

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

On the State's Economic Outlook

**FEBRUARY 2003**



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On the State's Economic Outlook

Matthew N. Murray, Associate Director and Project Director  
Center for Business and Economic Research

*Prepared by the*  
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Knoxville, Tennessee

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Tennessee Department of Finance and Administration,  
Tennessee Department of Economic and Community Development,  
Tennessee Department of Revenue, and  
Tennessee Department of Labor and Workforce Development  
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**FEBRUARY 2003**

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# Foreword

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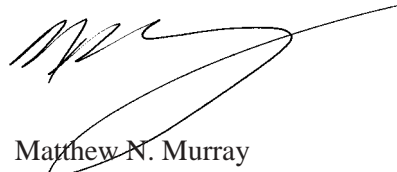
**T**his 2003 volume of *An Economic Report to the Governor of the State of Tennessee* is the twenty-seventh in a series of annual reports compiled in response to requests by state government officials for assistance in achieving greater interdepartmental consistency in planning and budgeting efforts 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 2004 and annual forecasts through 2011 represent the collective judgment 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 Global Insight, Inc., formerly DRI-WEFA, Inc. Tennessee forecasts, current as of January 2003, are based on an array of assumptions, particularly at the national level, which are described in Chapter One. (Note that since reliance is placed on state data available through December 2002, the information reported here may not correspond to revised data released early in 2003.) Chapter Two provides detailed evaluations for major sectors of the Tennessee economy, with an agriculture section provided by the University of Tennessee Agricultural Policy Analysis Center. Chapter Two also

presents the long-run outlook and forecast for the state. Chapter Three provides an overview of issues the legislature will have to address in designing a lottery for the state.

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.



Matthew N. Murray  
Associate Director and Project Director  
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# Executive Summary

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## The U.S. Economy

**A**fter spending most of 2001 in recession, the nation's economy began a long, slow recovery in 2002 that has often showed signs of instability. Business investment continued to slow dramatically while consumer spending remained strong enough to keep the economy afloat. This was due in large part to moderate inflation, low interest rates, and relatively stable gasoline prices. Particularly noteworthy are the weak national labor market and the absence of job creation.

The Federal Reserve Bank (Fed) enacted only one interest rate cut over the course of the past year which, when combined with the stimulative effects of broad federal tax cuts and increased government spending, will likely enable the current recovery to continue. An expected military effort in Iraq, if short and successful, will contribute to strong economic growth in the latter half of 2003.

Inflation-adjusted Gross Domestic Product (GDP) is expected to resume stable growth at a 3.1

percent annual rate over the course of the next year. The increase will be fueled by increases in consumption spending (2.7 percent), business investment (4.8 percent), and government spending at the federal (10.7 percent) and state and local (0.1 percent) levels. On the negative side, residential housing investment will fall by 3.0 percent, and net exports will continue to be a drain on the domestic economy. Inflation will remain subdued at a rate of 2.3 percent while unemployment is expected to rise slightly to 6.2 percent.

## The Tennessee Economy

**Short-Term Outlook.** The Tennessee economy, like its national counterpart, has struggled to engineer strong, broad-based growth in recent quarters. While the state unemployment rate has remained relatively low—aside from a spike to 5.5 percent in the first quarter of 2002—and personal income has continued to grow, jobs were lost in both 2001 and 2002. The turnaround in economic activity that was expected to occur in the summer of 2002 simply did not materialize. Uncertainty now clouds the economic outlook due largely to concerns over military conflict abroad and the threat of domestic terrorism.

Tennessee is in the midst of a jobless recovery. Following 1.7 percent job growth in 2000, the state lost jobs at a 0.6 percent pace in 2001 and jobs were down an additional 0.3 percent in 2002. In comparison the U.S. economy experienced 0.2 percent job growth in 2001 but job losses of 0.9 percent in 2002. Recent state trends offer little optimism for a quick turnaround. Jobs were down on a year-over-year basis in each month of 2002, and while quarterly losses have stabilized relative to 2001, they show little sign of further slowing. The state's manufacturing sector, particularly durable goods manufacturing, was beaten and

battered in 2001 and 2002 with job setbacks totaling 5.6 percent and 2.9 percent. Over the long-term durable goods manufacturing has been able to add jobs while jobs have been in long-term decline in nondurable goods manufacturing. But the recession caused rapid deterioration in durable goods activity and jobs in this sector have actually fallen at a more rapid pace than nondurables since 2001. Other sectors of the economy, notably the service sector, have been able to add jobs to the state economic base avoiding a free fall in nonagricultural jobs.

# Executive Summary, continued

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## The Tennessee Economy, continued

Despite the job losses, the quarterly state unemployment rate has actually shown some downward movement since the first quarter of 2001. The state unemployment rate averaged 5.0 percent in 2002, significantly better than the 5.8 percent unemployment rate posted by the national economy. While the number of unemployed people in Tennessee fell sharply in the last three quarters of 2002, the labor force also contracted, suggesting workers may be withdrawing from the labor force in the face of poor job prospects.

Nominal personal income in Tennessee was up 6.5 percent in 2000, then slowed to 3.0 percent growth in 2001 and 3.6 percent growth in 2002. Surprisingly nominal wage and salary growth was positive in 2001 and 2002 (although inflation-adjusted wages and salaries were down 0.5 percent in 2001). Proprietors' income and rent, interest and dividend income have been hit hard by the slowdown in economic activity. Proprietors' income slid from 13.6 percent growth in 1999 to only 1.6 percent growth in 2002. Rent, interest and dividend income was up 2.3 percent in 2001 and up only 0.2 percent in 2002.

Tennessee per capita income has lost ground relative to the

nation since 1995 but enjoyed a small rebound in 2002 when per capita income in the state was up 3.0 percent versus 2.1 for the U.S. Tennessee's income per person was 89.4 percent of the national average in 2002.

Slow growth in total and per capita personal income, coupled with slow business expansion and job growth, has led to a weak performance for taxable sales. On the heels of only 3.2 percent growth in 2000, sales fell 0.2 percent in 2001. Sales grew only 0.4 percent in 2002. Purchases from manufacturers, miscellaneous durable goods and miscellaneous nondurable goods have been particularly weak.

The short-term outlook calls for slow improvement in economic conditions through 2003 and into 2004. Primary risks to the forecast include a prolonged military conflict in Iraq and sustained deterioration in consumer and investor confidence. If these risks can be avoided the state economy should see nominal personal income advance 4.8 percent in 2003 and 5.5 percent in 2004. Tennessee is expected to lag the nation in personal income growth in both years. Per capita income in Tennessee should grow 4.1 percent and 4.8 percent in 2003 and 2004, leading the nation in 2003 but

trailing the nation in 2004. Income growth will help lift taxable sales growth to 2.6 percent this year and 3.7 percent in the following year.

The job situation will brighten with positive year-over-year growth expected for the second quarter of the year and 0.7 percent annual growth for 2003. Manufacturing jobs will remain in the red through 2004 although positive growth is expected in the durable goods sector in 2004. The state unemployment rate will remain below its national counterpart through the short-term forecast horizon.

**Agricultural Outlook.** Tennessee's agricultural market conditions, as well as its policy environment have shifted. After several years of record or near-record low prices and market receipts for most major crops, it appears that 2002 may have marked the bottom as the agriculture sector turned the corner to a more optimistic economic outlook. Significant decreases in Tennessee's major crop commodity production for 2002 were partially offset by modest price recovery. While prices generally remain below mid-1990 levels, crop prices are expected to continue on an upward path early into 2003. However, whereas falling crop production and price increases are contributing to more optimism than

# Executive Summary, continued

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## The Tennessee Economy, continued

in recent years, optimism remains moderate at best.

The State's livestock sector remains strong with fairly steady receipts from cattle and calves, but declining poultry receipts. Live-stock supplies are expected to hold livestock and meat prices relatively low in the near term, but as production adjusts to higher feed costs and lower market prices, the livestock sector is projected to rebound with declining supplies and increasing livestock and meat prices.

In addition to the shifting market conditions, the policy environment has also made dramatic changes with the passage of the 2002 Farm Bill, further stabilizing the agricultural condition of the State. Average yields, moderate prices and larger government payments should make both crop and livestock farmers better off than they were in 2002. Provided Tennessee experiences normal weather patterns in 2003, the financial outlook for Tennessee agriculture should improve.

**Long-Term Outlook.** The state economy has undergone significant structural change in the last several decades and more changes are certainly on the horizon. One of the most important changes is the long-term decline in the relative importance of manufacturing due

largely to sustained job losses in the nondurable goods sector. There were nearly 273 thousand jobs in the nondurable goods sector in 1960, but by 2002 the number of jobs had fallen to 192 thousand. The durable goods sector has seen net job growth since 1960. Overall the state has not seen positive job growth in manufacturing since 1994 when jobs grew at a 2.0 percent pace. In 1960 manufacturing accounted for over 30 percent of all jobs in the state, but accounted for only about 17 percent of jobs in 2002. As manufacturing declines, the service sector has stepped in to fill the void. The service sector now accounts for over 28 percent of all jobs in the state.

Tennessee's manufacturing sector gross state product has not suffered the same fate as jobs. Inflation-adjusted industrial output has held up reasonably well in the face of job losses through significant gains in productivity. Service sector output has increased, but not nearly at the same pace as job growth has occurred.

Over the long term the gap between state and national per capita income has narrowed, but the gap has actually widened since 1995. In 1970 per capita income in Tennessee was 78.0 percent of the national average. By 1995 state per capita income peaked at 92.5 percent of the national average and

is now under 90 percent. In light of the high correlation between educational attainment and economic well being, the state will have to make further investments in human capital to narrow the gap and eventually converge and surpass the nation.

The economy is expected to return to its long-term trend rate of growth by the close of 2004. Nominal personal income should grow at a 5.8 percent compound annual rate between 2002 and 2011, ahead of the 5.5 percent rate of growth expected for the U.S. Nominal gross state product will grow 5.9 percent versus 5.6 percent growth for U.S. gross domestic product. Per capita income growth in the state will only be sufficient to shave a half a percentage point off the income differential relative to the nation by 2011.

Jobs in Tennessee are expected to grow at a 2.0 percent compound annual rate between 2002 and 2011, appreciably better than the 1.3 percent growth rate expected for the nation. From 1995 forward, manufacturing jobs in Tennessee will show positive growth as gains in the durable goods sector offset declines in the nondurable goods sector. The state will enjoy lower rates of unemployment than the nation throughout the long-term forecast horizon.

# Executive Summary, continued

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## Designing Tennessee's Lottery

Chapter Three provides a descriptive analysis of state lotteries with special attention to a future lottery in Tennessee and the important choices policymakers face in designing a new lottery program. An analysis of other state lotteries will benefit Tennessee's policymakers in designing and implementing a lottery in the state and help the general public understand the structure of the resulting program.

There are three major types of lottery games in the U.S., lotto, instant win games, and numbers games. Lotto is probably the most visible lottery game but it actually ranks second in sales. Instant win games sell the most tickets while numbers games come in third place. All three games will probably be offered in Tennessee in order to compete with other states and generate sales. The state will likely consider offering keno and controversial video lottery games but concerns may surface over the similarity of these games to traditional modes of gambling.

Thirty-eight U.S. states currently offer lotteries. Lottery sales totaled nearly \$39 billion in the U.S. in 2001. Estimates show that Tennessee can expect to collect somewhere between \$800 to \$900

million in gross revenues and between \$200 to \$300 million in profits to be used to support education initiatives. Tennesseans already account for a significant amount of lottery purchases in neighboring states, so much of this revenue will simply be re-diverted back into the state.

There are striking differences in the demographic characteristics of lottery players. Only a small portion of lottery players account for the vast majority of lottery sales. Lower income individuals, those with less education, blacks, and older individuals tend to spend more on the lottery than other demographic groups.

The most popular use of lottery profits is education, whether it be in the form of college scholarships, capital improvement in schools, pre-school programs, adult education, etc. Fifteen lottery states apportion at least half of their lottery profits toward education. Tennessee is constitutionally obligated to direct lottery profits toward education but has some flexibility as to how much of the profits to apportion to various programs within this category. Some states direct lottery profits to the general fund while others use them for welfare or various public projects.

States administer lotteries either through an existing state agency, or they create an independent agency specifically for the lottery. Some argue that the independence of lottery administration allows a more business-oriented environment and therefore enhances efficiency of operations. No evidence has been identified to support this claim. Oversight would be required, whether administration was done by the state or an independent entity.

Included throughout the chapter are brief discussions on why some people favor lotteries while others stand in opposition. Some of the most important reasons in support of lotteries include (a) the lottery can provide much needed revenue for states (especially for education) and (b) the lottery is a *painless tax*; nobody objects to buying lottery tickets as they do with the payment of other taxes. Others object to lotteries because (a) they are regressive in that low-income people tend to spend a larger percentage of their income on lotteries than high-income people; (b) advertising can be deceptive and appeal to low-income individuals by posing the lottery as a way out of poverty; and (c) they may lead to problem gambling.



# The U.S. Economy

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## Chapter Overview

**D**espite scattered signs of optimism, the prevailing economic theme of the current economy is one of uncertainty. This chapter aims to reduce that uncertainty by presenting a brief overview of economic events in the U.S. over the past year, a discussion of the policy response from the federal government and the Federal Reserve Bank (Fed), and highlights from the short-term macroeconomic forecast.<sup>1</sup> To summarize briefly in advance, inflation-adjusted Gross Domestic Product (GDP) is expected to rise at a 3.1 percent seasonally adjusted annual rate (SAAR).<sup>2</sup> The sustainability of stronger economic growth will be supported by the full realization of the stimulative effects of relatively aggressive governmental fiscal policy—including a likely military effort in Iraq—continued throughout 2002. As this forecast assumes a short and successful military effort in Iraq in early 2003, growth is expected to be rather slow in the early months, with growth picking up steam as the year progresses.

Nonetheless, war in Iraq is not a foregone conclusion, and further stimulus spending (including tax cuts) at the federal level is all but certain. Growth could be much slower if military activity is prolonged or unsuccessful, or if other federal spending plans stall in Congress. Such a scenario would likely involve higher oil prices, increased stock market volatility, shaken consumer confidence, and continued slow recovery of business fixed investment. Alternatively, if war is averted or other uncertainty dissipates in early 2003, moderate oil prices or increased confidence could create better-than-expected economic growth.

# The U.S. Economy

## The Year in Review: Has the Recession Ended?

Inflation-adjusted gross domestic product (GDP, in 1996 dollars), perhaps the most widely used measure of economic growth, has grown throughout the first three quarters of 2002 (see Figure 1.1). Economists traditionally define a recession as at least two consecutive quarters of inflation-adjusted GDP decline. Inflation-adjusted GDP growth was negative for the first three quarters of 2001, leaving little doubt that we experienced an actual recession.

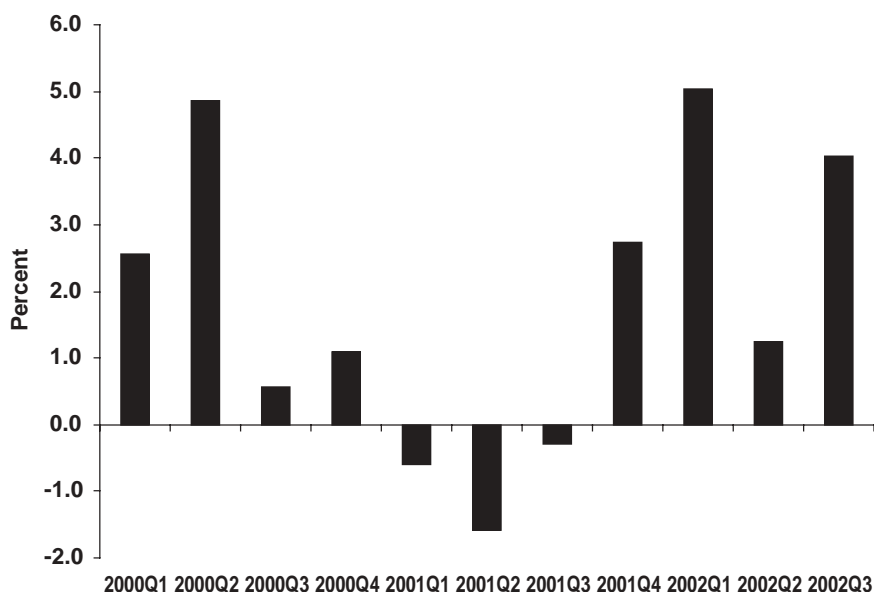
The Business Cycle Dating Committee at the National Bureau of Economic Research (NBER) declared in late 2001 that our

nation's most recent economic recession actually began in March of 2001. Despite improving economic news throughout 2002, the NBER has not yet declared an end date for the 2001 recession. However, business cycle endpoints are not usually declared by the NBER until after a lag of six or more months.<sup>3</sup>

To officially date the end of a recession, the NBER examines a few key data series and attempts to identify a clear trough in activity, after which those series enter a prolonged period of growth. Two key elements in the NBER's determination include industrial

production and total employment, shown in Figure 1.2A. While the industrial production index exhibits a clear trough in December 2001, employment appeared to hit bottom in early 2002 and has not yet clearly rebounded. Two other measures examined by the NBER are retail sales and inflation-adjusted personal disposable income (i.e., personal income after all government transfers), shown in Figure 1.2B. While both of these have generally trended upward since near-trough values observed in early 2001, large drops were observed in late 2001 and growth was not stable until 2002.

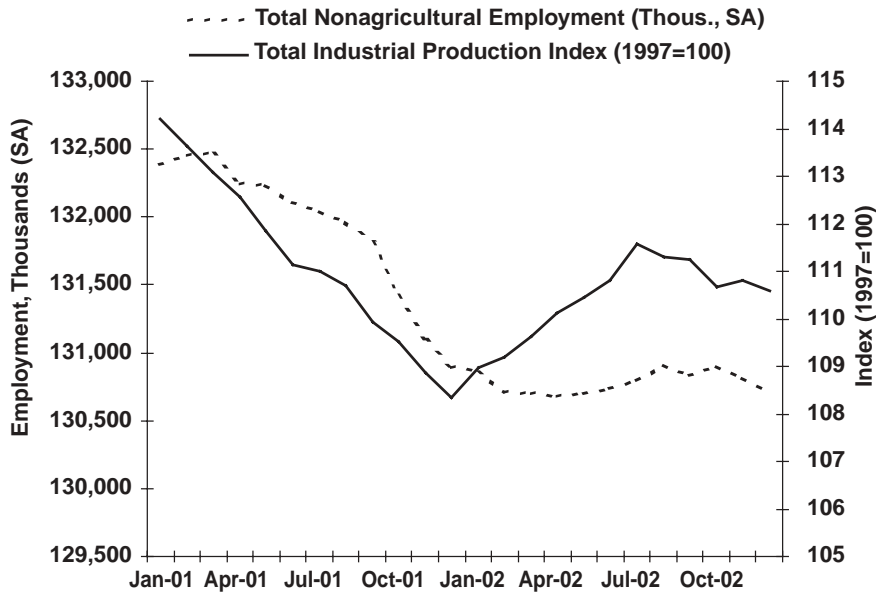
**FIGURE 1.1: INFLATION-ADJUSTED GDP GROWTH (ANNUAL RATE)**



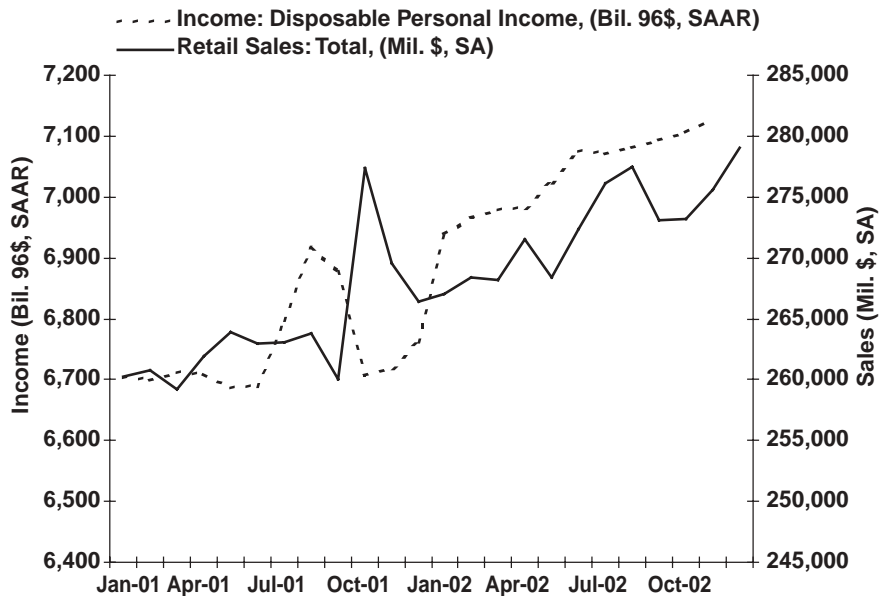


# The U.S. Economy

**FIGURE 1.2A: U.S. NONAGRICULTURAL EMPLOYMENT AND INDUSTRIAL PRODUCTION INDEX (1997=100)**



**FIGURE 1.2B: DISPOSABLE PERSONAL INCOME (\$96) AND RETAIL SALES (\$)**



# The U.S. Economy

**Inflation and Unemployment.** Figure 1.3 shows recent movements in two 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 (1982-84). 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. It does not capture discouraged workers who have withdrawn from the labor force or reflect those underemployed workers who would like more hours.

