0.61	-2.45	-6.55	-2.23	-3.18	-5.17
FOOD.....	38.8	37.3	36.5	37.4	37.3	36.8	35.5	35.9	37.4	38.2
PERCENTAGE CHANGE.....	-0.09	-3.87	-1.92	2.35	-0.25	-1.32	-3.53	0.99	4.14	2.23
TOBACCO.....	1.4	1.3	1.2	1.2	1.2	1.2	1.1	1.1	1.2	1.1
PERCENTAGE CHANGE.....	18.44	-6.59	-5.13	-0.68	0.68	-4.05	-2.82	-2.90	4.48	-5.00
TEXTILES.....	20.8	20.2	20.7	21.9	22.2	20.8	19.4	18.6	17.6	16.3
PERCENTAGE CHANGE.....	-6.41	-2.85	2.64	5.63	1.29	-6.09	-7.08	-4.13	-5.39	-7.02
APPAREL.....	64.2	60.6	60.9	59.7	56.8	52.2	41.9	38.2	33.1	26.2
PERCENTAGE CHANGE.....	-2.29	-5.59	0.37	-1.90	-4.91	-8.06	-19.81	-8.74	-13.29	-21.01
PAPER.....	21.4	21.6	22.2	22.7	22.5	22.1	21.6	22.0	21.9	22.0
PERCENTAGE CHANGE.....	2.89	1.13	2.78	2.14	-0.88	-1.52	-2.41	2.05	-0.64	0.57
PRINTING AND PUBLISHING.....	37.6	37.0	36.5	37.1	38.5	39.5	38.8	38.7	39.3	38.5
PERCENTAGE CHANGE.....	2.06	-1.62	-1.26	1.51	3.82	2.75	-1.79	-0.47	1.81	-2.08
CHEMICALS.....	39.7	39.2	39.6	38.9	38.0	37.6	37.1	35.7	32.6	29.4
PERCENTAGE CHANGE.....	1.13	-1.30	0.98	-1.77	-2.25	-0.92	-1.35	-3.77	-8.70	-10.02
PETROLEUM REFINING.....	1.0	0.9	0.7	0.8	0.8	0.9	1.0	1.0	1.0	1.1
PERCENTAGE CHANGE.....	0.00	-8.70	-15.24	4.49	9.68	8.82	10.81	1.63	0.80	1.59
RUBBER AND PLASTICS.....	28.1	27.7	30.2	30.9	32.9	33.8	33.6	34.3	34.5	34.6
PERCENTAGE CHANGE.....	2.06	-1.54	9.00	2.21	6.67	2.61	-0.39	1.83	0.75	0.34
LEATHER.....	9.0	8.4	8.6	8.4	7.0	5.9	4.4	3.8	3.3	3.1
PERCENTAGE CHANGE.....	-5.93	-6.86	2.79	-2.90	-15.95	-16.13	-25.46	-13.28	-12.04	-6.97

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TENNESSEE ECONOMETRIC MODEL November 2000 UPDATE  
 TABLE 8: TENNESSEE AVERAGE ANNUAL WAGE AND SALARY RATE BY SECTOR  
 1996 DOLLARS

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
TOTAL NONAGRICULTURAL.....	24844	24981	25558	25464	25742	26063	26358	27117	28015	28686
PERCENTAGE CHANGE.....	-0.21	0.55	2.31	-0.37	1.09	1.25	1.13	2.88	3.31	2.39
MINING.....	33850	31953	32953	34250	35437	36150	37951	42846	45359	42168
PERCENTAGE CHANGE.....	-2.89	-5.60	3.13	3.94	3.46	2.01	4.98	12.90	5.86	-7.03
CONSTRUCTION.....	27101	27168	27484	27402	27930	28393	28746	30134	31220	32246
PERCENTAGE CHANGE.....	-1.07	0.25	1.16	-0.30	1.93	1.66	1.24	4.83	3.60	3.29
MANUFACTURING.....	27992	28654	29658	29486	29806	30017	31016	31839	32464	33354
PERCENTAGE CHANGE.....	-0.32	2.36	3.50	-0.58	1.08	0.71	3.33	2.65	1.96	2.74
DURABLE GOODS.....	29038	29809	30714	30704	31065	30980	31600	32326	32708	34018
PERCENTAGE CHANGE.....	-0.76	2.66	3.03	-0.03	1.17	-0.28	2.00	2.29	1.18	4.00
NONDURABLE GOODS.....	26960	27524	28602	28217	28426	28911	30306	31227	32141	32411
PERCENTAGE CHANGE.....	0.19	2.09	3.92	-1.35	0.74	1.71	4.82	3.04	2.92	0.84
TRADE.....	18453	18691	19483	19264	19503	19816	20081	20593	21565	22428
PERCENTAGE CHANGE.....	-1.88	1.29	4.24	-1.13	1.24	1.60	1.34	2.55	4.72	4.00
SERVICES.....	24341	24156	24593	24283	24263	24982	25062	25888	26871	27278
PERCENTAGE CHANGE.....	1.16	-0.76	1.81	-1.26	-0.08	2.97	0.32	3.30	3.80	1.52
FIN, INS, REAL EST.....	28813	29693	31602	32146	32216	32711	34359	36366	38861	39600
PERCENTAGE CHANGE.....	-1.61	3.05	6.43	1.72	0.22	1.54	5.04	5.84	6.86	1.90
TRANS, COMM, PUB UTIL.....	33715	33688	33889	33126	33699	33639	33101	34392	34911	36172
PERCENTAGE CHANGE.....	0.97	-0.08	0.60	-2.25	1.73	-0.18	-1.60	3.90	1.51	3.61
GOVERNMENT.....	25429	25154	24818	25418	26226	26400	26177	26432	26878	27036
PERCENTAGE CHANGE.....	1.29	-1.08	-1.34	2.42	3.18	0.66	-0.84	0.98	1.69	0.59
FEDERAL, CIVILIAN.....	38002	38203	38833	41229	42935	41821	42440	41171	42185	41483
PERCENTAGE CHANGE.....	4.15	0.53	1.65	6.17	4.14	-2.60	1.48	-2.99	2.46	-1.66
STATE AND LOCAL.....	22651	22393	22078	22543	23299	23768	23489	24108	24553	24840
PERCENTAGE CHANGE.....	0.15	-1.14	-1.41	2.10	3.36	2.01	-1.18	2.64	1.85	1.17
AGRICULTURE.....	9095	9876	8105	9654	11494	10015	10971	8957	11745	11210
PERCENTAGE CHANGE.....	6.90	8.58	-17.93	19.11	19.06	-12.87	9.54	-18.36	31.13	-4.56

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TENNESSEE ECONOMETRIC MODEL November 2000 UPDATE  
 TABLE 9: TENNESSEE AVERAGE ANNUAL WAGE AND SALARY RATE BY SECTOR  
 CURRENT DOLLARS

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
TOTAL NONAGRICULTURAL.....	21272	22215	23424	23892	24635	25522	26364	27646	28863	30077
PERCENTAGE CHANGE.....	4.36	4.43	5.44	2.00	3.11	3.60	3.30	4.86	4.40	4.21
MINING.....	28984	28414	30202	32135	33913	35400	37960	43681	46731	44214
PERCENTAGE CHANGE.....	1.56	-1.97	6.29	6.40	5.53	4.38	7.23	15.07	6.98	-5.39
CONSTRUCTION.....	23205	24159	25189	25710	26729	27804	28754	30722	32164	33810
PERCENTAGE CHANGE.....	3.47	4.11	4.26	2.07	3.96	4.02	3.41	6.85	4.69	5.12
MANUFACTURING.....	23968	25481	27182	27665	28524	29394	31024	32460	33446	34971
PERCENTAGE CHANGE.....	4.25	6.31	6.68	1.78	3.10	3.05	5.54	4.63	3.04	4.56
DURABLE GOODS.....	24864	26508	28149	28808	29729	30337	31608	32956	33698	35668
PERCENTAGE CHANGE.....	3.79	6.61	6.19	2.34	3.20	2.04	4.19	4.26	2.25	5.85
NONDURABLE GOODS.....	23085	24476	26214	26474	27204	28311	30313	31836	33113	33983
PERCENTAGE CHANGE.....	4.78	6.02	7.10	0.99	2.76	4.07	7.07	5.02	4.01	2.63
TRADE.....	15800	16621	17856	18074	18665	19405	20086	20994	22218	23516
PERCENTAGE CHANGE.....	2.61	5.19	7.43	1.22	3.27	3.96	3.51	4.52	5.83	5.84
SERVICES.....	20842	21481	22540	22783	23219	24464	25068	26392	27684	28601
PERCENTAGE CHANGE.....	5.79	3.06	4.93	1.08	1.92	5.36	2.47	5.28	4.89	3.31
FIN,INS,REAL EST.....	24671	26404	28963	30161	30831	32033	34368	37075	40036	41520
PERCENTAGE CHANGE.....	2.90	7.03	9.69	4.14	2.22	3.90	7.29	7.88	7.99	3.71
TRANS,COMM,PUB UTIL.....	28868	29957	31059	31081	32250	32941	33110	35063	35967	37927
PERCENTAGE CHANGE.....	5.60	3.77	3.68	0.07	3.76	2.14	0.51	5.90	2.58	5.45
GOVERNMENT.....	21774	22368	22746	23848	25099	25852	26184	26948	27691	28348
PERCENTAGE CHANGE.....	5.93	2.73	1.69	4.85	5.24	3.00	1.28	2.92	2.76	2.37
FEDERAL,CIVILIAN.....	32539	33972	35590	38683	41089	40953	42451	41974	43461	43495
PERCENTAGE CHANGE.....	8.92	4.40	4.76	8.69	6.22	-0.33	3.66	-1.12	3.54	0.08
STATE AND LOCAL.....	19395	19913	20235	21151	22298	23275	23495	24578	25296	26045
PERCENTAGE CHANGE.....	4.74	2.67	1.62	4.53	5.42	4.39	0.94	4.61	2.92	2.96
AGRICULTURE.....	7788	8782	7428	9058	11000	9807	10974	9131	12100	11753
PERCENTAGE CHANGE.....	11.79	12.77	-15.41	21.94	21.44	-10.84	11.89	-16.79	32.51	-2.87

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TENNESSEE ECONOMETRIC MODEL November 2000 UPDATE  
 TABLE 10: TENNESSEE CIVILIAN LABOR FORCE AND UNEMPLOYMENT RATE