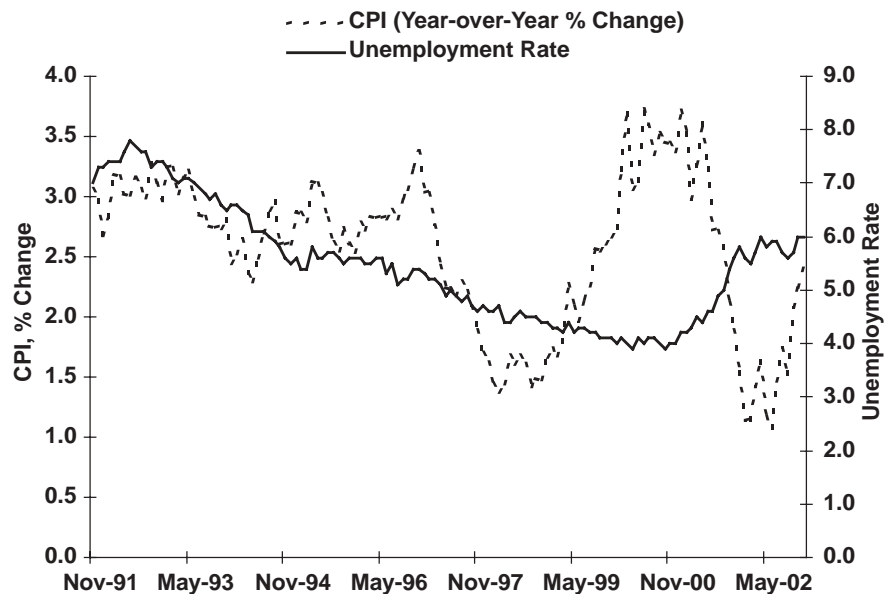
Maintaining low levels of inflation has become the primary goal of the Fed, the chief executor of monetary policy in the U.S. Although prices accelerated slightly through 2002, inflation remains largely in check despite an historically low Federal Funds Target Rate (see Figure 1.4).<sup>4</sup> The CPI rose at an annual rate of 1.9 percent in 2002Q3, down from the 2001 increase of 2.8 percent.

The labor market showed continued signs of weakness in 2002 with the unemployment rate hovering between 5.5 and 6.0 percent throughout most of the

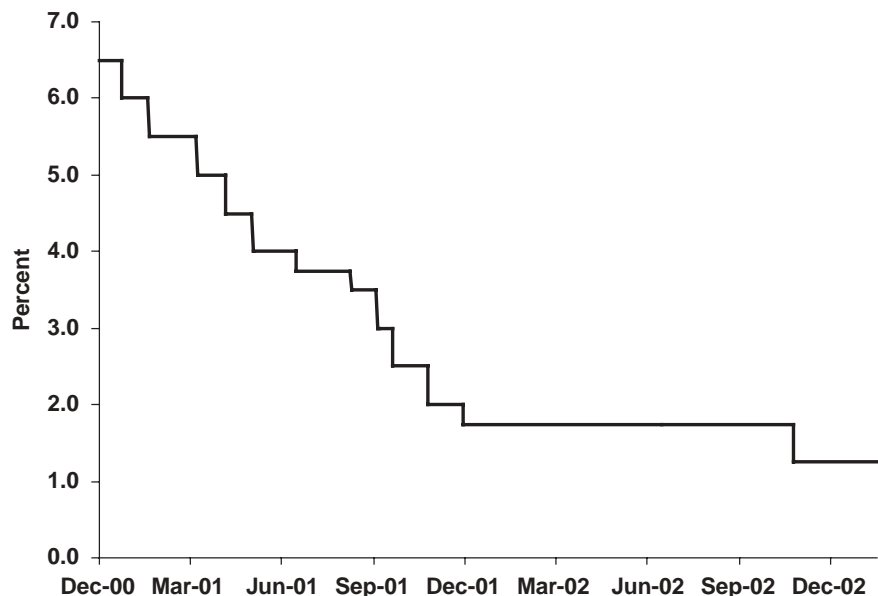
year. Wage inflation, consequently, was subdued. The employment cost index, a popular leading indicator of inflationary pressure in the economy, rose by only 2.5 percent on an annual basis through 2002Q3. This growth rate is down

from a 2001 increase of 4.1 percent. In other good news, worker productivity as measured by output per hour of work was up by 5.0 percent as of 2002Q3, up significantly from the 2001 increase of 1.1 percent.

**FIGURE 1.3: CONSUMER PRICE INDEX AND UNEMPLOYMENT RATE**



**FIGURE 1.4: FEDERAL FUNDS TARGET RATE**



# The U.S. Economy

**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*, or exports less imports). It is important to examine the various components of inflation-adjusted GDP in order to gain a more complete picture of economic health.

Consumption spending, which typically makes up about two-thirds of total inflation-adjusted GDP, increased by an annual rate of 4.2 percent in 2002Q3. This is much stronger than the impressive

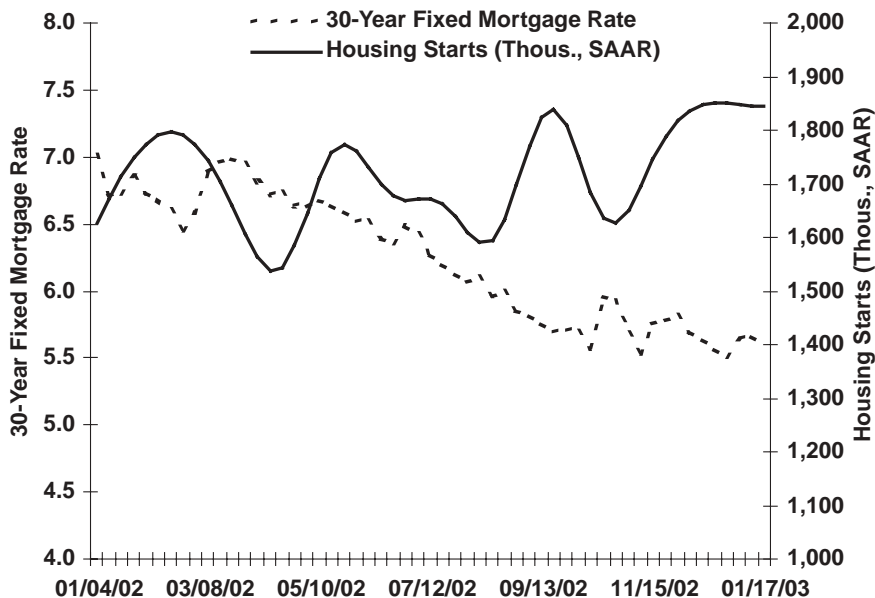
2001 growth rate of 2.5 percent. Consumer purchases of big-ticket items, especially of new automobiles, has remained surprisingly strong due to low interest rates and attractive zero-percent financing offers from major manufacturers.

Spending on residential housing rebounded slightly from the slowdown that continued throughout 2001. Thanks to mortgage interest rates that have reached historic lows during 2002, residential fixed investment was actually up by an annual rate of 1.1 percent as of 2002Q3. (Residential housing has also benefitted from a weak stock market.) As shown in Figure 1.5, the average 30-year mortgage interest rate started near 7.0 percent in early 2002 but fell gradually to an almost unbelievably

low 5.5 percent in late 2002. Housing starts rebounded toward near-record levels following the 2000-2001 slowdown.

The major economic story of 2001—a dramatic slowdown in business fixed investment—continued to dominate headlines in 2002. This important component of GDP fell at an annual rate of 0.8 percent as of 2002Q3, down dramatically from the 2000 increase of 7.8 percent but not as bad as 2001's decline of 5.2 percent. A rebound in purchases of equipment and software (6.7 percent) has not been enough to offset continued declines in purchases of structures (-21.4 percent). Leftover excess capacity from 2001 is likely to blame, as businesses have not yet needed to build new structures in order to expand their operations.

**FIGURE 1.5: THIRTY-YEAR FIXED MORTGAGE RATE AND HOUSING STARTS**



Government spending grew by 4.3 percent at the federal level and 2.2 percent at the state and local level as of 2002Q3. Both represent slowdowns from 2001 (4.8 and 3.1 percent, respectively), due to the well-documented fiscal strain at both levels. Large-scale tax cuts reduced available federal spending, and all but a few states experienced revenue shortfalls in 2002.

As is typical in the U.S., the biggest drain on domestic economic growth came from the international market, as trade

# The U.S. Economy

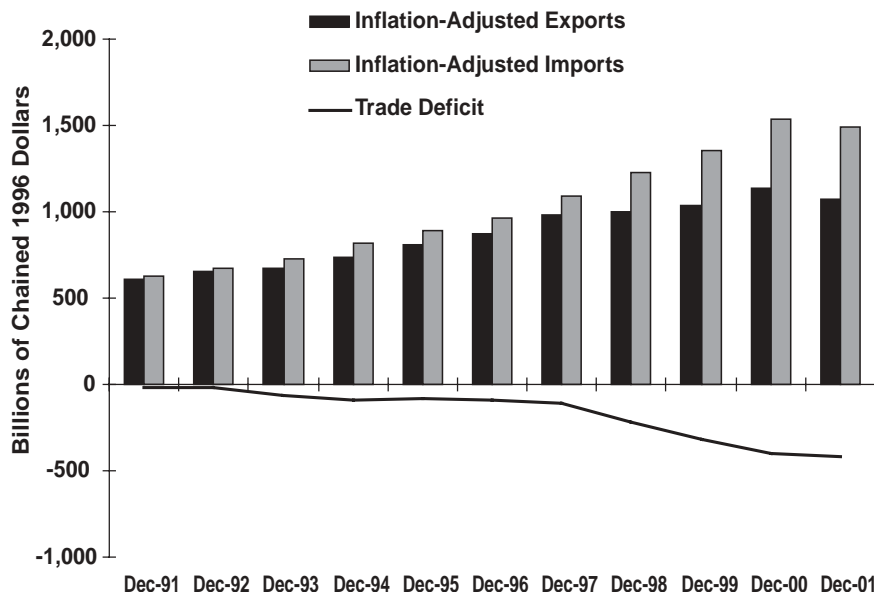
imbalances continued to soar. Since spending on imports is included in consumption, it is subtracted from export spending in order to avoid double counting and to gauge the true level of export spending that contributes to U.S. economic growth. Unfortunately, since imports have dramatically exceeded exports in recent years (see Figure 1.6), this usually involves a net subtraction from inflation-adjusted GDP. On an annual basis, exports were up 4.6 percent as of 2002Q3 while imports were up only 3.3 percent. With export growth exceeding import growth, the national trade imbalance moderated slightly. Contributing to this was a reduction in inflation-adjusted exchange rates, which made imports more expensive relative to domestic goods and services.

**The U.S. Policy Response.** Policy makers typically have two options for combating recession: they can use monetary policy to affect the money supply through manipulation of interest rates, or they can rely on fiscal policy to spur demand via tax cuts and government spending. Both were used in 2002. As shown in Figure 1.4, the Fed cut the Federal Funds Target Rate once in 2002, from 1.75 percent to 1.25 percent. Such rate cuts are helpful in terms of supporting consumer and investor spending as the cost of borrowing declines.

Turning to fiscal policy, the federal government enacted one of the most expansive tax cuts in early 2001, many of the effects of which were being implemented through-

out 2002. To begin, marginal tax rates entered the second year of a ten-year reduction plan. Other key elements of the Economic Growth and Tax Relief Reconciliation Act (EGTRRA) of 2001 included expanded child credits and education incentives, liberalized pension/IRA contribution amounts, and estate tax repeal by 2010. Assistance for unemployed workers was extended as an additional, short-run stimulative policy move.

**FIGURE 1.6: EXPORTS AND IMPORTS**



# The U.S. Economy

## The U.S. Forecast

**Overview.** The current slow economic expansion is expected to continue throughout 2003. Inflation-adjusted GDP will grow by a stable and sustainable 3.1 percent annual rate. A decline in residential fixed investment (housing) will be more than offset by increases in all other areas of the economy, including business fixed investment as shown in Figure 1.7. Inflation and unemployment will both increase, but only slightly. Each of these anticipated trends is discussed in more detail below.

**Consumption and the Labor Market.** As consumers react to uncertainty in oil prices, the stock market, fiscal policy from the

federal government, and military efforts in the Middle East, consumer spending will slow slightly. Nonetheless, annual growth in consumption spending over the course of 2003 is expected to reach 2.7 percent. The CPI will accelerate slightly to 2.3 percent, but inflation will remain largely subdued.

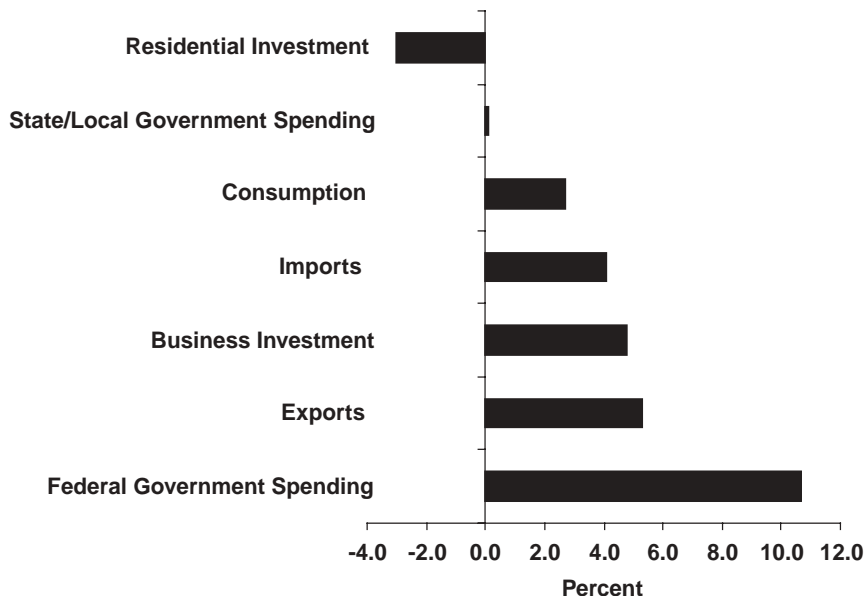
Labor market conditions will improve, but only slowly, through 2003. Specifically, civilian employment is expected to rise by just over one-half of one percent nationwide over the course of 2003, while the unemployment rate rises to 6.2 percent. An unfortunate side effect from the perspective of

workers will be continued slow growth in wages (as measured by the employment cost index) at a rate of 3.3 percent. From the perspective of employers, productivity growth of 3.3 percent will at least partially offset any inflationary pressure from this wage growth.

**Investment and Interest Rates.** Residential and business investment will both reverse course in 2003, with the slump on the residential side countering long-awaited improvement on the business side. The national housing market of the early 2000s had already begun a slight retreat from extreme peaks in the late 1990s. Going forward, housing starts will rise slowly at an annual rate of 1.564 million units in 2003. A contributing factor will be rising mortgage rates, with the effective 30-year fixed mortgage rate averaging 6.65 percent for 2003. On net, residential fixed investment is expected to fall by 3.0 percent in 2003. We should therefore expect a slowdown of new housing-related purchases (e.g., furniture, fixtures, and appliances) due to reductions in the turnover of existing homes.

The recent contraction in business fixed investment will come to an end in 2003, with positive growth of 4.8 percent expected. Unfortunately, investment in nearly all types of

**FIGURE 1.7: EXPECTED ANNUAL PERCENTAGE GROWTH IN THE PRIMARY COMPONENTS OF INFLATION-ADJUSTED GDP, 2003**



# The U.S. Economy

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structures will continue to lag. Growth in equipment and software will be a bright spot, particularly for computers and peripherals. Investment will be aided by continued low interest rates. As economic growth picks up and the effects of fiscal policy play out in mid-2003, the federal funds rate is projected to begin a slow rise from the current low of 1.25 percent to a year-ending value of 2.5 percent.

**Government Spending.** Due to the ongoing military buildup and

continued fiscal stimulus efforts, expect unusually strong growth in federal government spending of 10.7 percent in 2003. As a result, the federal deficit will rise fairly dramatically during 2003. State and local spending will also rise, but only at a minuscule annual rate of 0.1 percent due to flagging revenues.

**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. Inflation-adjusted exports will rise at an annual rate of 5.3 percent in 2003, while inflation-adjusted imports will rise at a slower rate of 4.1 percent. An expected reduction in exchange rates in 2003 will be helpful but not enough to erase the trade deficit. The end result of all of this is that the trade deficit will continue to be a drag on growth until stronger economic growth abroad enables sustained export growth alongside moderate import growth.

## U.S. Forecast Summary and Conclusions

- Expect the slow economic recovery to continue in 2003.
- Inflation-adjusted GDP will increase at an annual rate of 3.1 percent over the course of the entire year.
- The increase in GDP will be fueled by increases in consumption spending (2.7 percent), business investment (4.8 percent), and government spending at the federal (10.7 percent) and state and local (0.1 percent) levels.
- Residential housing investment will fall by 3.0 percent while mortgage interest rates begin a slow, steady climb from historic lows.
- Export growth will outpace import growth, but international trade will continue to be a drain on the domestic economy.
- The inflation rate will increase, but only to 2.3 percent.
- The unemployment rate will rise to 6.2 percent.
- Interest rates are likely to hit bottom in early 2003 and then gradually rise.

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## Endnotes

<sup>1</sup> CBER bases its forecast on that provided by Global Insight, Inc., formerly known as DRI-WEFA, Inc.

<sup>2</sup> Unless otherwise noted, all growth rates in this chapter are seasonally adjusted annual rates (SAARs).

<sup>3</sup> For example, the most recent trough point of March 1991 was not declared by the NBER until December 1992.

<sup>4</sup> The federal funds rate is the interest rate charged when banks borrow from each other, either to meet reserve requirements or short-term demands for cash, usually on an overnight basis. It is changed not directly by Fed policy but indirectly through actions of the Federal Open Market Committee.

# The Tennessee Economy

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## Chapter Overview

**T**he much-awaited economic expansion has failed to materialize, particularly in terms of job creation. At the close of 2001, expectations called for stronger growth to take place in the second or third quarter of the year, contingent on a recovery in business fixed investment. While investment spending has shown some signs of resurgence, it has proven insufficient to lift the economy from its current modest growth path. Perhaps the most telling sign of a weak economy is the labor market. Both the U.S. and Tennessee economies witnessed year-over-year job contraction in each month of 2002 for both overall nonagricultural jobs and for jobs in the manufacturing sector. Total jobs in Tennessee are projected to have contracted 0.3 percent in 2002 versus a more significant 0.9 percent setback for the nation. By other broad measures of economic activity, including personal income, the economy has done somewhat better. Inflation-adjusted personal income in Tennessee should record a 2.2 percent gain for 2002 while U.S. personal income is expected to be up at the slower rate of 1.6 percent. Growth, yes, but certainly not dynamic growth. Economic growth for the state and the nation should slowly improve as the year progresses, and by 2004 the economy is expected to have returned to a much stronger pace of economic activity commensurate with its long-run trend. Many factors could delay this improvement in economic conditions. Excess capacity still exists in the commercial and industrial sectors dampening the need for stronger rates of investment. A crisis abroad, such as prolonged military conflict or a sharp weakening of growth on the part of foreign trading partners, are among the factors that could derail a return to stronger economic conditions by compromising consumer and investor confidence and final demand.

The remainder of this chapter explores the economic outlook for the state in greater detail. First is a detailed discussion of recent economic trends and presentation of the short-term economic forecast for the state. Next is analysis of recent trends and the outlook for the state's agricultural sector. The final section of the chapter examines long-term historical trends and the long-term outlook for the state extending out to 2011.