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
CIVILIAN LABOR FORCE (THOUS).....	2387	2421	2455	2500	2665	2701	2744	2711	2759	2819
PERCENTAGE CHANGE.....	0.82	1.41	1.42	1.83	6.56	1.36	1.60	-1.20	1.76	2.17
EMPLOYED PERSONS (THOUS).....	2261	2258	2298	2357	2537	2561	2603	2565	2643	2705
PERCENTAGE CHANGE.....	0.64	-0.15	1.76	2.57	7.66	0.93	1.64	-1.46	3.06	2.35
UNEMPLOYED PERSONS (THOUS).....	126	163	158	144	127	140	141	146	116	114
PERCENTAGE CHANGE.....	4.01	29.45	-3.20	-8.84	-11.33	9.94	0.87	3.46	-20.89	-1.90
PARTICIPATION RATE (PERCENT).....	62.7	62.7	62.8	63.1	66.2	66.1	66.1	64.5	64.9	65.6
PERCENTAGE CHANGE.....	-0.30	0.09	0.16	0.42	4.88	-0.11	0.03	-2.48	0.63	1.09
UNEMPLOYMENT RATE (PERCENT).....	5.3	6.7	6.4	5.7	4.8	5.2	5.2	5.4	4.2	4.0

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TENNESSEE ECONOMETRIC MODEL November 2000 UPDATE  
 TABLE 11: TENNESSEE TAXABLE SALES  
 MILLIONS OF 1996 DOLLARS

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
TOTAL.....	49040	47962	49616	52344	56194	59171	60674	64815	64440	68994
PERCENTAGE CHANGE.....	-0.71	-2.20	3.45	5.50	7.36	5.30	2.54	6.82	-0.58	7.07
AUTO DEALERS.....	4950	4581	5036	5798	6359	6708	6604	6529	6917	7738
PERCENTAGE CHANGE.....	-10.62	-7.47	9.95	15.13	9.67	5.48	-1.55	-1.14	5.95	11.87
PURCHASES FROM MANUFACTURERS.....	3481	3267	3264	3308	3671	3902	4157	4288	4149	4034
PERCENTAGE CHANGE.....	-4.64	-6.14	-0.10	1.36	10.97	6.30	6.52	3.16	-3.24	-2.76
MISC DURABLE GOODS.....	7632	7089	7513	8088	9420	10132	10379	11687	10988	12239
PERCENTAGE CHANGE.....	-2.85	-7.12	5.99	7.65	16.48	7.55	2.44	12.60	-5.98	11.38
EATING AND DRINKING PLACES.....	3947	3962	4113	4185	4578	4789	4943	5115	5318	5589
PERCENTAGE CHANGE.....	1.49	0.38	3.80	1.77	9.38	4.61	3.21	3.50	3.96	5.10
FOOD STORES.....	7158	7021	6978	6691	7158	7230	7307	7342	7368	7531
PERCENTAGE CHANGE.....	-0.63	-1.91	-0.62	-4.12	6.98	1.00	1.06	0.49	0.36	2.22
LIQUOR STORES.....	308	309	306	285	302	307	321	328	329	350
PERCENTAGE CHANGE.....	-0.75	0.26	-0.96	-6.93	5.78	1.92	4.49	2.29	0.23	6.39
HOTELS AND MOTELS.....	1199	1211	1327	1539	1418	1438	1491	1598	1623	1671
PERCENTAGE CHANGE.....	1.69	0.93	9.64	15.96	-7.84	1.38	3.68	7.22	1.52	2.98
OTHER RETAIL AND SERVICE.....	13146	13254	13806	14653	15623	16588	17229	18032	18635	19708
PERCENTAGE CHANGE.....	0.75	0.82	4.16	6.14	6.62	6.18	3.86	4.66	3.35	5.76
MISC NONDURABLE GOODS.....	4459	4387	4514	4444	4740	4903	4921	5399	5302	5880
PERCENTAGE CHANGE.....	1.03	-1.62	2.91	-1.55	6.66	3.42	0.38	9.71	-1.80	10.90
TRANSPORTATION, COMMUNICATION.....	2759	2881	2758	3353	2925	3174	3324	4496	3810	4253
PERCENTAGE CHANGE.....	19.96	4.43	-4.26	21.54	-12.76	8.53	4.70	35.28	-15.27	11.64
PER CAPITA TOTAL TAXABLE SALES (\$)..	10027	9695	9895	10292	10884	11291	11420	12052	11862	12578
PERCENTAGE CHANGE.....	-1.45	-3.32	2.07	4.01	5.75	3.73	1.14	5.54	-1.58	6.04

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TENNESSEE ECONOMETRIC MODEL November 2000 UPDATE  
 TABLE 12: TENNESSEE TAXABLE SALES  
 MILLIONS OF CURRENT DOLLARS