# The Tennessee Economy

## Recent Economic Trends

The state has engineered modest output and income growth and has sustained a reasonably low rate of unemployment in the face of the jobless recovery. Inflation-adjusted personal income more than doubled its rate of growth in 2002 over the pace set in 2001, helping to avert an even more significant slowdown in taxable sales. While the unemployment rate rose in 2002 to 5.0 percent from 4.5 percent in 2001, the situation certainly could have been worse considering setbacks in nonagricultural jobs. Moreover there is some encouragement offered by the quarter-by-quarter decline in unemployment rates over the course of 2002. The manufacturing sector continues to be battered, experiencing a 5.6 percent loss of jobs in 2001, but improving to a 2.9 percent loss in 2002. Service sector jobs have enjoyed good growth sustaining some momentum in state labor markets. The situation in metropolitan Tennessee has been much stronger than growth in rural Tennessee. With manufacturing concentrated heavily in rural Tennessee and services concentrated in metropolitan areas of the state, there is a strikingly uneven pattern of growth for the state.

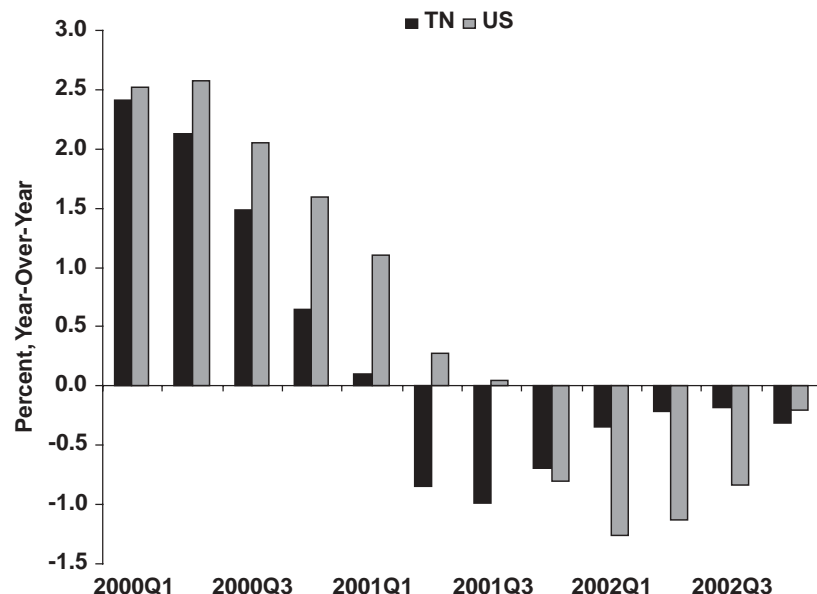
**State Labor Markets.** Following 1.7 percent growth in 2000, nonagricultural jobs were down 0.6

percent in 2001. This was the first year the state economy has posted a loss in jobs going back to 1991 when a 0.4 percent loss was realized. Improvement to a 0.3 rate of job contraction is anticipated for 2002. The year-over-year rate of job decline has been slowly improving since the third quarter of 2001 when jobs were down 1.0 percent as shown in Figure 2.1, but growth remains negative. The U.S. outperformed the state on an annual basis in 1999 through 2001 but suffered a more significant setback in 2002 (with a 0.9 percent decline in jobs).

Figure 2.2 shows job growth trends for broad sectors of the state economy for 2001 and 2002. Job losses in 2001 were relatively broad

based, taking place in mining, construction, durable and nondurable goods manufacturing, and trade, but by 2002, the contagion had spread to include finance, insurance and real estate (FIRE) and transportation, communication and public utilities (TCPU). Somewhat surprisingly, despite the spread of job contraction across sectors, overall job losses for the state actually shrunk in 2002 versus 2001. All things considered, the service sector has weathered the storm well, enjoying 1.7 percent growth in 2001 and 2.2 percent growth in 2002. While overall state job losses totaled nearly 24 thousand between 2000 and the close of 2002, the service sector added over 29 thousand jobs during the same time

**FIGURE 2.1: TENNESSEE AND U.S. NONAGRICULTURAL JOB GROWTH, 2000Q1 TO 2002Q4**





# The Tennessee Economy

period. Services, FIRE and government are the only sectors that had more jobs in 2002 than in 2000; all other sectors have experienced net job losses.

Jobs in the state's manufacturing sector declined 5.6 percent in 2001 compared with a 4.2 percent loss for the U.S. Losses in Tennessee were nearly halved to 2.9 percent in 2002 while losses for the nation accelerated to 5.5 percent. The recession that began in 2001 caused rapid deterioration in the state's durable goods sector as job decay grew to 6.5 percent as opposed to a 0.3 percent gain in 2000. Improvement is projected for 2002 but jobs will still fall by 0.3 percent. The nondurable goods sector entered 2001 on a poor footing, having recorded losses of 4.9 percent in 1999 and 2.3 percent

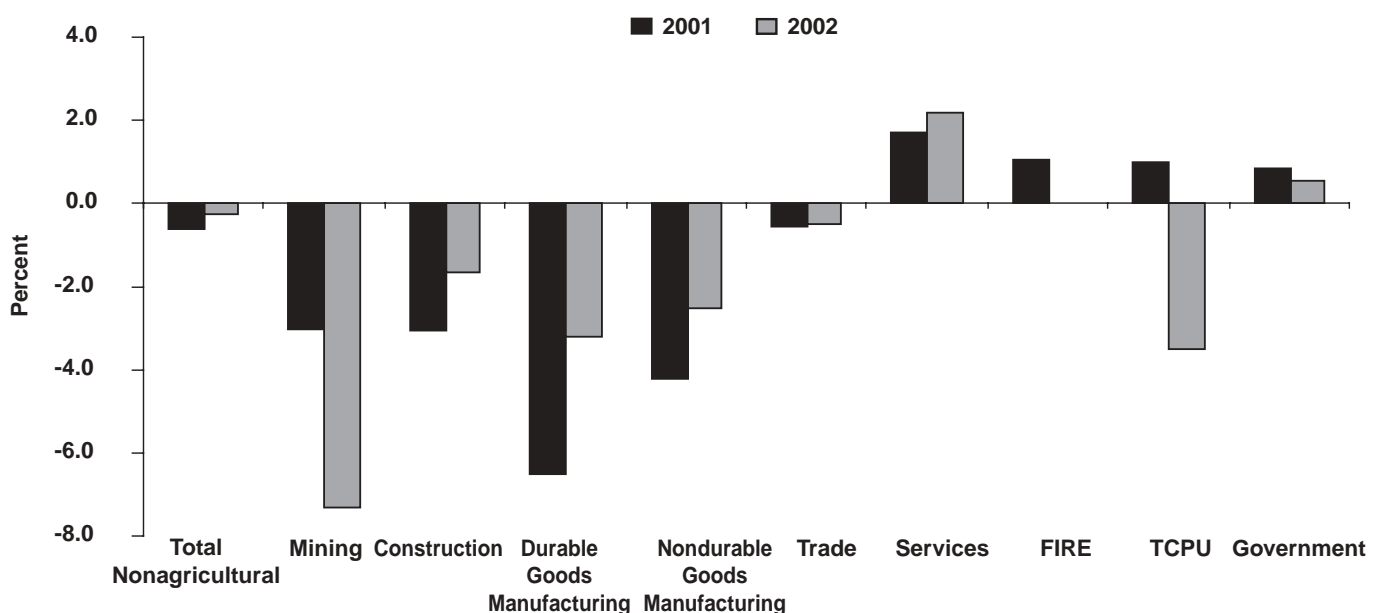
in 2000. A slower economy brought about a 4.2 percent loss in 2001 and a projected 2.3 percent loss in 2002. Disappointing is the fact that the state has lost manufacturing jobs in every year going back to (and including) 1996; job growth in 1995 was flat. At the close of 2002, there were 465 thousand manufacturing jobs in Tennessee, down from 539 thousand in 1995, for a net loss of over 74 thousand jobs. Over the same time period, the state created nearly 134 thousand jobs in the service sector.

Job losses in durable goods manufacturing were pervasive in 2001 as all broad sectors aside from instruments—which accounts for only about 4.0 percent of jobs in the durable goods sector—contracted. In 2002, lumber and

wood and instruments were the only sectors to grow; primary metals suffered a double-digit setback. Nondurable goods manufacturing has suffered a similar fate, with only tobacco and paper showing growth in 2002. Jobs in textiles, apparel and leather continue their rapid descent, falling 8.7 percent, 4.1 percent, and 14.6 percent for the year.

The labor force grew 0.7 percent in 2001 after falling in 2000. Growth of 2.3 percent is expected for 2002, with significant slowing taking place as the year progressed, presumably reflecting the weak labor market. The number of employed people shows much greater stability. Large seasonally-adjusted quarterly reductions in the number of unemployed people has helped support a lowering of the

**FIGURE 2.2: TENNESSEE NONAGRICULTURAL JOB GROWTH, 2001 AND 2002**



# The Tennessee Economy

state unemployment rate. The state unemployment rate spiked to 5.5 percent in the first quarter of 2001 but has fallen in each subsequent quarter. In December of 2002, the state jobless rate was 4.7 percent compared to a national rate of 6.0 percent. On a quarterly basis, the state has fared better than the nation going back to the first quarter of 2001, as shown in Figure 2.3.

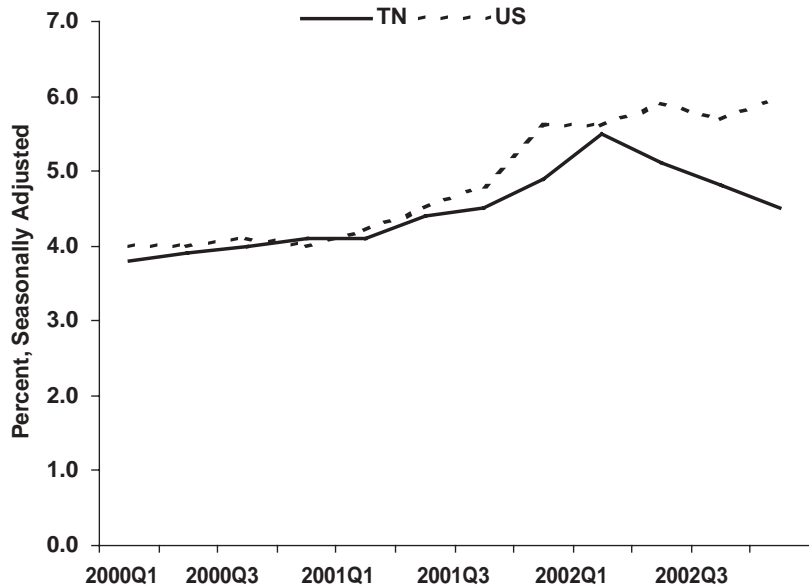
**Income and Sales.** Tennessee nominal personal income growth in 2001 was the slowest in more than a decade, falling short of growth in 1991 (a recession year) and trailing the national pace of expansion. The situation improved in 2002 with nominal personal income growth in the state amounting to 3.6 percent versus 3.0 for the U.S. Recent quarterly trends in personal income growth are shown in Figure 2.4 for the state and the nation. Inflation-adjusted personal income in the state was up at the slower rate of 2.2 percent in 2002 while the U.S. rate of growth was 1.6 percent.

Slow income growth has translated into slow growth in sales activity for state vendors. Income growth had slowed appreciably by second quarter of 2001 while sales growth has been weak and volatile going back to early 2000. Seasonally-adjusted (or SAAR) income growth was in the red in only one quarter of the period shown in Figure 2.4 (the third quarter of 2001). Sales activity has declined in eight of the last twelve

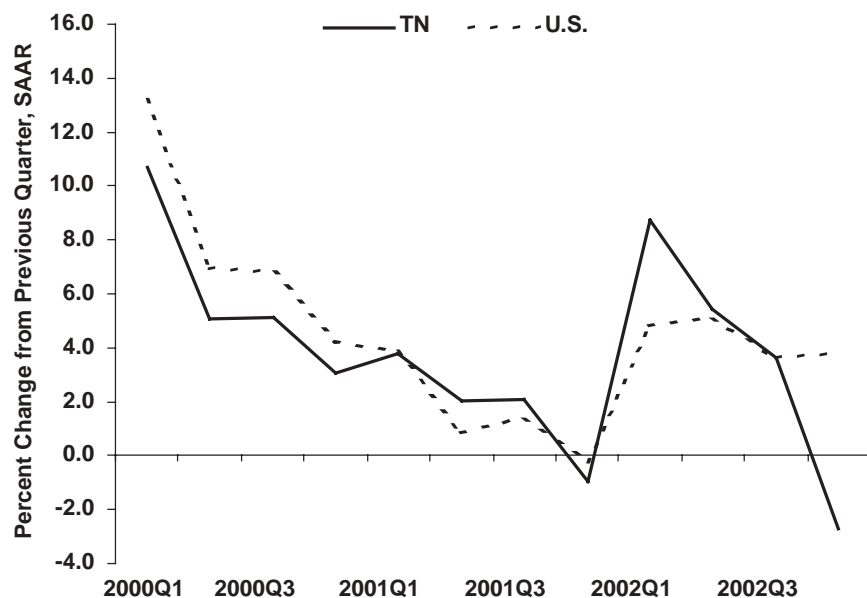
quarters on a seasonally-adjusted basis. While seasonally-adjusted sales growth was positive in the fourth quarter of 2002, sales were still down 1.5 percent on a year-over-year basis.

Most of the broad components of personal income have shown weak growth, with the exception of inflation-adjusted transfer payments which were up 6.8 percent in 2001 and 7.7 percent in

**FIGURE 2.3: TENNESSEE AND U.S. UNEMPLOYMENT RATES, 2000Q1 TO 2002Q4**



**FIGURE 2.4: TENNESSEE AND U.S. PERSONAL INCOME GROWTH, 2000Q1 TO 2002Q4**



# The Tennessee Economy

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2002. Wage and salary income advanced only 1.7 percent in 2002 largely reflecting poor labor market conditions. Proprietors' income eked out a 0.2 percent gain for the year while rent, interest and dividend income actually fell 1.2 percent.

Tennessee per capita income has not fared well when compared against the performance of the national economy in recent years. Growth in Tennessee inflation-adjusted per capita income trailed the U.S. by 1.4 percentage points in 2000, narrowing the gap to a 0.2 percentage point shortfall in 2001. The state's 1.5 percent growth rate

in 2002 surpassed the national rate by 0.8 percentage points. At the close of 2002, Tennessee per capita personal income was 89.4 percent of the national level of income, up slightly from 88.7 percent in 2000.

The changes to the sales tax in summer of 2002 have created some problems in defining the data series on taxable sales, which is derived from state revenue collections. A good example is the sales activity of grocery stores which includes both food and non-food items. The sales tax rate increase of July was applied only to non-food items so estimating taxable sales from grocery store sales tax receipts is

problematic. Accordingly, sales data for the third quarter of 2002 should be taken with a grain of salt.

Nominal taxable sales advanced 0.4 percent in 2002 but were down 1.0 percent on an inflation-adjusted basis. Sales for automobile dealers, eating and drinking establishments, liquor stores, other retail and service, and transportation and communications were up in 2002 while all other sectors experienced contraction. Weakness in purchases from manufacturers, miscellaneous durable goods, and miscellaneous nondurable goods is indicative of weakness in the national and state industrial sectors.

## Short-Term Economic Outlook

The short-term outlook for the state remains clouded by slow recent growth at the state and national levels and by increasing concerns over military conflict and terrorism. Despite these concerns, U.S. economic activity is expected to pick up as the year unfolds moving the economy closer to its full-employment potential. With the nation pulling the economy forward, Tennessee is expected to enjoy somewhat stronger rates of growth through the short-term forecast horizon extending out to the fourth quarter of 2004.

The Tennessee *Leading Economic Index*, which captures

trends in economic activity expected to transpire six to nine months into the future, is illustrative of both recent periods of weak growth and the uncertainty of the short-term forecast. Generally consistent up and down movements in the *Leading Index* are required to establish confidence regarding future economic trends. Figure 2.5 illustrates movements in the Tennessee *Leading Index* and the leading index for the U.S. The volatility exhibited by both indices is consistent with the mixed pattern of growth experienced by the national and state economies and expectations for the future. The failure of the *Leading Index* to

establish a clear, upward trend in recent months is discouraging and means a continuation of mixed growth is likely in store through the second quarter of the year.

More detail on the expected path of economic activity is offered by the *Quarterly Tennessee Econometric Model*. A summary of the short-term forecast through the fourth quarter of 2004 is provided in Table 2.1. The national economy is expected to experience improved quarterly seasonally-adjusted rates of growth in GDP into 2004. This will translate into improved rates of job creation for the nation yielding 0.7 percent