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
TOTAL.....	41991	42650	45473	49112	53778	57943	60689	66079	66389	72341
PERCENTAGE CHANGE.....	3.84	1.57	6.62	8.00	9.50	7.75	4.74	8.88	0.47	8.96
AUTO DEALERS.....	4239	4073	4616	5440	6086	6569	6606	6656	7127	8114
PERCENTAGE CHANGE.....	-6.53	-3.90	13.32	17.86	11.87	7.93	0.56	0.76	7.07	13.85
PURCHASES FROM MANUFACTURERS.....	2981	2905	2991	3104	3513	3821	4158	4371	4274	4230
PERCENTAGE CHANGE.....	-0.27	-2.53	2.96	3.76	13.18	8.77	8.80	5.15	-2.22	-1.04
MISC DURABLE GOODS.....	6535	6304	6886	7588	9015	9922	10381	11915	11321	12833
PERCENTAGE CHANGE.....	1.60	-3.54	9.24	10.20	18.81	10.05	4.63	14.77	-4.99	13.36
EATING AND DRINKING PLACES.....	3380	3523	3769	3927	4381	4689	4944	5215	5479	5860
PERCENTAGE CHANGE.....	6.14	4.25	6.98	4.18	11.56	7.04	5.42	5.49	5.06	6.96
FOOD STORES.....	6129	6244	6395	6278	6850	7080	7308	7485	7591	7897
PERCENTAGE CHANGE.....	3.92	1.87	2.43	-1.84	9.12	3.35	3.22	2.42	1.41	4.03
LIQUOR STORES.....	264	275	281	267	289	301	321	335	339	367
PERCENTAGE CHANGE.....	3.80	4.12	2.08	-4.72	7.90	4.29	6.73	4.26	1.28	8.28
HOTELS AND MOTELS.....	1027	1076	1216	1444	1357	1408	1491	1630	1672	1752
PERCENTAGE CHANGE.....	6.35	4.82	13.00	18.71	-6.00	3.73	5.91	9.29	2.59	4.80
OTHER RETAIL AND SERVICE.....	11256	11787	12653	13748	14951	16244	17233	18383	19199	20663
PERCENTAGE CHANGE.....	5.36	4.71	7.35	8.66	8.75	8.65	6.09	6.68	4.44	7.63
MISC NONDURABLE GOODS.....	3818	3901	4137	4170	4537	4801	4922	5504	5462	6165
PERCENTAGE CHANGE.....	5.66	2.17	6.06	0.79	8.80	5.82	2.53	11.82	-0.76	12.87
TRANSPORTATION, COMMUNICATION.....	2362	2562	2528	3146	2799	3109	3325	4584	3925	4460
PERCENTAGE CHANGE.....	25.45	8.46	-1.32	24.43	-11.01	11.05	6.95	37.89	-14.37	13.61
PER CAPITA TOTAL TAXABLE SALES (\$)..	8586	8621	9069	9656	10416	11056	11423	12287	12221	13188
PERCENTAGE CHANGE.....	3.06	0.41	5.20	6.48	7.87	6.15	3.31	7.57	-0.54	7.92

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TENNESSEE ECONOMETRIC MODEL November 2000 UPDATE  
 TABLE 13: TENNESSEE GROSS STATE PRODUCT BY SECTOR  
 MILLIONS OF 1996 DOLLARS