# The Tennessee Economy

**TABLE 2.1: SELECTED U.S. AND TENNESSEE ECONOMIC INDICATORS, SEASONALLY ADJUSTED**

	HISTORY										FORECAST - DATA			ANNUAL		
	200202	200203	200204	200301	200302	200303	200304	200401	200402	200403	200404	2002	2003	2004		
US GDP (BIL96\$) SAAR.....	9392.4	9485.6	9509.4	9571.1	9652.8	9782.6	9913.5	10047.6	10145.4	10238.6	10320.6	9437.7	9730.0	10188.0		
% CHG PREV QTR SAAR.....	1.25	4.03	1.01	2.62	3.46	5.49	5.46	5.52	3.95	3.73	3.24	2.42	3.10	4.71		
% CHG SAME QTR LAST YR.....	2.17	3.26	2.82	2.22	2.77	3.13	4.25	4.98	5.10	4.66	4.11	2.42	3.10	4.71		
US GDP (BIL\$) SAAR.....	10376.9	10506.2	10599.3	10726.6	10876.9	11073.0	11272.0	11503.7	11691.2	11872.6	12035.9	10448.9	10987.1	11775.8		
% CHG PREV QTR SAAR.....	2.50	5.08	3.59	4.89	5.72	7.41	7.39	8.48	6.68	6.35	5.62	3.64	5.15	7.18		
% CHG SAME QTR LAST YR.....	3.25	4.05	4.40	4.01	4.82	5.39	6.35	7.24	7.49	7.22	6.78	3.64	5.15	7.18		
CHAINED PRICE INDEX,GDP(1996=1.0)	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.2	1.2	1.2	1.1	1.1	1.2		
% CHG PREV QTR SAAR.....	1.22	1.02	2.56	2.21	2.19	1.82	1.82	2.81	2.63	2.53	2.30	1.18	1.99	2.36		
% CHG SAME QTR LAST YR.....	1.05	0.76	1.53	1.75	1.99	2.19	2.01	2.16	2.27	2.45	2.57	1.18	1.99	2.36		
US PERS CONS DEFL (1996=100)....	110.9	111.4	112.0	112.8	113.1	113.6	114.2	114.9	115.6	116.4	117.1	111.1	113.4	116.0		
% CHG PREV QTR SAAR.....	2.74	1.72	2.21	2.91	1.16	1.76	2.19	2.53	2.48	2.55	2.51	1.39	2.10	2.28		
% CHG SAME QTR LAST YR.....	1.14	1.59	1.94	2.40	2.00	2.01	2.00	1.91	2.24	2.44	2.52	1.39	2.10	2.28		
TN PERSONAL INCOME (MIL96\$) SAAR	144853	145537	143759	145793	148542	149878	149127	150743	152902	154275	154027	144516	148335	152987		
% CHG PREV QTR SAAR.....	2.64	1.90	-4.80	5.78	7.76	3.65	-1.99	4.40	5.85	3.64	-0.64	2.22	2.64	3.14		
% CHG SAME QTR LAST YR.....	2.60	2.53	1.73	1.31	2.55	2.98	3.73	3.39	2.93	2.93	3.29	2.22	2.64	3.14		
US PERSONAL INCOME (BIL96\$) SAAR	8038.8	8075.9	8106.6	8165.3	8227.0	8318.0	8408.3	8510.6	8596.0	8664.5	8722.5	8053.5	8279.7	8623.4		
% CHG PREV QTR SAAR.....	2.31	1.86	1.53	2.93	3.06	4.50	4.41	4.96	4.07	3.23	2.70	1.59	2.81	4.15		
% CHG SAME QTR LAST YR.....	1.59	1.68	2.34	2.16	2.34	3.00	3.72	4.23	4.48	4.17	3.74	1.59	2.81	4.15		
TN PERSONAL INCOME (MIL\$) SAAR...	160625	162072	160969	164423	168008	170258	170323	173249	176811	179526	180351	160543	168253	177484		
% CHG PREV QTR SAAR.....	5.45	3.65	-2.69	8.86	9.01	5.47	0.15	7.05	8.48	6.29	1.85	3.64	4.80	5.49		
% CHG SAME QTR LAST YR.....	3.77	4.16	3.70	3.73	4.60	5.05	5.81	5.37	5.24	5.44	5.89	3.64	4.80	5.49		
US PERSONAL INCOME (BIL\$) SAAR...	8914.0	8993.3	9077.1	9208.7	9305.1	9449.1	9603.4	9781.3	9940.1	10082.7	10213.1	8947.0	9391.6	10004.3		
% CHG PREV QTR SAAR.....	5.12	3.61	3.78	5.93	4.25	6.33	6.70	7.62	6.65	5.86	5.28	3.01	4.97	6.52		
% CHG SAME QTR LAST YR.....	2.74	3.30	4.32	4.60	4.39	5.07	5.80	6.22	6.82	6.71	6.35	3.01	4.97	6.52		
TN NONAGRIC JOBS (THOUS).....	2703.7	2701.6	2697.6	2713.2	2719.7	2728.5	2736.9	2750.8	2763.9	2776.0	2790.9	2705.4	2724.6	2770.4		
% CHG PREV QTR SAAR.....	-2.21	-0.30	-0.60	2.33	0.97	1.31	1.24	2.04	1.92	1.77	2.16	-0.26	0.71	1.68		
% CHG SAME QTR LAST YR.....	-0.21	-0.18	-0.31	-0.21	0.59	1.00	1.46	1.39	1.63	1.74	1.97	-0.26	0.71	1.68		
US NONAGRIC JOBS (MIL).....	130.7	130.8	130.9	130.9	131.3	131.9	132.9	133.9	134.8	135.7	136.4	130.8	131.7	135.2		
% CHG PREV QTR SAAR.....	-0.16	0.42	0.15	0.02	1.19	1.82	3.05	3.14	2.75	2.56	2.24	-0.85	0.71	2.63		
% CHG SAME QTR LAST YR.....	-1.13	-0.83	-0.18	0.11	0.44	0.79	1.51	2.30	2.69	2.88	2.67	-0.85	0.71	2.63		
TN UNEMPLOYMENT RATE (%).....	5.1	4.8	4.5	4.7	4.6	4.6	4.6	4.6	4.5	4.5	4.5	5.0	4.6	4.6		
US UNEMPLOYMENT RATE (%).....	5.9	5.7	6.0	6.3	6.4	6.2	5.7	5.5	5.3	5.2	5.1	5.8	6.2	5.3		
BANK PRIME INTEREST RATE (%)....	4.8	4.8	4.4	4.2	4.2	4.9	5.3	5.7	6.2	6.5	6.8	4.7	4.7	6.3		
TN MFG JOBS (THOUS).....	466.0	465.4	459.6	461.0	459.2	459.5	458.7	458.4	458.3	459.0	459.5	464.8	459.6	458.8		
% CHG PREV QTR SAAR.....	-1.73	-0.51	-4.92	1.27	-1.61	0.32	-0.72	-0.28	-0.10	0.64	0.43	-2.92	-1.11	-0.18		
% CHG SAME QTR LAST YR.....	-2.74	-1.97	-2.23	-1.50	-1.47	-1.26	-0.19	-0.57	-0.19	-0.12	0.17	-2.92	-1.11	-0.18		
TN TAXABLE SALES (MIL96\$).....	16932	16471	16884	16829	16944	16754	17104	17093	17181	17005	17297	67341	67631	68576		
% CHG PREV QTR SAAR.....	-2.85	-10.44	10.41	-1.30	2.76	-4.41	8.61	-0.25	2.08	-4.05	7.05	-0.99	0.43	1.40		
% CHG SAME QTR LAST YR.....	-0.43	-1.92	-1.48	-1.32	0.07	1.72	1.30	1.57	1.40	1.50	1.13	-0.99	0.43	1.40		
TN TAXABLE SALES (MIL\$).....	18775	18342	18905	18980	19165	19032	19535	19645	19868	19788	20253	74807	76712	79554		
% CHG PREV QTR SAAR.....	-0.18	-8.91	12.85	1.58	3.95	-2.73	10.99	2.28	4.61	-1.60	9.74	0.39	2.55	3.71		
% CHG SAME QTR LAST YR.....	0.70	-0.36	0.43	1.04	2.07	3.76	3.33	3.51	3.67	3.97	3.68	0.39	2.55	3.71		
TN AVG ANNUAL WAGE, NONAG (96\$)..	29437	29683	29217	29540	29804	29994	29651	29845	30211	30460	30071	29380	29747	30147		
% CHG PREV QTR SAAR.....	3.55	3.38	-6.13	4.50	3.61	2.58	-4.49	2.63	5.00	3.34	-5.01	1.88	1.25	1.34		
% CHG SAME QTR LAST YR.....	1.93	2.29	1.62	1.23	1.24	1.05	1.49	1.03	1.37	1.55	1.42	1.88	1.25	1.34		
TN AVG ANNUAL WAGE, NONAG (\$)....	32642	33055	32715	33315	33709	34073	33866	34301	34935	35446	35211	32638	33741	34973		
% CHG PREV QTR SAAR.....	6.40	5.15	-4.05	7.54	4.81	4.39	-2.41	5.24	7.60	5.98	-2.63	3.30	3.38	3.65		
% CHG SAME QTR LAST YR.....	3.09	3.91	3.59	3.66	3.27	3.08	3.52	2.96	3.64	4.03	3.97	3.30	3.38	3.65		

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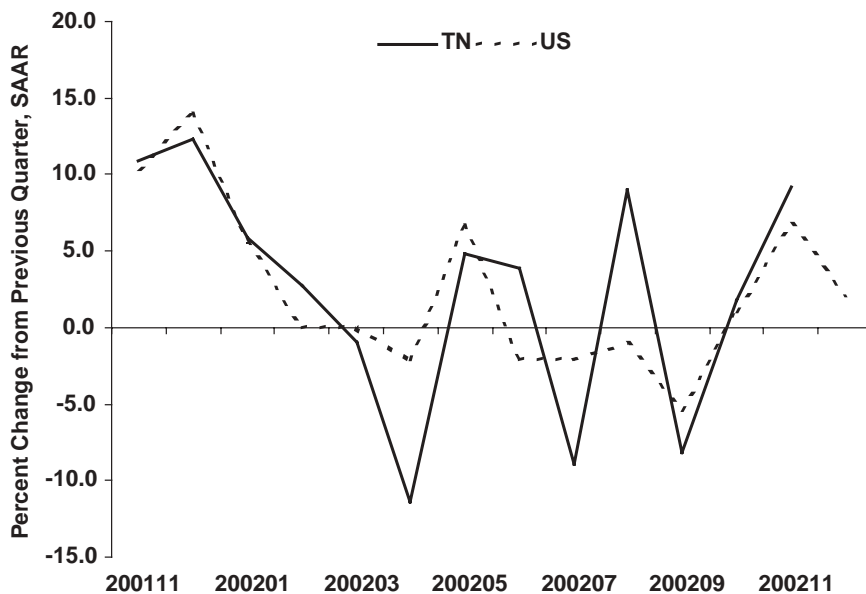
# The Tennessee Economy

growth for 2003 versus the 0.3 percent setback of 2002. Inflation-adjusted personal income in Tennessee should grow 2.7 percent in 2003 compared to 2.8 percent growth for the nation. Job growth

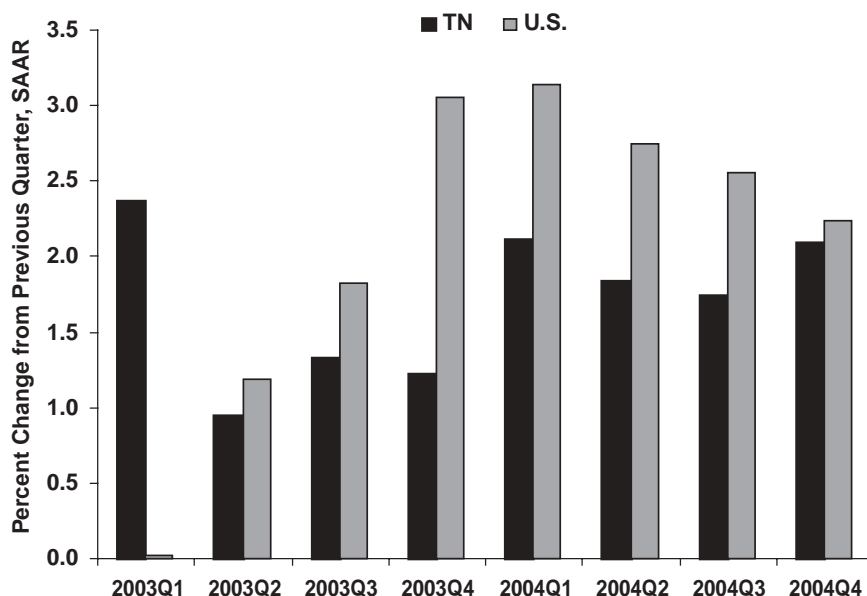
for the year should total 0.7 percent supporting a 4.6 percent annual rate of unemployment. Taxable sales will show only modest growth for the year.

**State Labor Markets.** The labor market outlook for the state and the nation is summarized in Figure 2.6 which shows seasonally-adjusted quarterly rates of job growth through 2004. On the heels of a 0.6 percent setback in the fourth quarter of 2002, Tennessee job growth will start the year at 2.4 percent. Growth will retrench from this rapid pace in the second quarter, then display an upward drift through 2004. Growth for 2004 is expected to total 1.7 percent. U.S. job growth will begin the year building on positive growth in the fourth quarter of 2002. Growth will jump quickly to 3.1 percent in the third quarter before returning to more sustainable growth rates in the 2 percent range for the last three quarters of 2004.

**FIGURE 2.5: TENNESSEE AND U.S. LEADING INDEXES**



**FIGURE 2.6: PROJECTED U.S. AND TENNESSEE NONAGRICULTURAL JOB GROWTH, 2003Q1 TO 2004Q4**



The state's manufacturing sector will struggle and continue to shed jobs through 2004. Industrial sector jobs will be down 1.1 percent in 2003 and down 0.2 percent in 2004. For the U.S., manufacturing will contract at a 2.9 percent pace in 2003 with jobs falling at the slower rate of 0.1 percent in 2004. Significant improvement in Tennessee's durable good sector should take place with jobs falling only 0.3 percent in 2003 and increasing 1.0 percent in the following year. Furniture and fixtures, fabricated metals, electrical machinery, instruments and miscellaneous manufacturing will expand in 2003, while other

# The Tennessee Economy

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sectors show contraction. Positive growth in 2004 will yield 2,600 new manufacturing jobs for state workers.

Jobs in nondurable goods manufacturing will contract into the foreseeable future. A 2.3 percent loss in jobs is expected in 2003 and a 2.0 percent loss is projected for 2004. These setbacks translate into a loss of 8,100 jobs. Textiles, apparel and leather will continue to show large annual rates of job decay, totaling 8.2 percent, 16.0 percent and 8.7 percent in 2003.

Paper, printing and publishing, and rubber and plastics are the only components of the nondurable goods sector expected to show growth in both 2003 and 2004.

A continuation of weak labor market conditions is expected to push the state unemployment rate up to 4.7 percent in the first quarter of 2003. The U.S. unemployment rate is expected to jump from 6.0 in the fourth quarter of last year to 6.3 percent in the first quarter of the current year. Tennessee will

experience a lower unemployment rate than the nation in both 2003 and 2004.

**Income, Sales and the Price Level.** Personal income growth will drift upward through the short-term forecast horizon reflecting slow improvement in job and economy-wide growth. Nominal personal income in the state is forecast to grow 4.8 percent in 2003 and improve further to 5.5 percent growth in 2004. The state will lag the nation in both 2003 and 2004. Per capita income growth in the state will lead the U.S. in 2003 and lag the nation in the following year. At the close of 2004, Tennessee per capita income will be 88.8 percent of the national average, down from 89.4 percent in 2002.

Proprietors' income and rent, interest and dividend income will show marked improvement in 2003 and 2004 from the growth registered in 2002. With growth of only 1.6 percent in 2002, proprietors' income will rebound with 6.5 percent growth in 2003. Rent, interest and dividend income,

which grew only 0.2 percent in 2002, will jump 3.4 percent in 2003. Weak growth in earnings per hour and slow job growth will yield modest improvement in labor income in the quarters to come.

Nominal taxable sales are expected to experience a slow recovery from their current depressed rates of growth. Expect only 2.6 percent growth in 2003 and 3.7 percent growth in 2004. Retail sales for the national economy are projected to rise 3.6 percent in 2003 and 6.4 percent in 2004. On a fiscal year basis, sales will grow only 3.6 percent in 2003/04.

Inflation will remain subdued over the short term. The chain-weighted price index for the national economy is expected to rise 2.0 percent in 2003 and 2.4 percent in 2004. The consumer price index (all-urban) should grow 2.3 percent and 2.4 percent over the same periods. The prime interest rate, which averaged 4.7 percent in 2001, is expected to see no change in 2003 and then rise sharply to 6.3 percent in 2004.

# The Tennessee Economy

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## Tennessee Short-Term Forecast Summary

- Economic growth will slowly improve into 2004. Tennessee nominal personal income is projected to rise 4.8 percent in 2003 and 5.5 percent in 2004. The state will trail the U.S. in both years.
- Nominal per capita income in the state will grow 4.1 percent in 2003, more than a percentage point ahead of the pace set in the previous year. Growth will improve further to 4.8 percent in 2004. The state will outperform the nation in 2003 but fall behind the U.S. in 2004.
- After losing jobs in 2001 and 2002, the state should engineer positive job growth in the current year. Expect total job growth of 0.7 percent. On the heels of a 2.9 percent setback in 2002, the state's manufacturing sector will see jobs fall 1.1 percent in 2003 and 0.2 percent in 2004. The nation's manufacturing sector will also experience job losses over the short-term forecast horizon.
- The unemployment rate in Tennessee is projected to hold steady at 4.6 percent in 2003 and 2004, falling well below the national rate of unemployment.
- With slow improvement in economic growth expected, taxable sales will rebound slowly in the next two years. Expect growth of only 2.6 percent in 2003 and 3.7 percent in 2004.



# The Tennessee Economy

## Situation and Outlook for Tennessee Agriculture

### Tennessee Ag Economy.

**2002 Review.** After several years of record or near-record low prices and market receipts for most major crops, it appears that 2002 may have marked the bottom as the agriculture sector turned the corner to a more optimistic economic outlook. Generally, less favorable weather conditions in 2002 led to fairly significant decreases in production of the state's major crop commodities. However, production declines were partially offset by modest price recovery, although prices generally remain well below levels observed in the mid 1990s. Tennessee's livestock sector remains strong, with fairly steady receipts from cattle and calves but declining poultry receipts as a result of low broiler prices in 2002. Annual receipts from farm marketings and production expenses for Tennessee's agriculture sector through 2001 (the most recent data available), as well as net farm income and government payments, are presented in Figure 2.7.

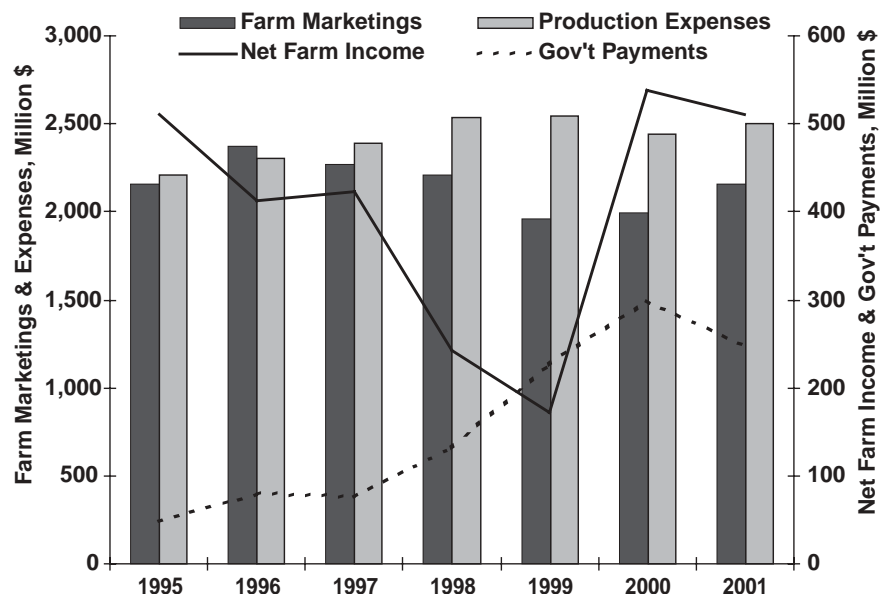
At the same time that market conditions have shifted, the policy environment has also made a dramatic shift with passage of the 2002 Farm Bill. While much of the new farm legislation is a continuation of policies set in place in 1996, there are also significant changes. A new counter-cyclical payment program was established

to automatically authorize direct payments to producers when prices are very low, in effect, replacing the emergency and disaster payments authorized each of the last four years. In contrast to the previous four years, there were no market loss assistance payments authorized in the fall of 2002, which may aggravate cash flow issues for many producers who had poor crops.

**2003 Outlook.** Crop prices are expected to continue on an upward path early in 2003. How much higher they will move and when they will peak are uncertain. Price pressure will be influenced by end-

user stocks, available substitutes, the strength of import demand, and crop prospects here and abroad. Provided Tennessee experiences normal weather patterns in 2003, the financial outlook for Tennessee agriculture should improve. Average yields, moderate prices, and larger government payments should make both crop and livestock farmers better off than they were in 2002. Grain and cotton farmers in the state will generally benefit from provisions of the new 2002 Farm Bill as will dairy producers. The new counter-cyclical program payments may be lower than initially expected or even nonexistent for wheat, corn,

**FIGURE 2.7: TENNESSEE RECEIPTS FROM FARM MARKETINGS, PRODUCTION EXPENSES, NET FARM INCOME, AND GOVERNMENT PAYMENTS, 1995 TO 2001**  
Source: Tennessee Agricultural Statistics Service.





# The Tennessee Economy

cotton or soybeans, depending on prevailing market prices. Likewise, government payments from the marketing loan program (loan deficiency payments, or LDPs, and marketing loan gains) continued under the new farm legislation, may be small or unavailable given current crop forecast prices. While rising crop prices are a positive for the state's row crop farmers, they are a negative for the state's livestock farmers who have benefited for several years from market prices for grain below the full cost of production in some cases. Gains from rising product prices should offset some of the higher production costs from rising feed prices.

## Crop Outlook.

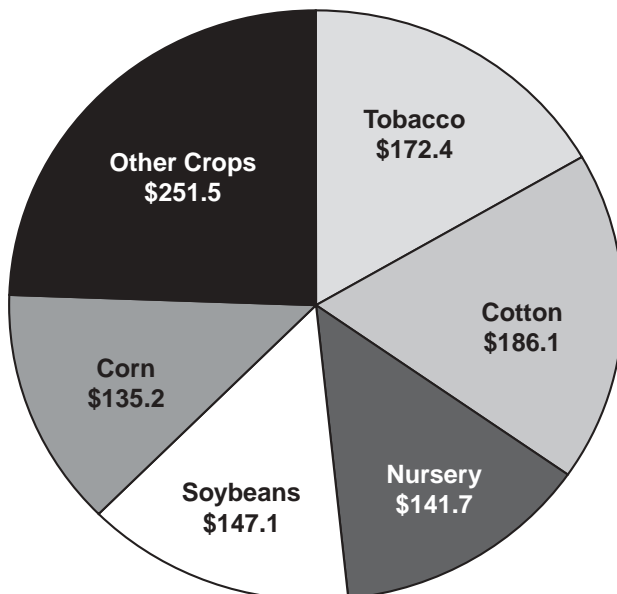
**2002 Review.** Crop cash receipts from farm marketings for 2001 totaled \$1.03 billion and are shown by category in Figure 2.8. Despite depressed cotton prices, significant reduction in tobacco acreage caused tobacco to fall to the state's second leading cash crop behind cotton. Soybeans were the state's third highest grossing crop followed by nursery crops and corn. Current estimates indicate that the state's cotton production for 2002 will be 22 percent below 2001, forecast at 760,000 bales harvested on 560,000 acres. Very wet weather in October was responsible for challenges, including regrowth after

defoliation, harvest delays, and reduced quality. Cotton acreage was down 9 percent in 2002, in part a response to record-low cotton prices in 2001 that persisted into 2002. Corn production is forecast at 65.7 million bushels harvested on 620,000 acres, 20 percent below 2001 production. Corn yields are expected to average 106 bushels per acre, which is 26 bushels less than the record yields reported in 2001. Tennessee soybean production is projected to be at its highest level since 1997, forecast at 35.8 million bushels. Soybean acreage was up 8 percent over 2001 at 1.12 million acres and yield is expected to average 32 bushels per acre, two bushels below the 2001 yield. Late planted soybeans did well, benefiting from favorable temperatures and beneficial fall rains. Wheat acreage fell nearly 12 percent in 2002 and lower yields (indicated at 46 bushels per acre in 2002 compared to 54 bushels per acre in 2001) contributed to a 25 percent reduction in Tennessee's wheat production, expected to fall to 13.8 million bushels. Even though grain and cotton prices were higher in the fall of 2002, Tennessee farmers were financially worse off because of the reduction in yields and government payments.

Tobacco production in the state continued its dramatic decline. Production of all tobacco types in 2002 was 71 million pounds, down 42 percent from the 1999 level of

**FIGURE 2.8: TENNESSEE CASH RECEIPTS FROM CROP MARKETINGS, 2001 (\$MILLIONS)**

Source: Tennessee Agricultural Statistics Service.



# The Tennessee Economy

production. The state's burley tobacco crop, the dominant type produced in Tennessee, is projected to be 54 million pounds which would be the lowest level of burley production in the state in 61 years. Weather-related challenges during the growing season contributed to average burley yield forecast at 1,800 pounds per acre, down 10 percent from the 2,000 pound per acre yield reported in 2001. The dramatic and rapid decline in tobacco acreage in the state is primarily a result of cuts in tobacco marketing quotas. Basic quotas have fallen nearly 50 percent since 1998. In Tennessee, more important than the decline in basic quota has been the erosion of the gap between basic and effective quota, which is basic quota adjusted for over/undermarketings and has traditionally been considerably higher than basic quota in Tennessee. Since its introduction in 2000, direct contracting of burley tobacco continued its rapid expansion to more than three quarters of the crop in 2002, further weakening the position of the auction marketing system. Grower support for tobacco quota buyout and transition legislation that would overhaul the federal tobacco program and compensate quota owners and growers for elimination of the marketing quota asset value is strong.

**2003 Outlook.** The outlook for 2003 is a striking departure from the fairly steady depressed market

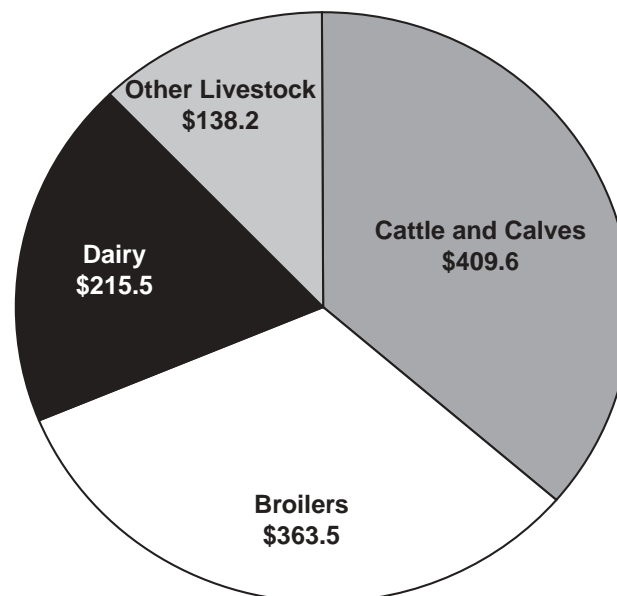
conditions seen in recent years for grain and oilseeds and cotton. Although falling crop production and price increases seen in late 2002 are contributing to more optimism than in recent years, optimism remains moderate at best. Farmers have until early spring to decide whether or not they will update their farm program crop acreage bases and yields as allowed under the 2002 Farm Bill. Relative price expectations as planting time nears will affect acreage allocation decisions in the state, as farm program payments are now more closely intertwined with marketing decisions and market performance. Expectations for rising cotton prices may contribute to acreage expansion, although price recovery will erode opportunities for counter-cyclical payments and

marketing loan payments tempering the incentive to increase acreage. Without significant changes, the outlook for tobacco production is not very optimistic. Early indications are that the 2003 basic quota could again be cut by about 11%. Growth is expected to continue in the state's fruit and vegetable and nursery sectors. Interest in the state in the fresh fruit and vegetable market remains strong as small farms that have traditionally depended on larger tobacco quota bases and income are well positioned to expand fruit and vegetable production.

## Livestock Outlook.

**2002 Review.** Livestock cash receipts from farm marketings for 2001 totaled \$1.13 billion and are presented by category in Figure 2.9.

**FIGURE 2.9: TENNESSEE LIVESTOCK CASH RECEIPTS FROM FARM MARKETINGS, 2001 (\$MILLION)**  
Source: Tennessee Agricultural Statistics Service.



# The Tennessee Economy

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Cattle and calves continue to lead livestock receipts, followed by strong gains in broiler receipts and modest gains in dairy receipts compared to 2000. Livestock prices were relatively high early in 2002, near the profitable levels of 2001. In addition to favorable prices for feeder cattle and hogs, low feed prices benefited livestock producers. But subsequent increases in meat supplies across the board put downward pressure on livestock prices by mid-year. Late-year tightening of cattle supplies led to price recovery for slaughter cattle and feeder cattle, to prices near the 2001 level. High levels of hog and broiler production, compounded by a Russian poultry embargo, continued to hold prices low through 2002.

The Southeast continues to lose dairy market share, as falling milk prices are failing to cover the average cost of production for some dairy farmers in the state. Average milk prices for 2002 are projected to be about 20 percent below the

2001 average as supply growth has outpaced demand growth. The 2002 Farm Bill continued to support milk prices at \$9.90 per hundredweight and established a Milk Income Loss Contract (MILC) deficiency payment program, which pays all dairy producers 45 percent of the difference between \$16.94 per hundredweight and the Class I milk price in Boston. MILC payments are limited to a maximum of 2.4 million pounds of milk per farm per year, offering some advantage to smaller dairies such as those typical in Tennessee which are likely to receive MILC payments on all of their production.

**2003 Outlook.** Large livestock supplies are expected to hold livestock and meat prices relatively low for the next few months. But as production adjusts to higher feed costs and lower market prices, the livestock sector is projected to rebound with declining supplies and increasing livestock and meat prices. From the supply side, the

cattle cycle suggests two to four years of profitable feeder cattle prices. Broiler production is projected to continue to expand in Tennessee. As the broiler industry contracts in adjustment to the low prices of 2002, prices are expected to recover, perhaps to the \$0.60 per pound level of 2001. Continued reduction in hog production is expected to move hog prices higher in 2003, with the average projected in the low \$40s per hundredweight. Dairy prices are expected to improve slightly in 2003, but USDA's all milk price is still forecast below \$13 per hundredweight. Tennessee dairy farmers are not expected to notice a significant improvement in mailbox checks in 2003, with the largest dairy revenue benefit likely to come from MILC payments, which are projected to be paid throughout 2003. The longer-term trend toward fewer dairies in the state is expected to continue as milk production continues shifting toward Western states.

# The Tennessee Economy

## Historical Trends in Tennessee

Short-run economic growth, as discussed in Chapter One for the nation and as discussed earlier in this chapter for the state, emphasizes the economy's performance over the ups and downs of the business cycle. The booms and busts that characterize the short-run business cycle are influenced by unique factors and *shocks* to the economy like sharp changes in consumer and investor sentiment, unanticipated changes in monetary and fiscal policy, or a military conflict. An economy's long-term growth depends largely on other factors. At a broad level, this includes the number of workers, the skill level of the workforce, private capital (buildings, machines, equipment and software), infrastructure capital (like roads and telecommunications facilities), and the degree of business entrepreneurship. The historical development of these factors in Tennessee has dictated past economic performance. Policies and initiatives that can enhance any of these factors in the future offer the promise of stronger growth rates and improvements in earnings and income. This includes efforts to recruit and retain high-quality businesses, investments in education, and improvements in quality of life that can make Tennessee an attractive place to live and work. New investments in private capital make businesses and

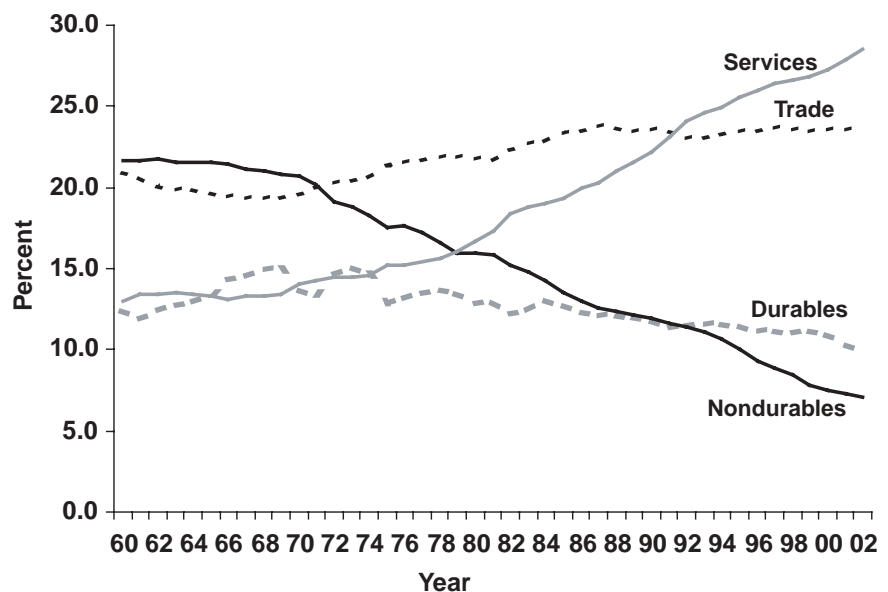
their employees more productive while education can directly improve quality of life and enhance earnings and job security. Quality of life has become ever more important in American society. Decades ago people were observed moving around the country in search of jobs. Today people are increasingly choosing to live where the quality of life is high, taking whatever job opportunity that is available.

The remainder of this section addresses historical trends that have shaped industry structure, income and earnings, and output for the state economy. The role of education in the county economic development process is also

discussed. The section closes with a presentation of key trends expected to unfold for jobs, income, and output for the state and national economies through 2011.

**Historical Trends for Non-agricultural Jobs.** Aside from public employment, three sectors of the state have long accounted for the lion's share of nonagricultural jobs in Tennessee, manufacturing, trade, and services. Over the course of time, there has been a dramatic restructuring of the state economy and thus the role these and other sectors play in the state. This is illustrated in Figure 2.10 which shows the relative contribution of manufacturing, services, and trade to nonagricultural employment in

**FIGURE 2.10: TENNESSEE JOBS IN DURABLES, NONDURABLES, SERVICES, AND TRADE, 1960 TO 2002**



# The Tennessee Economy

the state. In 1960, durable and nondurable goods manufacturing together accounted for well over 30 percent of all jobs in the state. By 2002, the state's industrial sector accounted for just over 17 percent of all nonagricultural jobs. Services on the other hand have experienced near explosive growth, now accounting for about 28.5 percent of all state jobs. Trade, including both wholesale and retail trade, has shown more modest growth over time.

These trends have several important implications. First, the average annual wage and salary rate in manufacturing was 116.3 percent of the state average in 2002; jobs in the service sector paid 97.1 percent of the state average. So as the state loses manufacturing jobs and replaces them with jobs in services, there is a risk that this will translate into lower income for workers. But this is not necessarily the case. Many of the manufacturing jobs being lost are not high paying jobs, and many of the service sector jobs that are being

created are relatively high skill and high wage, like jobs in the health care sector. A second implication is the spatial effect of economic restructuring. Manufacturing has historically been concentrated on the fringe or outside of metropolitan Tennessee, while services (including health care) are concentrated within metropolitan areas. So rural Tennessee is bearing the brunt of job losses in manufacturing while cities are the prime beneficiaries of service sector growth. A final implication is that the state's labor force may not be well positioned to adapt to changes in industry structure and the occupational needs of employers. The need to offer training and other forms of assistance to empower people and enable places with declining industries will continue to grow in the years to come.

Perhaps the most important trend taking place within manufacturing is the long-term demise of jobs in the nondurable goods sector. Table 2.2 provides

some data for 1970, 1980, 1990 and 2000 to place this trend in context. In 1970, nondurable goods manufacturing accounted for nearly 273 thousand jobs in the state and 20.6 percent of nonagricultural jobs. Some growth in the number of jobs took place by 1980, but given stronger growth in other sectors of the state economy, the relative importance of nondurable goods manufacturing slipped to 15.9 percent of all jobs. By 2000, the number of jobs had fallen to almost 206 thousand and nondurable goods accounted for only 7.5 percent of jobs. Durable goods manufacturing on the other hand has enjoyed net job growth over time helping push the total number of manufacturing jobs above the level that prevailed in 1970. But manufacturing's share of jobs has nonetheless shrunk over time.

**Historical Trends for Personal Income.** Personal income is the sum of all income earned by residents of the state, whether one works in Tennessee or in another

**TABLE 2.2: SHIFTING FORTUNES IN TENNESSEE'S MANUFACTURING SECTOR**

Source: Bureau of Labor Statistics.

Sector	1970		1980		1990		2000	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Total	1,327.6	--	1,746.6	--	2,193.2	--	2,728.9	--
Manufacturing	463.8	34.9	502.1	28.7	520.3	23.7	506.8	18.6
Durables	190.9	14.4	224.2	12.8	258.4	11.8	300.9	11.0
Nondurables	272.9	20.6	277.9	15.9	261.9	11.9	205.9	7.5

Note: Percent is of total nonagricultural employment. Calculated by CBER-UT.



# The Tennessee Economy

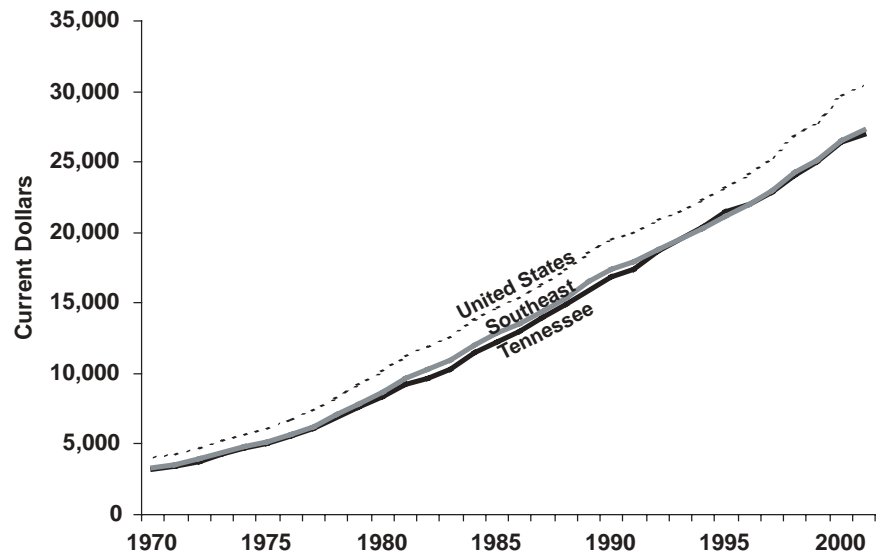
state. The largest component is wage and salary income which accounts for well over one-half of total personal income. Dividends, interest, rent, farm and non-farm proprietors' income, "other" labor income (e.g., employer contributions to private pension plans and private group health and life insurance plans), transfer payments from the government, and a residence adjustment (to account for people who live in one state but work in another) make up the remainder of personal income. Personal income is often expressed in per capita terms to reflect the relative level and quality of earnings by residents of the state. Per capita income data for Tennessee, the southeastern states, and the U.S. are shown in Figure 2.11 going back to 1970. In 1970, the state's per capita income was \$11,385 versus \$11,916 for the southeast and \$14,602 for the U.S. (1996 inflation-adjusted dollars). The difference in income between the U.S. and Tennessee amounted to \$3,217 in 1970 and declined to \$3,115 in 2001. It is disappointing that the state could not see a more significant narrowing of the absolute differential in per person income relative to the U.S. over this long period of time.

Progress also has been made in narrowing the *relative* gap between Tennessee and the U.S. Figure 2.12 shows total Tennessee per capita income relative to the nation, as well as the key components of per

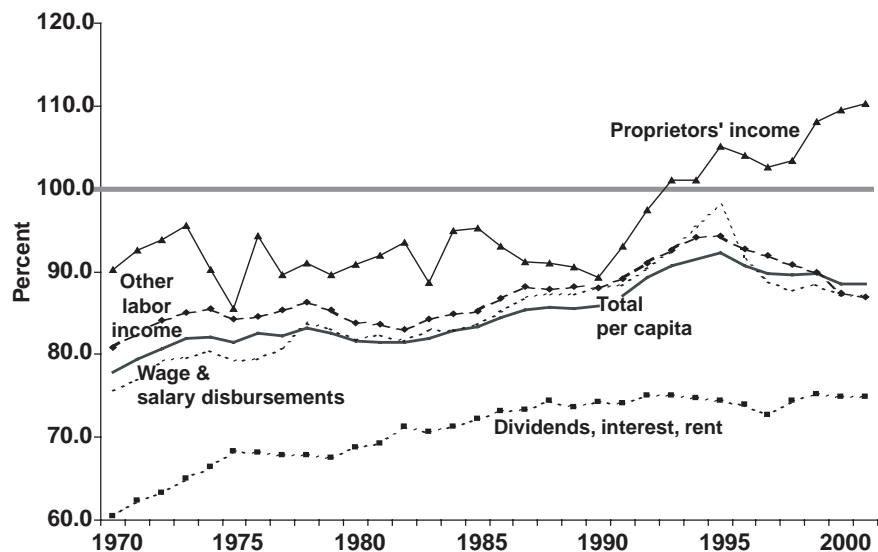
capita personal income. In 1970, Tennessee's per capita income was 78.0 percent of the national average. By 1995, the state's position improved to 92.5 percent

but slipped to 88.8 percent in 2001. It is noteworthy that no component of per capita personal income in the state exceeded its national counterpart until 1993 when

**FIGURE 2.11: TENNESSEE, SOUTHEASTERN STATES, AND U.S. PER CAPITA PERSONAL INCOME, 1970 TO 2001**



**FIGURE 2.12: PER CAPITA PERSONAL INCOME AND COMPONENTS, TENNESSEE AS A PERCENT OF THE U.S.**



Source: Bureau of Economic Analysis.

# The Tennessee Economy

proprietors' income surpassed the national average. Wage and salary income per capita reached its zenith in 1995 and has fallen in relative terms since that time. Per capita dividend, interest, and rental income continue to lag the national average by a wide margin.

**Historical Trends in Gross State Product.** Gross state product (GSP) is the state-level counterpart to gross domestic product for the nation and is the broadest measure of economic activity in the state, capturing the market value of all goods and services that are produced in a year. Between 1970 and 2000 (prior to the recent recession), nominal GSP in Tennessee grew 8.5 percent while U.S. GDP grew at the slower rate of 7.8 percent (compound annual growth rates, CAGRs).

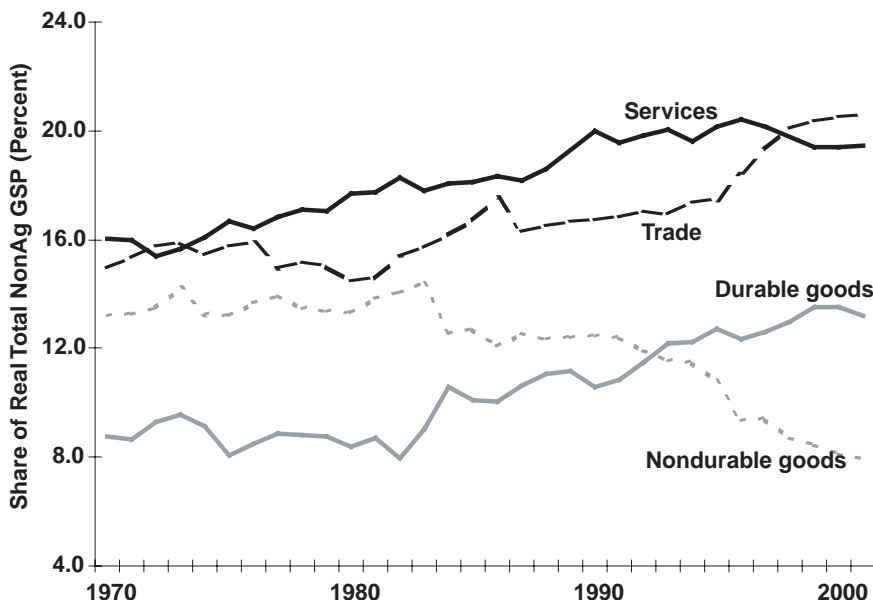
Nominal GSP in the state accounted for 1.5 percent of U.S. GDP in 1970 and rose to 1.8 percent of GDP in 2000.