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
GROSS STATE PRODUCT.....	110490.0	114300.0	121946.0	127032.0	134308.0	138440.0	141812.0	148582.0	154986.0	160457.4
PERCENTAGE CHANGE.....	-0.72	3.45	6.69	4.17	5.73	3.08	2.44	4.77	4.31	3.53
MINING.....	405.0	376.0	384.0	342.0	342.0	351.0	375.0	400.0	433.0	461.7
PERCENTAGE CHANGE.....	3.58	-7.16	2.13	-10.94	0.00	2.63	6.84	6.67	8.25	6.62
CONSTRUCTION.....	4337.0	4114.0	4492.0	4878.0	5244.0	5571.0	5809.0	6100.0	6170.0	6327.6
PERCENTAGE CHANGE.....	-6.11	-5.14	9.19	8.59	7.50	6.24	4.27	5.01	1.15	2.55
MANUFACTURING.....	25282.0	26413.0	28468.0	30081.0	31842.0	32617.0	30822.0	31904.0	32334.0	33267.6
PERCENTAGE CHANGE.....	-3.25	4.47	7.78	5.67	5.85	2.43	-5.50	3.51	1.35	2.89
DURABLE GOODS.....	11662.0	12379.0	14037.0	15468.0	16429.0	17647.0	17541.0	18759.0	19906.0	21103.2
PERCENTAGE CHANGE.....	-6.13	6.15	13.39	10.19	6.21	7.41	-0.60	6.94	6.11	6.01
NONDURABLE GOODS.....	13756.0	14161.0	14518.0	14659.0	15457.0	14979.0	13281.0	13151.0	12488.0	12164.4
PERCENTAGE CHANGE.....	-0.40	2.94	2.52	0.97	5.44	-3.09	-11.34	-0.98	-5.04	-2.59
TRADE.....	18473.0	19222.0	20783.0	21558.0	23350.0	24216.0	26217.0	28759.0	31455.0	32481.0
PERCENTAGE CHANGE.....	-0.26	4.05	8.12	3.73	8.31	3.71	8.26	9.70	9.37	3.26
SERVICES.....	22116.0	22391.0	24163.0	25485.0	26397.0	27933.0	29000.0	30206.0	31120.0	31949.5
PERCENTAGE CHANGE.....	2.98	1.24	7.91	5.47	3.58	5.82	3.82	4.16	3.03	2.67
FINANCE,INSURANCE AND REAL ESTATE..	15083.0	15631.0	16237.0	16839.0	17516.0	18530.0	19423.0	20193.0	22097.0	23434.2
PERCENTAGE CHANGE.....	-1.71	3.63	3.88	3.71	4.02	5.79	4.82	3.96	9.43	6.05
TRANS.,COMM.,AND PUBLIC UTIL.....	7705.0	8359.0	9216.0	9883.0	10663.0	10631.0	11396.0	12102.0	12282.0	12840.2
PERCENTAGE CHANGE.....	2.90	8.49	10.25	7.24	7.89	-0.30	7.20	6.20	1.49	4.54
GOVERNMENT.....	15929.0	16330.0	16478.0	16300.0	17064.0	16857.0	17194.0	17150.0	17418.0	17777.8
PERCENTAGE CHANGE.....	-1.12	2.52	0.91	-1.08	4.69	-1.21	2.00	-0.26	1.56	2.07
FEDERAL CIVILIAN.....	4751.0	5308.0	5348.0	4977.0	5054.0	4619.0	4797.0	4803.0	4956.0	4983.2
PERCENTAGE CHANGE.....	-8.37	11.72	0.75	-6.94	1.55	-8.61	3.85	0.13	3.19	0.55
FEDERAL MILITARY.....	995.0	973.0	910.0	880.0	889.0	833.0	778.0	559.0	558.0	603.3
PERCENTAGE CHANGE.....	3.54	-2.21	-6.47	-3.30	1.02	-6.30	-6.60	-28.15	-0.18	8.12
STATE AND LOCAL.....	10183.0	10077.0	10249.0	10459.0	11131.0	11405.0	11619.0	11786.0	11904.0	12191.3
PERCENTAGE CHANGE.....	1.90	-1.04	1.71	2.05	6.43	2.46	1.88	1.44	1.00	2.41
AGRICULTURE.....	1482.0	1672.0	1842.0	1728.0	1892.0	1759.0	1576.0	1800.0	1773.0	1917.7
PERCENTAGE CHANGE.....	-0.20	12.82	10.17	-6.19	9.49	-7.03	-10.40	14.21	-1.50	8.16
FARM.....	1076.0	1238.0	1398.0	1248.0	1414.0	1235.0	1026.0	1230.0	1162.0	1273.0
PERCENTAGE CHANGE.....	-2.89	15.06	12.92	-10.73	13.30	-12.66	-16.92	19.88	-5.53	9.55
AG SERVICES,FORESTRY,FISHERIES..	421.0	448.0	460.0	491.0	496.0	529.0	551.0	575.0	606.0	644.7
PERCENTAGE CHANGE.....	8.79	6.41	2.68	6.74	1.02	6.65	4.16	4.36	5.39	6.39
PER CAPITA GROSS STATE PRODUCT (\$)..	22591.5	23103.6	24319.9	24976.9	26013.5	26416.0	26691.2	27629.1	28529.7	29252.4
PERCENTAGE CHANGE.....	-1.46	2.27	5.26	2.70	4.15	1.55	1.04	3.51	3.26	2.53

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TENNESSEE ECONOMETRIC MODEL November 2000 UPDATE  
 TABLE 14: TENNESSEE DURABLE GOODS MANUFACTURING GROSS PRODUCT  
 MILLIONS OF 1996 DOLLARS

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
TOTAL DURABLE GOODS.....	11662.0	12379.0	14037.0	15468.0	16429.0	17647.0	17541.0	18759.0	19906.0	21103.2
PERCENTAGE CHANGE.....	-6.13	6.15	13.39	10.19	6.21	7.41	-0.60	6.94	6.11	6.01
LUMBER AND WOOD PRODUCTS.....	872.0	800.0	785.0	751.0	922.0	1067.0	1088.0	1116.0	1214.0	1251.1
PERCENTAGE CHANGE.....	0.11	-8.26	-1.88	-4.33	22.77	15.73	1.97	2.57	8.78	3.06
FURNITURE AND FIXTURES.....	835.0	879.0	967.0	1023.0	1008.0	949.0	979.0	982.0	999.0	1039.2
PERCENTAGE CHANGE.....	-8.74	5.27	10.01	5.79	-1.47	-5.85	3.16	0.31	1.73	4.02
STONE,CLAY AND GLASS.....	756.0	658.0	759.0	817.0	918.0	993.0	995.0	1104.0	1136.0	1197.1
PERCENTAGE CHANGE.....	-6.44	-12.96	15.35	7.64	12.36	8.17	0.20	10.95	2.90	5.38
PRIMARY METALS.....	958.0	1262.0	1079.0	1351.0	1258.0	1259.0	1192.0	1202.0	1367.0	1409.9
PERCENTAGE CHANGE.....	4.81	31.73	-14.50	25.21	-6.88	0.08	-5.32	0.84	13.73	3.14
FABRICATED METAL PRODUCTS.....	2294.0	2285.0	2439.0	2583.0	2734.0	2846.0	2785.0	2861.0	2913.0	3196.1
PERCENTAGE CHANGE.....	-2.80	-0.39	6.74	5.90	5.85	4.10	-2.14	2.73	1.82	9.72
NONELECTRICAL MACHINERY.....	1520.0	1379.0	1982.0	2049.0	2048.0	2092.0	2386.0	2775.0	3405.0	3615.0
PERCENTAGE CHANGE.....	-7.93	-9.28	43.73	3.38	-0.05	2.15	14.05	16.30	22.70	6.17
ELECTRICAL MACHINERY.....	1114.0	1233.0	1253.0	1276.0	1545.0	1854.0	2050.0	2451.0	2728.0	2829.7
PERCENTAGE CHANGE.....	-3.05	10.68	1.62	1.84	21.08	20.00	10.57	19.56	11.30	3.73
TRANSPORTATION EQUIPMENT.....	1919.0	2535.0	3336.0	4434.0	4895.0	5335.0	4691.0	4963.0	4955.0	5190.3
PERCENTAGE CHANGE.....	-21.96	32.10	31.60	32.91	10.40	8.99	-12.07	5.80	-0.16	4.75
INSTRUMENTS.....	753.0	818.0	776.0	625.0	483.0	525.0	553.0	502.0	511.0	517.9
PERCENTAGE CHANGE.....	18.40	8.63	-5.13	-19.46	-22.72	8.70	5.33	-9.22	1.79	1.35
MISCELLANEOUS DURABLE GOODS.....	586.0	584.0	691.0	711.0	692.0	761.0	822.0	834.0	811.0	856.9
PERCENTAGE CHANGE.....	-12.01	-0.34	18.32	2.89	-2.67	9.97	8.02	1.46	-2.76	5.67

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TENNESSEE ECONOMETRIC MODEL November 2000 UPDATE  
 TABLE 15: TENNESSEE NONDURABLE GOODS MANUFACTURING GROSS PRODUCT  
 MILLIONS OF 1996 DOLLARS

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
TOTAL NONDURABLE GOODS.....	13756.0	14161.0	14518.0	14659.0	15457.0	14979.0	13281.0	13151.0	12488.0	12164.4
PERCENTAGE CHANGE.....	-0.40	2.94	2.52	0.97	5.44	-3.09	-11.34	-0.98	-5.04	-2.59
FOOD.....	2974.0	3263.0	3091.0	3090.0	3282.0	3755.0	2700.0	2636.0	2667.0	2814.6
PERCENTAGE CHANGE.....	3.88	9.72	-5.27	-0.03	6.21	14.41	-28.10	-2.37	1.18	5.53
TOBACCO.....	159.0	96.0	82.0	89.0	139.0	166.0	173.0	194.0	180.0	181.4
PERCENTAGE CHANGE.....	-9.14	-39.62	-14.58	8.54	56.18	19.42	4.22	12.14	-7.22	0.77
TEXTILES.....	627.0	584.0	717.0	701.0	670.0	592.0	728.0	704.0	690.0	634.4
PERCENTAGE CHANGE.....	10.00	-6.86	22.77	-2.23	-4.42	-11.64	22.97	-3.30	-1.99	-8.06
APPAREL.....	1523.0	1473.0	1502.0	1451.0	1430.0	1292.0	1019.0	953.0	905.0	733.8
PERCENTAGE CHANGE.....	-2.75	-3.28	1.97	-3.40	-1.45	-9.65	-21.13	-6.48	-5.04	-18.92
PAPER.....	1464.0	1628.0	1690.0	1871.0	1655.0	1377.0	1454.0	1555.0	1520.0	1559.0
PERCENTAGE CHANGE.....	-10.24	11.20	3.81	10.71	-11.54	-16.80	5.59	6.95	-2.25	2.57
PRINTING AND PUBLISHING.....	1875.0	1849.0	1824.0	1670.0	1636.0	1620.0	1533.0	1500.0	1478.0	1394.5
PERCENTAGE CHANGE.....	0.70	-1.39	-1.35	-8.44	-2.04	-0.98	-5.37	-2.15	-1.47	-5.65
CHEMICALS.....	3671.0	3724.0	3887.0	3927.0	4566.0	4172.0	3854.0	3689.0	3162.0	2913.6
PERCENTAGE CHANGE.....	3.73	1.44	4.38	1.03	16.27	-8.63	-7.62	-4.28	-14.29	-7.85
PETROLEUM REFINING.....	90.0	92.0	105.0	103.0	96.0	97.0	137.0	111.0	130.0	134.7
PERCENTAGE CHANGE.....	-8.16	2.22	14.13	-1.90	-6.80	1.04	41.24	-18.98	17.12	3.61
RUBBER AND PLASTICS.....	1164.0	1280.0	1418.0	1597.0	1793.0	1771.0	1584.0	1720.0	1665.0	1710.3
PERCENTAGE CHANGE.....	-7.62	9.97	10.78	12.62	12.27	-1.23	-10.56	8.59	-3.20	2.72
LEATHER.....	305.0	269.0	282.0	237.0	211.0	182.0	100.0	97.0	92.0	88.1
PERCENTAGE CHANGE.....	-6.15	-11.80	4.83	-15.96	-10.97	-13.74	-45.05	-3.00	-5.15	-4.25

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TENNESSEE ECONOMETRIC MODEL November 2000 UPDATE  
 TABLE 16: TENNESSEE GROSS STATE PRODUCT BY SECTOR  
 MILLIONS OF CURRENT DOLLARS