Like the sectoral allocation of nonagricultural jobs discussed above, the relative contribution of different sectors to gross state product has changed markedly over time. This is illustrated in Figure 2.13 which shows inflation-adjusted sectoral output as a share of total output for manufacturing, trade, and services through 2001. Output in the service sector has grown over time, but not commensurate with the pace of job change shown in Figure 2.10 above. Output in nondurable goods manufacturing has not fallen to the same extent as jobs, indicating some productivity gains within this sector. Durable goods output has

done very well and also implies strong gains in productivity when compared with the job trend in Figure 2.10.

**Historical Trends in Education Outcomes.** The relationship between education outcomes and economic performance is well established. People with higher levels of formal education and on-the-job training generally earn more and experience shorter spells of unemployment than those with less education and training. Similarly, states and regions with a better-educated workforce enjoy higher levels of income and sometimes stronger rates of growth as well. Tennessee has long been viewed as a state with a relatively poorly skilled workforce, as borne out in a variety of statistics on education spending and educational attainment, and on perceptions from industry groups and others. In fact one reason the state has relatively low wages compared to the nation is the relatively low level of educational attainment on the part of the adult workforce. To bring home the point, consider the following facts. In 2000, 7.5 percent of adults in the U.S. had less than a ninth grade education while in Tennessee the comparable figure was 9.6 percent. Disturbing is the fact that, in 2000, 16 counties in the state had more than 20 percent of their adult population with less than a ninth grade education. The problem in rural Tennessee recently attracted

**FIGURE 2.13: SELECTED COMPONENTS OF INFLATION-ADJUSTED TOTAL NONAGRICULTURAL GSP, 1970 TO 2001**



# The Tennessee Economy

the attention of The Rural and Community Trust which pointed to the critical need to address problems in the state's rural school systems where over one-fourth of all children are educated.

The relationship between the level of educational attainment and individual well being is illustrated in Figure 2.14. The returns to education over time are measured relative to someone with only a high-school degree. Generally those with more education have better earnings and vice versa. Moreover it is painfully clear that those with less than a high-school degree are losing ground over time and that the returns to higher levels of education investment are actually increasing over time.

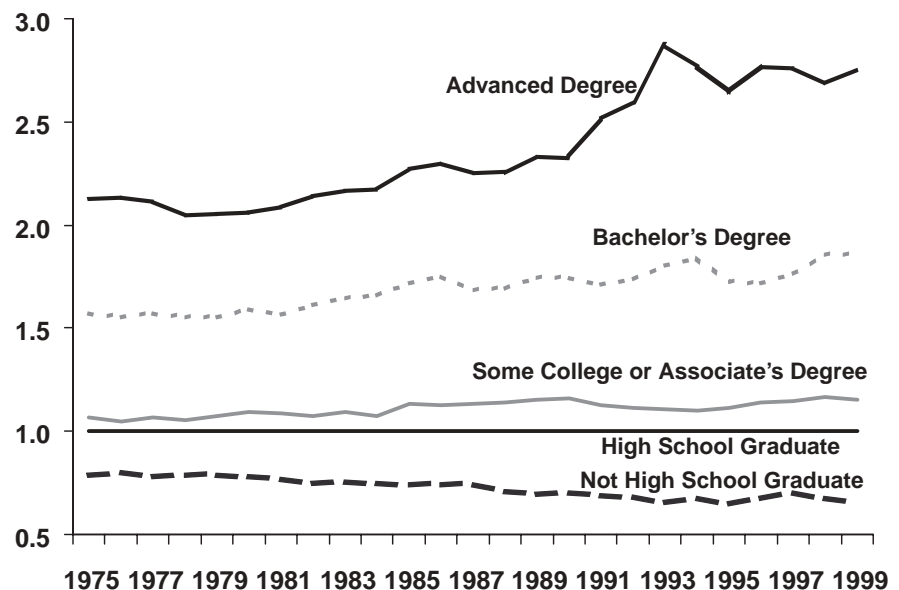
One consequence of the trend in Figure 2.14 is that regions characterized by a poorly-educated work force will not prosper like their more educated counterparts. Similarly regions with a well-educated population should have higher income. As a simple test of this conjecture, all counties in the state were aligned at the beginning of each decade—1970, 1980, 1990 and 2000—in terms of whether the adult population at that time had above or below average levels of educational attainment, as measured by a high school degree

(or its equivalence). For the first year of each decade, the level of per capita income was calculated for counties with above average and below average levels of educational attainment. The results of this exercise are shown in Table 2.3. In 1970, the percent of the adult workforce with a high-school degree (41.8 percent) was 79.9 percent of its national counterpart (52.3 percent). By 2000, the state had narrowed the gap substantially to 90.0 percent. Also in 1970, those Tennessee counties with below average shares of high-school

graduates had income (\$8,747) that was 59.9 percent of the national average (\$14,602). By 2000, counties in this group saw income rise to \$17,955 or 64.9 percent of the national average. But the counties with above average educational attainment rates did better, both in absolute terms and relative to national per capita income. While certainly not conclusive, the evidence does reveal a strong correlation between a region's stock of *human capital* and economic performance.

**FIGURE 2.14: MEAN EARNINGS OF WORKERS 18 YEARS OLD AND OVER AS A PROPORTION OF THE MEAN EARNINGS OF HIGH SCHOOL GRADUATES, BY EDUCATIONAL ATTAINMENT, 1975 TO 1999**

Source: U.S. Census Bureau, Current Population Survey, <http://www.census.gov/population/socdemo/education/tableA-3.txt>.





# The Tennessee Economy

**TABLE 2.3: EDUCATIONAL ATTAINMENT AND PER CAPITA PERSONAL INCOME**

Source: U.S. Census Bureau.

Year	Persons 25 yrs+ with high school diploma, GED, or more years of education		Per capita personal income				Tennessee counties with educational attainment rates above/below state rate			
							Below		Above	
	US (%)	TN (%)	US		TN		Average per capita personal income		Average per capita personal income	
			(1996 \$)	(CAGR)	(1996 \$)	(CAGR)	Amount (1996 \$)	As percent of US	Amount (1996 \$)	As percent of US
1970	52.3	41.8	\$14,602	--	\$11,385	--	\$8,747	59.9	\$11,864	81.2
1980	66.5	56.2	18,438	2.4	15,073	2.8	12,327	66.9	16,429	89.1
1990	77.6	67.1	22,808	2.1	19,628	2.7	15,133	66.3	21,027	92.2
2000	84.1	75.9	27,656	1.9	24,567	2.3	17,955	64.9	24,701	89.3

\*CAGR: Compound annual growth rate over previous decade. Calculated by CBER.

# The Tennessee Economy

## Long-Term Forecast for Tennessee

The state's long-term forecast reflects the assumption that the state will return to its trend performance following the end of the current business cycle in 2004. Nominal GSP for Tennessee is expected to grow at a 5.9 percent compound annual growth rate between 2002 and 2011, while nominal GDP for the nation will grow at the slightly lower rate of 5.6 percent (CAGRs). The state will enjoy substantially stronger rates of job growth than the nation in most years. The state unemployment rate is projected to fall below its national counterpart in each year of the long-term forecast.

**Projected Trends in Personal Income.** Nominal personal income, which represents about 85 percent of Tennessee GSP, will steadily rise through the short-term yielding 5.5 percent growth in 2004 and 2005, then jumping to above 6 percent growth in 2006. Between 2002 and 2010, personal income will advance 5.8 percent (CAGR). Wage and salary growth will lag total personal income growth by a narrow margin over this same time period. Growth in the nominal average salary for a Tennessee worker will hover around 3.6 percent through 2011. Proprietors' income will be up 5.9 percent and rent, interest and dividend income will advance 4.3 percent (CAGRs).

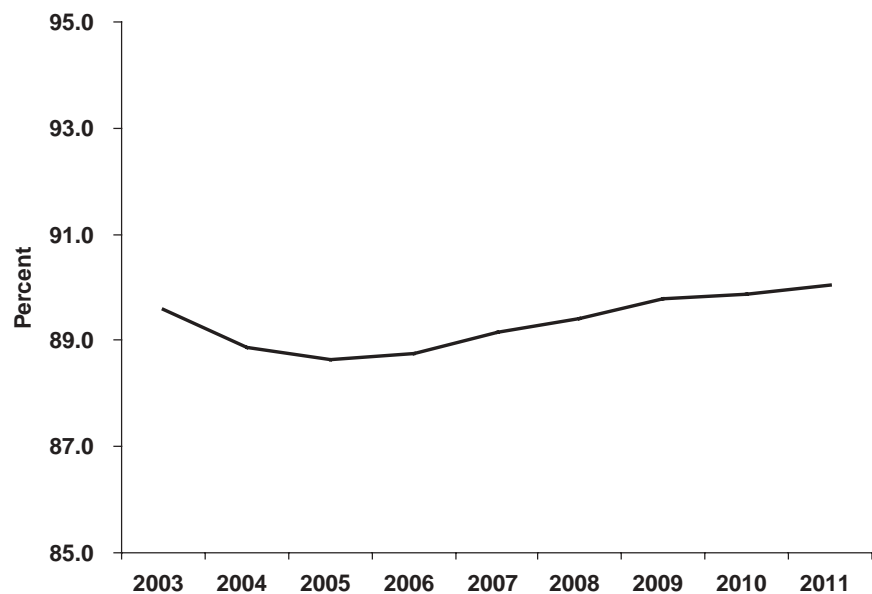
Nominal per capita personal income growth, which has been sluggish in the current cycle, will break the 5 percent barrier in 2006. Tennessee per capita personal income growth will trail the U.S. in 2004 and 2005 but will outpace the nation from 2006 onward. As shown in Figure 2.15, Tennessee will see only slight improvement in nominal per capita income relative to the nation. Starting at 89.5 percent of the national average in 2002, per capita income in Tennessee will be 90 percent of the average in 2011.

Taxable sales will not pick up steam until 2005 when growth rates

rise above 5 percent. Growth will then hover around this figure through 2011. Inflation-adjusted taxable sales growth will approach 3 percent in 2005 and then range between 2.6 and 2.8 percent growth for the remainder of the forecast period.

**Projected Trends for Nonagricultural Jobs.** Nonagricultural jobs in Tennessee will grow 2.0 percent (CAGR) over the long-term forecast period, substantially stronger than the 1.3 percent rate expected for the nation. The service sector will show the strongest rates of growth, with advances typically in excess of 3.5

**FIGURE 2.15: TENNESSEE PER CAPITA PERSONAL INCOME AS A PERCENT OF U.S. PERSONAL INCOME, 2003 TO 2011**



# The Tennessee Economy

percent. The service sector should create nearly 300 thousand jobs by 2011. Growth in trade, FIRE, and TCPU jobs will total 1.6 percent, 1.0 percent and 1.8 percent (CAGRs).

The state's manufacturing sector will shed jobs through 2004 and then experience positive job growth for the remainder of the forecast period as growth in durable goods more than offsets losses in nondurable goods. Nondurable goods manufacturing will lose over 16,000 jobs by 2011 and continue to decline in relative importance as illustrated in Figure 2.16, accounting for only about one-third of total manufacturing jobs in 2011 and only 5.4 percent of total nonagricultural jobs. The durable goods

sector will add jobs through 2011. However, the relative importance of durable goods manufacturing will continue to fall, with jobs representing only 9.5 percent of all state jobs in 2011.

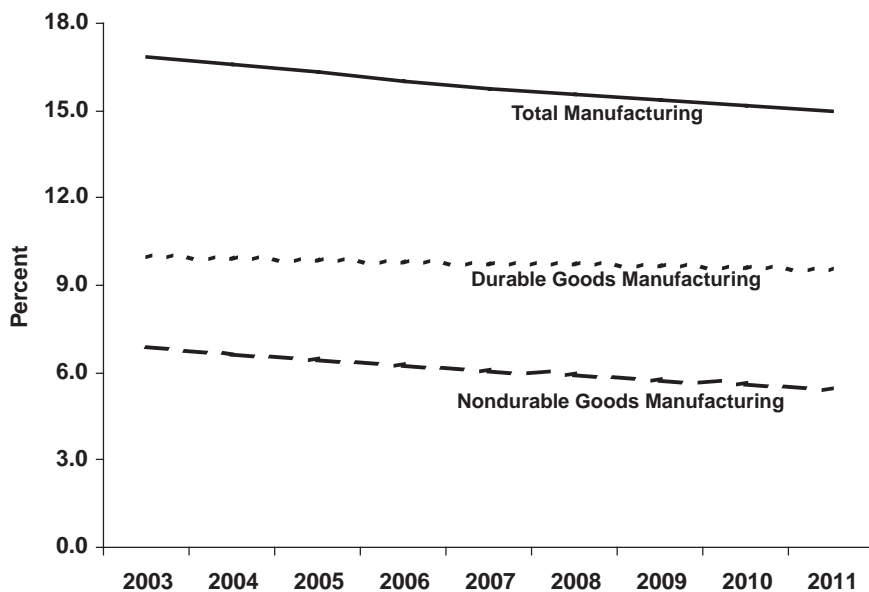
Within the nondurable goods sector only four sectors will show positive employment growth between 2002 and 2011: food, paper, printing and publishing, and rubber and plastics. By 2011, textiles, apparel and leather will together account for only 13,100 jobs in Tennessee. In sharp contrast, the same sectors accounted for over 129 thousand jobs in 1972. Durable goods will experience a more positive fate as all sectors but nonelectrical machinery advance by 2011. Job growth in durable

goods manufacturing will total 37,100 between 2002 and 2011.

The state unemployment rate has remained relatively low through the current cycle so significant drops in the rate are not expected over the long term. Starting at 4.6 percent in 2003, the state unemployment rate will fall to 4.5 percent in 2004 and 2005, then drift down to the full-employment rate of unemployment of about 4.0 percent. The U.S. unemployment rate will fall after 2003 into the 5 percent range, then fall into the 4 percent range from 2008 forward. Tennessee will generally fare better than the nation out to 2011.

**Projected Trends for Tennessee Output.** Inflation-adjusted GDP will be up 3.4 percent and nominal GDP will advance 5.9 percent (CAGRs) between 2002 and 2011. For the U.S., inflation-adjusted GDP will grow 3.3 percent and nominal GDP will grow 5.6 percent. All broad sectors of the state economy—including nondurable goods manufacturing—will witness expansions in output over the long-term forecast horizon. Inflation-adjusted output in trade and services will be up 3.2 percent and 4.1 percent, while output in FIRE and TCPU will be up 3.4 percent and 4.0 percent (CAGRs). Per capita nominal GDP should be up 4.7 percent for Tennessee while nominal GDP for the nation will be up 4.8 percent.

**FIGURE 2.16: MANUFACTURING JOBS AS A PERCENT OF NONAGRICULTURAL JOBS, 2003 TO 2011**



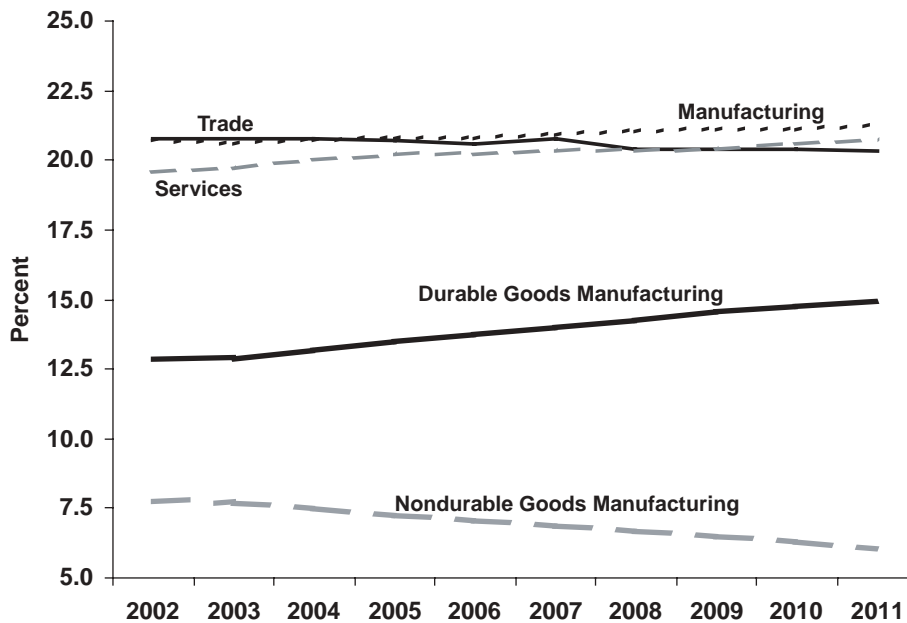
# The Tennessee Economy

Despite the job woes that will continue to plague manufacturing, inflation-adjusted industrial output as a share of total state output will actually grow over time as shown in Figure 2.17. While manufacturing accounted for 20.7 percent of output in 2002, its relative contribution will rise to 21.2 percent in 2011. But all of the

growth is due to a strong showing by durable goods manufacturing. Accounting for 12.9 percent of output in 2002, the role of durable goods will increase to 15.0 percent; nondurable goods production will slip from 7.8 percent to 6.1 percent of total output. The strong growth in durable goods is attributed to strong productivity gains. Services,

on the other hand, will see only a modest increase in relative performance from 19.6 percent of output in 2002 to 20.7 percent in 2011. Implicit in the forecast is the expectation of continued strong productivity gains in manufacturing and weak productivity gains in the service sector.

**FIGURE 2.17: PERCENTAGE DISTRIBUTION OF INFLATION-ADJUSTED GROSS STATE PRODUCT, 2002 TO 2011**



# The Tennessee Economy

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## Tennessee Long-Term Forecast Summary

- Long-term economic growth is dictated by growth in the number of workers, the skill level of the work force, private investment, infrastructure investment, and entrepreneurship. Policies to promote the growth of these factors offer the promise of stronger rates of future economic growth.
- The state economy has undergone significant restructuring over time as the service sector gains in relative importance and manufacturing declines in relative importance. The shift in jobs across these sectors has been more pronounced than the shift in output, as productivity gains in manufacturing have helped sustain industrial production as a share of economic activity.
- Tennessee has seen the educational attainment of the adult population improve markedly over time, but the state still lags the nation. Rural Tennessee has witnessed slower improvement in educational attainment and earnings continue to lag the state and national averages by a wide margin.
- Per capita income in Tennessee relative to the nation peaked in 1995 and has slipped since that time.
- Nominal gross state product for the state will grow 5.9 percent between 2002 and 2011 while U.S. gross domestic product will advance 5.6 percent (compound annual growth rates).
- Tennessee will enjoy strong rates of job creation and lower rates of unemployment than the nation from 2005 through 2011.

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# Designing Tennessee's Lottery

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## Introduction

**L**otteries have a long history in North America. Interestingly, lotteries were used to finance the first English settlement in North America, Jamestown, many of the first colleges and schools in the colonies (including Harvard College), and the Continental Army. Lotteries became a popular means of financing government projects in many U.S. states from early America until the mid-1800s, long before the modern structure of state and local government finance was established. However, mostly due to corruption, every state had banned lotteries by the late-1800s. The first modern lottery was implemented in New Hampshire in 1964, a state well known for having neither a state sales nor income tax. Since then, lotteries have expanded to most states, and the variety of games has greatly expanded. Voters have voted in favor of a lottery in the vast majority of instances where states decided upon a lottery by referendum, including Tennessee.