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
GROSS STATE PRODUCT.....	95014	102028	111831	119685	129541	136628	141812	150728	159575	168042
PERCENTAGE CHANGE.....	2.80	7.38	9.61	7.02	8.23	5.47	3.79	6.29	5.87	5.31
MINING.....	439	389	387	324	333	357	375	401	404	418
PERCENTAGE CHANGE.....	3.54	-11.39	-0.51	-16.28	2.78	7.21	5.04	6.93	0.75	3.53
CONSTRUCTION.....	3711	3562	3875	4349	4859	5398	5809	6355	6715	7095
PERCENTAGE CHANGE.....	-3.16	-4.02	8.79	12.23	11.73	11.09	7.61	9.40	5.66	5.66
MANUFACTURING.....	23099	24977	27432	29306	31510	32370	30822	31739	32425	33720
PERCENTAGE CHANGE.....	-1.05	8.13	9.83	6.83	7.52	2.73	-4.78	2.98	2.16	3.99
DURABLE GOODS.....	11098	12096	13954	15600	16778	17677	17541	18471	19152	20542
PERCENTAGE CHANGE.....	-4.87	8.99	15.36	11.80	7.55	5.36	-0.77	5.30	3.69	7.26
NONDURABLE GOODS.....	12001	12881	13479	13706	14732	14694	13281	13268	13274	13178
PERCENTAGE CHANGE.....	2.77	7.33	4.64	1.68	7.49	-0.26	-9.62	-0.10	0.05	-0.72
TRADE.....	17091	18195	19813	21085	23377	24691	26217	28304	30136	30801
PERCENTAGE CHANGE.....	3.61	6.46	8.89	6.42	10.87	5.62	6.18	7.96	6.47	2.21
SERVICES.....	17322	18548	21130	23141	24749	27079	29000	31263	33519	35535
PERCENTAGE CHANGE.....	9.17	7.08	13.92	9.52	6.95	9.41	7.09	7.80	7.22	6.01
FINANCE, INSURANCE AND REAL ESTATE..	11925	12945	14109	15101	16158	17834	19423	21072	23311	25422
PERCENTAGE CHANGE.....	3.02	8.55	8.99	7.03	7.00	10.37	8.91	8.49	10.63	9.05
TRANS., COMM., AND PUBLIC UTIL.....	7460	8221	9085	10018	10847	10916	11396	12392	13140	13864
PERCENTAGE CHANGE.....	1.62	10.20	10.51	10.27	8.28	0.64	4.40	8.74	6.04	5.51
GOVERNMENT.....	12601	13763	14417	14827	16052	16410	17194	17555	18348	19379
PERCENTAGE CHANGE.....	3.49	9.22	4.75	2.84	8.26	2.23	4.78	2.10	4.52	5.62
FEDERAL CIVILIAN.....	3520	4348	4515	4404	4637	4489	4797	4890	5147	5256
PERCENTAGE CHANGE.....	-5.55	23.52	3.84	-2.46	5.29	-3.19	6.86	1.94	5.26	2.12
FEDERAL MILITARY.....	818	830	834	807	822	786	778	571	579	645
PERCENTAGE CHANGE.....	5.28	1.47	0.48	-3.24	1.86	-4.38	-1.02	-26.61	1.40	11.38
STATE AND LOCAL.....	8262	8584	9068	9616	10593	11136	11619	12093	12622	13478
PERCENTAGE CHANGE.....	7.70	3.90	5.64	6.04	10.16	5.13	4.34	4.08	4.37	6.78
AGRICULTURE.....	1366	1429	1582	1534	1657	1574	1576	1647	1576	1808
PERCENTAGE CHANGE.....	-0.58	4.61	10.71	-3.03	8.02	-5.01	0.13	4.51	-4.31	14.74
FARM.....	1018	1058	1176	1070	1178	1058	1026	1049	925	1098
PERCENTAGE CHANGE.....	-4.23	3.93	11.15	-9.01	10.09	-10.19	-3.02	2.24	-11.82	18.65
AG SERVICES, FORESTRY, FISHERIES..	349	370	406	463	478	516	551	598	651	711
PERCENTAGE CHANGE.....	12.22	6.02	9.73	14.04	3.24	7.95	6.78	8.53	8.86	9.19
PER CAPITA GROSS STATE PRODUCT (\$)..	19427	20623	22303	23532	25090	26070	26691	28028	29374	30635
PERCENTAGE CHANGE.....	2.03	6.16	8.14	5.51	6.62	3.91	2.38	5.01	4.80	4.29

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TENNESSEE ECONOMETRIC MODEL November 2000 UPDATE  
 TABLE 17: TENNESSEE DURABLE GOODS MANUFACTURING GROSS PRODUCT  
 MILLIONS OF CURRENT DOLLARS

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
TOTAL DURABLE GOODS.....	11098	12096	13954	15600	16778	17677	17541	18471	19152	20542
PERCENTAGE CHANGE.....	-4.87	8.99	15.36	11.80	7.55	5.36	-0.77	5.30	3.69	7.26
LUMBER AND WOOD PRODUCTS.....	622	588	641	726	944	1085	1088	1161	1264	1352
PERCENTAGE CHANGE.....	0.32	-5.47	9.01	13.26	30.03	14.94	0.28	6.71	8.87	6.97
FURNITURE AND FIXTURES.....	718	785	867	918	944	894	979	1007	1060	1102
PERCENTAGE CHANGE.....	-4.65	9.33	10.45	5.88	2.83	-5.30	9.51	2.86	5.26	3.94
STONE,CLAY AND GLASS.....	651	585	673	742	873	980	995	1122	1204	1278
PERCENTAGE CHANGE.....	-6.20	-10.14	15.04	10.25	17.65	12.26	1.53	12.76	7.31	6.17
PRIMARY METALS.....	948	1175	977	1199	1185	1345	1192	1205	1349	1420
PERCENTAGE CHANGE.....	0.00	23.95	-16.85	22.72	-1.17	13.50	-11.38	1.09	11.95	5.27
FABRICATED METAL PRODUCTS.....	2091	2171	2347	2501	2633	2733	2785	2906	3073	3407
PERCENTAGE CHANGE.....	2.10	3.83	8.11	6.56	5.28	3.80	1.90	4.34	5.75	10.87
NONELECTRICAL MACHINERY.....	1922	1749	2440	2406	2322	2228	2386	2507	2697	3006
PERCENTAGE CHANGE.....	-7.82	-9.00	39.51	-1.39	-3.49	-4.05	7.09	5.07	7.58	11.46
ELECTRICAL MACHINERY.....	1716	1878	1840	1817	2084	2115	2050	2231	2068	2104
PERCENTAGE CHANGE.....	-5.56	9.44	-2.02	-1.25	14.69	1.49	-3.07	8.83	-7.31	1.73
TRANSPORTATION EQUIPMENT.....	1383	2005	2881	4068	4692	5086	4691	4939	4977	5287
PERCENTAGE CHANGE.....	-20.01	44.97	43.69	41.20	15.34	8.40	-7.77	5.29	0.77	6.24
INSTRUMENTS.....	538	625	629	528	420	471	553	542	608	662
PERCENTAGE CHANGE.....	29.33	16.17	0.64	-16.06	-20.45	12.14	17.41	-1.99	12.18	8.90
MISCELLANEOUS DURABLE GOODS.....	509	535	657	695	680	740	822	848	850	924
PERCENTAGE CHANGE.....	-8.45	5.11	22.80	5.78	-2.16	8.82	11.08	3.16	0.24	8.67

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TENNESSEE ECONOMETRIC MODEL November 2000 UPDATE  
 TABLE 18: TENNESSEE NONDURABLE GOODS MANUFACTURING GROSS PRODUCT  
 MILLIONS OF CURRENT DOLLARS

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
TOTAL NONDURABLE GOODS.....	12001	12881	13479	13706	14732	14694	13281	13268	13274	13178
PERCENTAGE CHANGE.....	2.77	7.33	4.64	1.68	7.49	-0.26	-9.62	-0.10	0.05	-0.72
FOOD.....	2617	3030	2938	2901	3213	3412	2700	2748	2869	2966
PERCENTAGE CHANGE.....	11.31	15.78	-3.04	-1.26	10.75	6.19	-20.87	1.78	4.40	3.39
TOBACCO.....	131	107	118	118	134	160	173	216	277	282
PERCENTAGE CHANGE.....	15.93	-18.32	10.28	0.00	13.56	19.40	8.13	24.86	28.24	1.79
TEXTILES.....	604	574	719	695	638	566	728	720	725	672
PERCENTAGE CHANGE.....	11.44	-4.97	25.26	-3.34	-8.20	-11.29	28.62	-1.10	0.69	-7.26
APPAREL.....	1418	1422	1484	1455	1436	1257	1019	956	932	739
PERCENTAGE CHANGE.....	-0.07	0.28	4.36	-1.95	-1.31	-12.47	-18.93	-6.18	-2.51	-20.67
PAPER.....	1257	1355	1397	1448	1352	1554	1454	1429	1508	1582
PERCENTAGE CHANGE.....	-12.10	7.80	3.10	3.65	-6.63	14.94	-6.44	-1.72	5.53	4.90
PRINTING AND PUBLISHING.....	1332	1417	1491	1449	1474	1468	1533	1581	1643	1657
PERCENTAGE CHANGE.....	7.59	6.38	5.22	-2.82	1.73	-0.41	4.43	3.13	3.92	0.87
CHEMICALS.....	3077	3285	3488	3648	4355	4251	3854	3696	3355	3072
PERCENTAGE CHANGE.....	3.78	6.76	6.18	4.59	19.38	-2.39	-9.34	-4.10	-9.23	-8.44
PETROLEUM REFINING.....	125	132	140	149	129	105	137	136	162	171
PERCENTAGE CHANGE.....	21.36	5.60	6.06	6.43	-13.42	-18.60	30.48	-0.73	19.12	5.76
RUBBER AND PLASTICS.....	1163	1308	1436	1615	1795	1739	1584	1686	1706	1941
PERCENTAGE CHANGE.....	-5.60	12.47	9.79	12.47	11.15	-3.12	-8.91	6.44	1.19	13.76
LEATHER.....	278	251	267	228	206	182	100	99	97	95
PERCENTAGE CHANGE.....	-2.11	-9.71	6.37	-14.61	-9.65	-11.65	-45.05	-1.00	-2.02	-1.80

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