State lotteries have become a very popular means of raising state revenues over the past 40 years. Consider some of the facts:

- Tennessee will soon become the 39<sup>th</sup> U.S. state, along with the District of Columbia, to offer a state lottery.
- Lottery sales totaled nearly \$39 billion in fiscal year 2001 in the U.S., which amounts to around \$157 per person (in lottery states).
- There are now over 240 thousand locations in North America where lottery tickets are sold.
- In states that have lotteries, it has been estimated that over half of the adult population plays the lottery at least once a year (Clotfelter, et al., 1999).
- Lotteries have become one of the largest programs that states administer in terms of funds transferred, surpassed only by education, welfare, highways, and health.



# Designing Tennessee's Lottery

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## Introduction, continued

This popularity is the product of several factors. A major reason is a lottery's capacity to raise revenues, especially where revenues were directed toward financing education. People view the lottery as a means of improving a state's educational system, and several lotteries have been praised for doing so.

Popularity is also due in part to the fact that many individuals view lotteries as a *painless tax*. That is, citizens do not mind paying money to play a lottery, knowing that part will go to the state (to support a *good cause*). With a tax, people often do not associate their payment directly with the receipt of a service. There is an implicit tax associated with lotteries in that the expected rate of return on lottery purchases is reduced due to the profits the state takes from lottery sales. In fact, the implicit tax rates are very high in comparison to other sales and excise tax rates

since about 30 to 35 percent of lottery proceeds go to state tax coffers versus more modest taxes on gasoline and sales. This is why lotteries are often discussed in the context of state taxation. However, lotteries are an important way of raising much needed revenue for states without raising traditional taxes. The reality is that people are going to gamble regardless of whether or not it is legal, so government might as well take advantage of this lust for gambling. This is especially applicable to Tennessee given that the state's residents already spend an estimated \$155 million on lotteries in Georgia, Virginia, and Kentucky each year. Proponents have successfully argued that these expenditures should be returned to Tennessee instead of being used to subsidize other states.

Given the increased importance, popularity, and prominence of lotteries, and especially that

Tennessee's legislature is now considering the practical design of a lottery, it is useful for Tennessee's policymakers to have information on how lotteries operate in other states and how Tennessee's program might fit into this picture.

This chapter of *An Economic Report to the Governor* is a descriptive analysis of state lotteries in the U.S. with special emphasis on a future Tennessee lottery. The presentation begins with a description of the various types of lottery games. Next is a discussion of the various issues associated with lotteries including sales and information on how revenues are apportioned. Third is a presentation of how states differ in their lottery administration. The chapter closes with a review of some of the important decisions Tennessee must make in implementing a lottery.

# Designing Tennessee's Lottery

## What Types of Games Are There?

**Lotto.** The most basic and widespread game among the vast array that states have created is the traditional lotto. This has become something of the signature lottery game; every lottery state has lotto. *Lotto* sales rank second in gross revenue for states among the various games (see Figure 3.1 to see how total sales are divided among the various games).

With lotto, individuals pick certain numbers in hopes that their choices will match those randomly drawn by the lottery commission. The consumer picks either three, four, five, or six numbers out of a larger field. For example, a popular format is to pick 6 numbers out of

a field of 44. They may pick their own numbers or have them randomly chosen. Players win the jackpot if they match all of the numbers in a certain game, whether the game requires picking three numbers, four numbers, etc. However, players can usually win smaller prizes (for example, \$1,000 out of a \$10,000,000 jackpot) by matching a few numbers. In addition, some newer lotto games have players pick a series of numbers plus a special number. For example, in a multi-state game *Mega Millions*, players choose five numbers from 1 to 52 and then choose one *Mega Ball*, also from 1 to 52. If the player matches all five regular numbers, he or she wins a

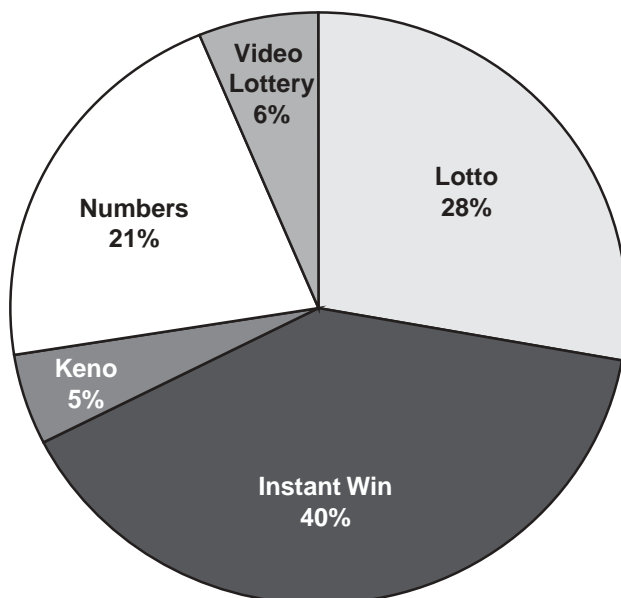
fixed prize. If the player matches all five numbers plus the *Mega Ball*, he or she wins the jackpot. This setup greatly reduces the odds of winning the jackpot since one has to match the one special number plus all of the others.

Jackpots generally range from one million to near astronomical figures. For example, a recent jackpot exceeded \$300 million in the multi-state *Powerball lotto*. The odds of winning the jackpot are exceedingly small. For example, in the format mentioned above, picking six numbers out of a field of 44, the odds of matching all six numbers is one in 7.1 million. Odds of winning smaller prizes can be more reasonable. Table 3.1 presents the odds of winning various prizes in *Mega Millions*.

*Lotto* probably gets the most publicity out of all the games since a great deal of media attention follows large jackpots. Several states have created coalitions to offer especially large jackpots. The largest example is *Powerball* where 23 states and the District of Columbia have come together in pooling the jackpot. Probably the most relevant multi-state *lotto* coalition to Tennessee is *Lotto South*, where Kentucky, Georgia, and Virginia are already members, and the multi-state *Powerball*. In addition, some states sell tickets to certain types of games over the

**FIGURE 3.1: VARIOUS GAMES AS A SHARE OF TOTAL LOTTERY SALES, ALL STATES WITH LOTTERIES**

Source: Clotfelter, et al., 1999.



# Designing Tennessee's Lottery

Internet. Players can also purchase season tickets to play in each draw within a certain time period.

**Instant Win Games.** Instant win games are also among the most prominent lottery games. In lottery states, one can easily find displays where instant win games are sold in convenience and grocery stores. Every state that has a lottery has instant win games; these have been the fastest growing games over the past 30 years and they generate the most revenue for states among the various games (Clotfelter, et al., 1999). Many lotteries refer to these types of games as *scratchers* because players simply scratch the ticket to see if they have won.

One problem with instant win games, and to some extent other games, is consumer fatigue. Consumers simply get tired of playing the same game. This forces states to constantly expend resources in advertising their products and developing new games. Most states actually offer a vast array of instant win games at a time, at least 20 and even over 100. For example, Virginia actually offers 102 instant win games (as of February 2003) but has several of the games scheduled to close soon. These games range in price from \$1 to \$10 with payouts ranging from \$1 to \$1,000,000. The higher priced games have higher top payouts. In general, these games

have relatively high odds of winning small sums. For example, the odds of winning some money overall are 1 in 4.07 on a certain type of \$2 game in the Indiana lottery. In other words, players would be expected to win on about every fourth play of the game. As an illustration, Table 3.2 presents the odds of winning various prizes in instant win games in the South Carolina lottery. These types of games are very attractive to impulse buyers, especially when they are sold at store checkouts.

**Numbers.** Most lottery states offer something of a numbers game. In a numbers game, players usually pick a three or four-digit

**TABLE 3.1: ODDS OF WINNING VARIOUS PRIZE AMOUNTS IN THE MULTI-STATE MEGA MILLIONS LOTTO**

Source: Virginia Lottery.

Match	Prize (\$)	Odds (1 out of _)
5 out of 5 + Mega Ball	Jackpot <sup>1</sup>	135,145,920
5 out of 5	175,000	12,649,920
4 out of 5 + Mega Ball	5,000	575,089
4 out of 5	150	11,276
3 out of 5 + Mega Ball	150	12,502
2 out of 5 + Mega Ball	10	833
3 out of 5	7	245
1 out of 5 + Mega Ball	3	152
Mega Ball Only	2	88
<b>Overall chances are 1 in 43</b>		

1. Guaranteed to be at least \$10,000,000.

**TABLE 3.2: ODDS OF WINNING VARIOUS PRIZE AMOUNTS IN SOUTH CAROLINA'S INSTANT WIN GAMES**

Source: South Carolina Lottery.

Prize (\$)	Odds (1 out of _)
2	9
4	21
6	50
8	75
16	150
20	96
40	267
80	800
100	3,000
400	15,000
800	30,000
20,000	500,000
<b>Overall chances are 1 in 4.78</b>	

# Designing Tennessee's Lottery

number and can place bets of different amounts. In these games, the prizes for matching 5 out of 5 numbers, 4 out of 5 numbers, etc. are fixed. Drawings can be held daily or a few times a week. Table 3.3 presents the odds of winning certain prizes in Virginia's *Cash Five* numbers game. This type of game closely resembles illegal games that were popular in many large cities before the introduction of modern state lotteries.

**Keno** is very similar to the game played in Las Vegas today. Keno is offered in less than half of lottery states. Here the players choose a few numbers and drawings are held relatively often, maybe several

times an hour. Because of the frequent drawings, Keno is probably best suited for environments with large numbers of people.

**Video Lottery.** Video lottery is probably the most controversial form of the game since it so closely resembles Las Vegas type casino games. It is somewhat arbitrary to actually call these games lotteries in one state and just another form of gambling in another. For example, South Dakota video lottery games are similar to many games found in Las Vegas, but South Dakota calls the games lottery while Nevada, a state without a lottery, considers them

just another form of gambling. In general, states would like to create a distinction between lotteries—which they enable and legitimize—and gambling. This distinction is often more difficult to make with video lottery games. However, these games have proven to be profitable for states and are among the fastest growing lottery games currently operating. Most have actually appeared in just the last 15 years or so. The states that report some of the highest lottery sales are those with video lottery; however, earnings figures for video lottery may be somewhat misleading in comparison to other types of lottery games. This point is discussed in more detail below.

**TABLE 3.3: ODDS OF WINNING VARIOUS PRIZE AMOUNTS IN VIRGINIA'S CASH FIVE NUMBERS GAME**

Source: Virginia Lottery.

Match	Wager	Prize	Odds (1 out of _)
5 out of 5	\$1.00	\$100,000	278,256
	0.50	50,000	
	0.25	25,000	
4 out of 5	1.00	100	1,919
	0.50	50	
	0.25	25	
3 out of 5	1.00	5	69
	0.50	2.5	
	0.25	1.25	

# Designing Tennessee's Lottery

## Lottery Sales

**Sales in General.** Table 3.4 presents detail on lottery revenues, by state, for fiscal year 2001. The popularity of lotteries is evident from the first row that shows that in fiscal year 2001 total lottery sales in the U.S. amounted to nearly \$39 billion or \$157 per person (in lottery states). There is substantial variation around this figure, from a low of \$34 in Montana to a high of \$625 in Massachusetts. This broad range offers little certainty on the revenues Tennessee could derive from a lottery. This per capita statistic is somewhat misleading because it is based only on the number of people who live in lottery states even though people in non-lottery states commute to purchase lottery tickets (and contribute to the \$39 billion total). Lottery sales amount to roughly \$135 per person when considering the entire U.S. population. Profits of nearly \$12 billion are left over for states after winner payouts and administration costs. The profits are available for programs, such as education, that are financed in part or in whole with lottery proceeds. This figure amounts to just over one percent of *total general revenue* in states that have a lottery. However, this statistic varies between just under 0.5 percent to 4.1 percent of general revenue among states with a lottery (Clotfelter, et al., 1999). Lottery revenues actually slightly surpass total state alcoholic beverage and tobacco tax revenues

**TABLE 3.4: LOTTERY SALES, FISCAL YEAR 2001**  
**Source: North American Association of State and Provincial Lotteries.**

	Total Sales (millions)	Sales Per Capita	Retained by State (millions)	Profit Rate (Percent)
<b>U.S.</b>	<b>\$38,910.5</b>	<b>\$157</b>	<b>\$11,816.5</b>	<b>30</b>
Arizona	272.7	53	77.7	28
California	2,894.8	85	1,111.0	38
Colorado	350.6	79	79.9	23
Connecticut	839.7	246	251.7	30
DC	223.7	392	84.0	38
Florida	2,274.7	142	907.2	40
Georgia	2,193.8	268	691.7	32
Idaho	81.7	63	18.5	23
Illinois	1,449.0	117	501.0	35
Indiana	548.3	90	155.7	28
Iowa	174.9	60	44.3	25
Kansas	184.9	69	55.9	30
Kentucky	590.9	146	159.9	27
Louisiana	284.5	64	102.3	36
Maine	146.6	115	36.8	25
Maryland	1,212.7	229	411.9	34
Massachusetts	3,969.1	625	864.5	22
Michigan	1,614.7	162	587.0	36
Minnesota	366.2	74	81.4	22
Missouri	508.4	91	153.9	30
Montana	30.3	34	6.1	20
Nebraska	66.5	39	16.6	25
New Hampshire	198.7	160	59.4	30
New Jersey	1,839.8	215	719.9	39
New Mexico	115.6	64	25.9	22
New York	4,185.0	220	1,446.0	35
Ohio	1,919.9	169	637.0	33
Pennsylvania	1,779.8	145	626.5	35
Texas	2,825.3	133	865.0	31
Vermont	81.2	133	17.5	22
Virginia	1,002.8	142	329.2	33
Washington	483.9	81	130.4	27
Wisconsin	401.4	75	117.1	29

*Notes: Data are unaudited and unofficial.*

*South Carolina is omitted because its statistics are not available.*

*States that have video lottery are not included.*

*The total figure for the U.S. does include all lottery states.*

# Designing Tennessee's Lottery

for all states combined, including those without lotteries.<sup>1</sup> No discernable differences exist between southeastern states and other states in terms of sales per capita.

Table 3.5 presents information on lottery sales for only those states that have video lottery. States that have video lottery tend to have much higher overall sales and sales per capita. In fact, the five states with video lottery all lie within the top nine states overall in a ranking of sales per capita. However, this figure may be somewhat misleading. This is due to a relatively large amount of “recycling” of winnings that takes place with respect to video lottery. That is, players may win small amounts on video machines and simply replay the winnings. If this happens very many times it will lead to a greatly exaggerated figure for sales per capita. Recycling takes place with instant win games as well but not to such a large degree. Although video lottery generally increases overall sales

significantly, lottery profits are not that much higher than sales in video lottery states. However, video lottery does tend to increase profits per capita by a smaller proportion.

**How Do Game Characteristics Affect Sales?** Most of the literature has shown that lottery sales generally respond most significantly to the size of the maximum payout. This is most relevant to *lotto*. Sales have been known to skyrocket when the jackpot has reached very high levels. The likelihood of winning is also a significant determinant of sales. However, sales generally tend to be much less responsive to payouts and odds associated with smaller prizes (Garrett and Sobel, 2002).

**How Have Lottery Sales Changed Over Time?** Lottery revenue growth has slowed significantly over the past few years. Clotfelter, et al. (1999, p. 2) report that “per capita lottery sales grew at an annual rate of 9.2 percent

between 1973 and 1987....” This growth is attributable both to states adding lotteries as well as more people playing games. Growth has become much less robust over the past 15 years or so. Growth in lottery sales has slowed to an average rate of around 3 percent per year, less than the average annual growth rate of around 4.3 percent in state total general revenue during this same time period. This is in part due to fading excitement over lotteries since consumers have gotten used to them. It is also due to the fact that so many states have lotteries now that states do not receive as many cross-border shoppers buying lottery tickets. Revenues have been relatively unstable over time in some states and are, in some instances, less stable than more traditional forms of revenue such as sales taxes (Szakmary and Szakmary, 1995).

**How Many People Buy Tickets?** Most recent estimates reinforce earlier research that shows that slightly over half of the adult population in the U.S. purchases lottery tickets at least once a year (Clotfelter, et al., 1999). However, Clotfelter, et al., report that 55.1 percent of individuals in states that have lotteries play at least once a year. This is down slightly from earlier figures of around 60 percent (Clotfelter and Cook, 1990). In addition, it is estimated that 27.9 percent of individuals in states that do not have lotteries play at least once a year.

**TABLE 3.5: LOTTERY SALES IN STATES WITH VIDEO LOTTERY, FISCAL YEAR 2001**

Source: North American Association of State and Provincial Lotteries.

	Total Sales (millions)	Profit (millions)	Sales per capita
Delaware	\$601.2	\$204.6	\$771
Oregon	794.7	288.2	232
Rhode Island	978.4	184.9	932
South Dakota	586.8	101.8	782
West Virginia	596.9	189.2	330

Note: Data are unaudited and unofficial.



# Designing Tennessee's Lottery

Clotfelter et al. (1999) find that lottery play is highly heterogeneous. Table 3.6 summarizes the distribution of purchases for heavy lottery players in 1998. The top five percent of lottery players (those who spend \$1,040 or more) account for over 50 percent of lottery sales. Furthermore, the top 20 percent of players (those who spend \$208 or more) account for over 80 percent of lottery sales. The median lottery player is relatively insignificant to total lottery sales. The median player spends around \$40 per year. Therefore, those players at the median and below account for a very small portion of total lottery sales.

**Who Buys Tickets?** There is a rather large literature devoted to the socioeconomic characteristics of lottery players. Table 3.7 presents the rate at which various demographic groups participate in the lottery, how much those who play in each group tend to spend, and overall expenditures per capita for each group (participation rates multiplied by expenditures per player). Males tend to play the lottery more—and spend more—among those who play. Blacks participate in the lottery less than Whites and Hispanics, but those blacks who do play tend to spend much more (over three times as much) than others who play. Overall, blacks spend more per person. Participation rates are highest for those with some college,

but those with less education who play tend to spend significantly more.<sup>2</sup> Studies have consistently shown that lower income people tend to spend more on the lottery relative to their income compared to wealthier people. As the table shows, participation rates are actually higher for those in the mid-to upper-income ranges (by around 10 percentage points) but the amount that lower income households spend on the lottery is much greater. Of course, all states require that lottery players be at least 18 years of age and two states, Iowa and Louisiana, require that players be at least 21 years of age.

The fact that lower income individuals spend more on the lottery relative to their income has become the first and foremost normative concern surrounding lotteries. It is likely that lower income individuals often view lotteries as a real means of earning income or breaking out of poverty instead of as a game, thus they tend to spend more on lotteries. Lotteries are often viewed as a regressive tax (Clotfelter and Cook, 1987), which means that low-income people tend to spend a

higher percentage of their incomes on lottery tickets (and thus the financing of government activities) than do high-income people. Some lottery opponents argue that it is unfair to levy a larger share of the state's revenue burden on lower income individuals (in terms of their income). Others respond that lottery participation is voluntary and that higher-income people may pay more in absolute dollar terms. Rubinstein and Scafidi (2002) analyze the distribution of lottery proceeds as well as lottery expenditures in Georgia. They find that the benefits are distributed disproportionately in favor of higher-income individuals while at the same time lower-income individuals tend to spend more on the lottery. This indicates that the overall distributional impact of state lotteries is more regressive than previously thought.

**How Much Do Tennesseans Already Spend?** It has been estimated that Tennesseans already spend significant amounts on state lotteries in nearby states. Estimates show that Tennesseans accounted for 1.8 percent of the winning numbers in Virginia in fiscal year

**TABLE 3.6: A FEW PLAYERS ACCOUNT FOR MOST SALES**  
Source: Clotfelter, et al., 1999.

The top _ percent of players	Spend at least	Account for _ percent of sales
5	\$1,040	54
10	520	68
20	208	82



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2002 and \$10.9 million in winnings. In addition, around 3 percent of Georgia lottery winnings, and even more significant, around 12 percent of the winning numbers in the Kentucky lottery, go to Tennesseans.<sup>3</sup> The sum of Tennesseans' lottery expenditures

in these three states amounts to roughly \$155 million per year.<sup>4</sup> Of course, Tennessee will not capture this entire amount in its lottery. Cross-border shopping will continue after a lottery is introduced, and it is likely that Tennessee residents will still purchase some lottery tickets out of

state. At the same time, it is likely that some non-residents will travel to Tennessee and buy lottery tickets on their trip.

## How Much Revenue Does Tennessee Expect to Collect?

There is considerable uncertainty over how much revenue Tennessee

**TABLE 3.7: DEMOGRAPHIC CHARACTERISTICS OF LOTTERY PLAYERS**

Source: National Survey on Gambling Behavior, National Opinion Research Center, University of Chicago, 1999, Reported in Clotfelter et al., 1999.

Demographic Characteristic	Participation Rate (percent)	Annual Per Capita	Annual Per Capita
		Expenditures Lottery Players	Expenditures Players and Nonplayers
Total Population	51.5	\$313	\$162
Male	55.3	368	204
Female	47.9	254	122
White	52.0	210	109
Black	48.2	998	481
Hispanic	53.6	289	155
Single	52.8	281	149
Married	49.7	304	151
Divorced/Widowed	56.7	387	220
Age 18-29	49.2	152	75
Age 30-44	55.8	280	156
Age 45-64	56.0	413	231
Age 65 and above	38.6	475	183
Less than high school	47.7	700	334
High school diploma	52.4	409	214
Some college	55.6	210	117
College graduate	48.0	178	86
HH Income <\$10,000	48.5	597	289
\$10,000-24,999	46.7	569	266
\$25,000-49,999	57.9	382	221
\$50,000-99,999	61.2	225	137
Over \$100,000	51.0	289	147

# Designing Tennessee's Lottery

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would derive from a lottery. The Tennessee Advisory Commission on Intergovernmental Relations estimates that Tennessee would collect around \$880 million per year in revenue yielding around \$282 million in profits that could be used to fund scholarships or other initiatives. However, all estimates on how much Tennessee would collect are very rough. One approach is to rely on average revenue per capita net of video lottery receipts, which is \$145.<sup>5</sup> Multiplying this figure by the population of Tennessee, roughly 5.7 million, yields an estimate in the \$800 million range. Using a profit rate of around \$0.30 to \$0.35 for each dollar in net sales produces an estimate of a profit between the broad range of \$200 million to \$300 million. An alternative approach is to rely on estimates of sales for similarly-situated states. Using total sales per capita for the four states that had 2001 population ranks similar to Tennessee — Indiana, Washington, Missouri, and Wisconsin — yields an average of \$84 per person. This approach provides an estimate of profits between \$144 million and \$168 million.

An important consideration for Tennessee is whether or not to include a video lottery into the product mix. This would likely increase lottery profits, although not in proportion to lottery sales.

As previously stated, video lottery is among the most controversial lottery products on the market and would likely receive at least some public opposition since these games so closely resemble Las Vegas casino games. Tennessee's lottery collections may receive a boost from heavy tourism in Memphis, Nashville, and the Smoky Mountain National Park area.

**How Will a Lottery Affect Sales Tax Revenue?** Another potential source of concern is what effect, if any, a state lottery will have on other revenue sources, in particular sales and excise taxes. Most would agree that the money that consumers spend on lotteries would have otherwise been spent on other, often sales or excise taxable goods or services like food, clothing, alcohol, and tobacco products. In fact, Kearney (2002) shows that lottery sales crowd out \$38, or two percent, of household consumption, much of which is sales taxable. This means that when a household begins playing a lottery, it will reduce its expenditures on other goods by two percent. Kearney also finds that the percent reduction in other consumption is larger among lower income populations. Therefore, sales tax revenues will likely decline given this shift in expenditures. This concern is especially important for a state that relies heavily on sales tax revenues like Tennessee. It

has been asserted that lottery tickets are especially likely to take the place of beer and cigarette sales. In fact, some retailers are somewhat hesitant to support state lotteries because they are likely to reduce sales of the most profitable items in convenience stores. Wallace (2002) estimates that losses in sales tax revenues would amount to roughly \$31 million for the state. This figure accounts for lottery winnings that will be spent on sales taxable goods. However, it does not account for increased purchases of taxable goods that will return to Tennessee due to fewer individuals traveling to other states to purchase lottery tickets. In other words, when people travel to Kentucky to buy tickets currently, they also tend to buy gas, food, etc. If they begin to travel less to buy tickets, they will purchase the items they were buying on their trip in Tennessee instead. In many instances, declines in sales tax revenues are partially offset by income tax revenue increases since winners must pay income taxes on winnings over a certain amount. This potentially offsetting effect will not be realized in Tennessee since there is no broad-based state income tax. Overall, conclusions vary as to how lotteries affect tax revenues based on the various possible influences and their differing magnitudes across states.

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## How Are Lottery Revenues Used?

**Division of Gross Revenues into Winnings, Administrative Costs, and Profits.** U.S. Bureau of the Census statistics show that for fiscal year 2000 prizes accounted for 59 percent of net lottery revenues (after commissions to retailers) across the U.S. Lottery administrative costs accounted for 6.4 percent of net revenues while 34.5 percent was left over as profit for the states (see Figure 3.2). Commissions to lottery retailers are 5 percent of gross revenues on average (approximately \$2 billion for 2001). Administrative costs are divided into various expenses such as personnel, ticket printing costs, and advertising expenses. Profits are directed toward numerous uses

such as education and public projects. In some instances, state law mandates what percentage of gross revenues must be returned as winnings and sets a maximum rate for administrative expenses. For example, California mandates that 34 percent of lottery revenues go to education and that administrative expenses cannot exceed 16 percent of revenues.

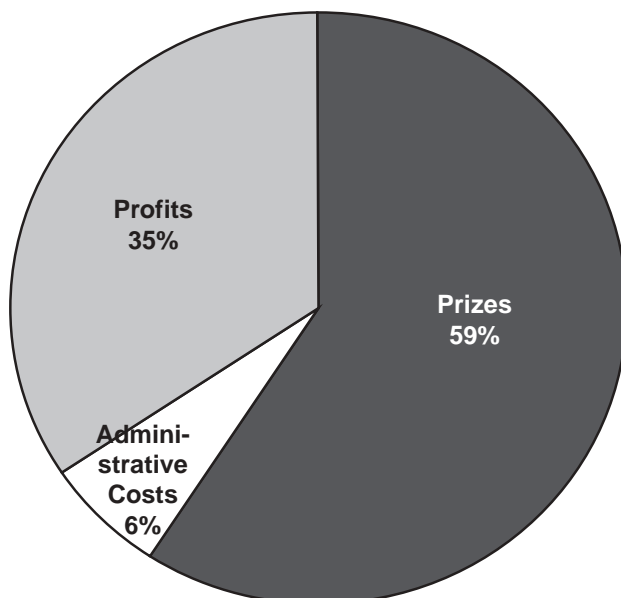
**Lottery Advertising.** A major component of administrative costs associated with the lottery is advertising. Lotteries have become the most significant marketing project undertaken by states, perhaps with the exception of promoting tourism (Clotfelter, et

al., 1999). Clotfelter, et al. report that states spent a total of \$400 million (0.9 percent of sales) to advertise their products in 1997. Advertising becomes especially prominent when lotto jackpots become very large. Fortunately, states benefit from a significant amount of free advertising as news outlets frequently post winning numbers and other information. Advertisements tend to devote most of their space to the amount of the prize. Also, given the impulsive nature of lottery purchases, especially instant win games, advertising is most important and noticeable at store checkouts. In a similar context to lottery advertising, states also spend on market research to determine how to best position their advertising and how to introduce new games and assess their popularity and value.

The types of advertising used by states have been heavily criticized by some anti-lottery groups. Many argue that advertising is overly aggressive and deceptive, particularly in that it often exaggerates the probabilities of winning and actually poses lotteries as a real means of achieving success instead of as a game that is played for amusement. In this sense, advertising creates false hopes. Some propose that the lottery should operate something like state-owned liquor stores: they

**FIGURE 3.2: GENERAL DIVISION OF NET LOTTERY REVENUES**

Source: U.S. Census Bureau.



# Designing Tennessee's Lottery

exist to serve an existing market but do not promote drinking by advertising. Some lottery advertising campaigns seem particularly troublesome regarding their appeal to lower income individuals. The Illinois lottery has been cited as an example with its slogan “This could be your ticket out” (Heberling, 2002). However, some state lottery codes of conduct prohibit certain themes in advertising. For example, the Indiana lottery code of conduct disallows using children in lottery advertising, promoting the lottery as an alternative to work or savings, or portraying the lottery as a “way out” of poor financial circumstances.<sup>6</sup> South Dakota uses the slogan “Your Ticket to Fun is Here!” to position the lottery as “fun.”

**Variation in Profit Rates across States.** Lottery profits as a share of total sales vary widely across states (see Table 3.4 for profits as a share of gross sales by state). Florida appears to have the most efficient lottery in terms of lottery profits as a share of gross sales with a ratio of 40 percent (among states that do not have video lottery).<sup>7</sup> On the other hand, Montana's lottery only produced a profit of 20 percent in fiscal year 2001. About half of the states with lotteries have profits/sales ratios in the 20 percent range and the other half have ratios in the 30 percent range, with the overall average being 30 percent. A portion of the profit/sales ratio is

determined by the state's decision on how much to pay out to winners. Remaining variation in this ratio is determined by administrative costs, which are related to the efficiency of lottery operations, among other factors.

The early literature on lotteries discussed economies of scale in lottery operations. That is, lottery administrative costs, on average, decrease to some degree as the size of a lottery increases. After setup costs have been incurred, it generally becomes very cheap to sell additional lottery tickets. This is less of an issue today because most lotteries have grown large enough to meet the minimum efficient scale, that is, the minimum size such that gains from expansion are exhausted. The Tennessee lottery will almost certainly meet this minimum size given sales estimates.

**Distribution of Profits.** One of the most important issues associated with lottery revenues is how lottery profits are distributed. Table 3.8 provides a listing of the percent distribution of cumulative lottery profits for each state lottery. Consider the first row: of all lottery profits Arizona has collected since its inception, 24.2 percent went toward educational programs while less than one percent was directed to the general fund. Education is the most popular use of lottery proceeds across the U.S. Ten states out of the 38 that have lotteries

(including the District of Columbia) have allocated 100 percent of their lottery profits toward educational programs. Fifteen states have allocated at least half of their lottery profits toward education. Many of the states mandate (either constitutionally or by statute) that lottery profits be used solely for education. This has certainly been a major selling point of lotteries, both to voters and buyers. Regardless of their view on state sponsored gambling, many people appear willing to support a lottery if it is for a good cause. Also, buyers may not feel as badly about money spent on losing tickets if the proceeds go to education. Other allocations include states' general funds, special projects such as athletic stadiums, and welfare programs. It is important to note that those who benefit from lottery proceeds are not necessarily those who buy lottery tickets, given the demographics noted above and the different uses to which lottery proceeds are put.

The Georgia lottery is often used to illustrate the potential of lotteries to fund education. The Georgia constitution requires that lottery proceeds be used solely for education. Since 1993, Georgia has directed lottery proceeds to fund scholarships to pay tuition for higher education, provide pre-kindergarten programs for four-year-old children, and improve funding for technology and capital improvements in schools. The

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**TABLE 3.8: PERCENT ALLOCATION OF NET LOTTERY REVENUES THROUGH JUNE 30, 2001**

Source: North American Association of State and Provincial Lotteries.

	Education	General Fund	Welfare	Public Projects and Trusts
Arizona	24.2	<1	9.6	66.8
California	100	--	--	--
Colorado	--	<1	--	99.9
Connecticut	--	100	--	--
Delaware	--	100	--	--
DC	--	100	--	--
Florida	100	--	--	--
Georgia	100	--	--	--
Idaho	50	--	--	50
Illinois	100	--	--	--
Indiana	16.7	--	--	83.3
Iowa	--	51.8	--	48.2
Kansas	--	--	--	100
Kentucky	23.8	72.8	--	3.4
Louisiana	--	100	--	--
Maine	98.5	--	--	1.5
Maryland	--	95.2	--	4.8
Massachusetts	--	22.6	--	77.4
Michigan	100	--	--	--
Minnesota	--	70	--	30
Missouri	68.9	31.1	--	--
Montana	53.9	43.2	--	2.9
Nebraska	49.2	--	--	50.8
New Hampshire	100	--	--	--
New Jersey	100	--	--	--
New Mexico	100	--	--	--
New York	100	--	--	--
Ohio	100	--	--	--
Oregon	52.4	--	--	47.6
Pennsylvania	--	--	100	--
Rhode Island	--	100	--	--
South Dakota	--	40.3	--	59.7
Texas	45.4	54.5	--	--
Vermont	20.8	79.2	--	--
Virginia	--	97.3 <sup>1</sup>	--	2.7
Washington	--	98.1	--	1.9 <sup>2</sup>
West Virginia	30.6	10.2	17.9	41.3
Wisconsin	--	--	--	100

1. Since 1999, funds that have gone into the general fund are to be used only for education.

2. A portion went to fund educational supplies.

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HOPE scholarship in Georgia completely finances tuition expenses, mandatory fees, and book costs for college students in Georgia who had a "B" high school average in certain subject areas and are attending a Georgia public university. Georgia also provides a subsidy to its residents who attend private school. Combined, these expenditures have amounted to over \$5 billion over the past 10 years. That amount has been divided fairly equally among the three programs mentioned above.

Table 3.9 presents a listing of the numbers of lottery dollars that have been channeled to support education. The figures represent the total dollar amount that has gone for educational uses since the inception of the state's lotteries. The various uses are similar to those as discussed with Georgia, including capital improvements in schools, scholarships, etc. With respect to the table, two points should be noted. First, many states have channeled money into their general fund and, from there, into educational pursuits. However, this table only represents money that was explicitly directed or earmarked toward education. Second, states may have directed general fund spending that was initially on education toward other uses after lottery funds began to help support education. Therefore, the total increase in education spending may be smaller than lottery expenditures on education indicate.

**Other Uses of Lottery Profits.** Thirteen states have directed at least half of their revenues to the general fund. Of course, this money can be distributed in a number of ways, including to education, but it is not specifically earmarked toward any particular expenditure. In addition, three states allocate a portion of their profits toward welfare programs.

Most notable in this category is Pennsylvania, which provides assistance, in various forms, to the state's elderly population with lottery proceeds. Eight states apportion most of their lottery proceeds toward various public programs and funds including tax reductions, safety programs, environmental programs, building funds, economic development

**TABLE 3.9: CUMULATIVE LOTTERY PROCEEDS TO SUPPORT EDUCATION THROUGH JUNE 30, 2001**

Source: North American Association of State and Provincial Lotteries.

	Year Lottery Was Introduced	Total to Education (millions)
US	-	\$80,523.2
Arizona	1982	335.3
California	1985	1,280.0
Florida	1987	1,100.0
Georgia	1993	4,980.0
Idaho <sup>1</sup>	1989	98.3
Illinois	1974	10,500.0
Indiana	1989	329.5
Kentucky	1989	214.0
Michigan	1972	10,400.0
Missouri	1986	1,200.0
Nebraska	1993	73.9
New Hampshire	1964	724.1
New Jersey	1970	11,500.0
New Mexico	1996	118.3
New York	1967	19,600.0
Ohio	1974	11,100.0
Oregon	1985	1,470.0
Texas	1992	4,200.0
Vermont	1978	55.9
Virginia	1988 <sup>2</sup>	974.5
West Virginia	1986	269.4

1. Through June 30, 2000.

2. Proceeds have been used exclusively for education since 1999.



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programs, and so on. A good example is the funding of the Seattle Mariners' baseball stadium with lottery proceeds. Several other states direct at least a portion of their proceeds to these types of programs as well. A small portion of lottery proceeds are directed toward programs that treat and/or

research gambling addiction.<sup>8</sup> These expenditures are not included in Table 4.6 because they generally amount to a small portion of total uses of lottery proceeds (2 percent at most). For example, Florida provides \$1.5 million per year while Georgia directs a portion of its unclaimed prizes to

compulsive gambling programs. Several states provide a toll free telephone number with lottery advertising and tickets where problem gamblers may obtain assistance, and several states also place messages on lottery materials to caution individuals to play responsibly.

## The Administration of Lotteries

States vary in how they administer their lotteries. States can choose to operate lotteries through an existing state agency, or they can form an independent administrative entity. In total, 14 states administer the lottery through existing agencies such as Departments of Revenue, Finance, Treasury, etc. New Hampshire operates its lottery through its Department of Education. On the other hand, 24 states have created an independent agency to run the lottery. Some, such as Georgia and Kentucky, have formed a state-owned corporation to administer the lottery while others have simply created an independent lottery commission as another component of the executive branch. Several of the independent lottery administrations are not bound by

the same rules as other state agencies. Proponents of independence assert that it allows the lotteries to operate "more like a business" (Clotfelter, et al, 1999, p. 8) and therefore increases efficiency and effectiveness. For example, an independent agency, not governed by state personnel rules, has the ability to pay salaries that are more competitive to the private sector than traditional government positions. However, it has been suggested that auditing and other forms of monitoring of lottery administrations should be used extensively when agencies are independent to ensure that corruption does not exist. (Of course, whether a lottery is run directly or indirectly by the state, auditing and oversight will be required.) No evidence has been

identified that indicates that corruption is a major concern for modern lotteries unlike the situation at the end of the nineteenth century.

No studies have been identified that examine the efficiency of running a lottery through an independent agency versus an existing agency. There are no obvious differences between the two groups in terms of administrative costs or profits as a share of total sales. A simple statistical test (a t-test) indicates that there is no statistical difference between the average profit rate between states that have independent lottery agencies and those that do not.



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## What Choices Must Tennessee Make in Implementing a Lottery?

The Tennessee legislature has several important choices to make on structuring a lottery. First, the state can take one of two general approaches in designing its lottery. The first is to simply maximize revenues. This is the approach that is generally applied in all states: lotteries are a form of recreation, states maximize their use and hence maximize their profits. A second approach would be to view lotteries as gambling but limit advertising so as to maintain a low level of gambling activity. This approach views gambling more as a vice that should be contained. This is more consistent with the approach that some states use in operating liquor stores.

Second, if the lottery agency chooses to use advertising, as in all other lottery states, it will have to choose how aggressive to make its marketing plan. The state will need to consider whether to impose certain restrictions on advertisements, such as clearly stating the odds of winning, providing links to assistance for problem gambling, and taking a marketing strategy that the lottery is for fun instead of a means to escape poverty or the like. Along with advertising, the state must implement a market research plan to ensure that advertising is effective, that new games are being received as hoped, and that the

introduction and removal of different lottery games is optimal.

The state must also decide what lottery games to offer. It will almost certainly offer lotto and instant win games. These are the most popular games and are used in every lottery state. It must also make a choice as to whether to enter into a multi-state lotto coalition such as *Lotto South* or *Powerball*, assuming it is invited. The state will probably offer a numbers game: this is similar to lotto, can basically be administered with the same equipment, and is rather popular as well. In addition, keno could also be considered but this game is not nearly as popular as other games. A more significant decision would be whether to offer video lottery games. This would have the potential to raise profits for the state but could face strong public opposition because of the game's resemblance to more traditional forms of gambling.

The most important decision that states must make is how to apportion lottery profits. As adopted by the voters, Tennessee must apportion all of the profits from its lottery to education, but there still remains uncertainty as to exactly how profits will be allocated across educational programs. Tennessee could divide its profits evenly among college scholarships, pre-kindergarten

programs, and school capital improvement programs; or it could choose some other apportionment formula. For example, if projections suggest annual profits of \$240 million, \$200 million might be earmarked for scholarships and any residual could support other programs. Such an approach would allow the state to hedge its bet a bit on profits, ensure stability in scholarship finance, and still leave some money for other educational programs. In addition, the state may want to provide for some gambling assistance programs. However, it would have to do so with general fund or other revenues since the lottery referendum did not allow for any uses of lottery proceeds other than education. (It is not clear if gambling "education" could be supported.) Perhaps the state could follow Georgia's example and provide for problem gambling assistance programs with unclaimed prize money.

Finally, the state must choose either a state agency to run the lottery or a separate entity for administration purposes. The state might choose to exempt some of the employees of the lottery commission from the guidelines that typically apply to state employees (especially salary caps and bonuses) in order to attract highly skilled employees to enable the lottery to operate more efficiently

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and effectively. As previously stated, no evidence has been found that one form of administration is superior in terms of efficiency or effectiveness. There are several

other issues that relate to the relationship between the lottery administration and both the companies that it contracts with to produce actual printed tickets,

machinery, etc. and the retailers that sell lottery tickets. However, these issues become very specific and are outside of the scope of this report.

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## Endnotes

<sup>1</sup> This statistic applies to 1999 and is reported in the *Statistical Abstract of the United States: 2001*.

<sup>2</sup> Garrett and Sobel (2002) also discuss demographics and lottery play.

<sup>3</sup> Virginia and Kentucky statistics were provided by the respective states. Virginia data are for fiscal year 2002. The Kentucky figure is an average since the inception of the Kentucky lottery. Georgia numbers were provided by the state, were reported in Chervin (1999), and apply to 1996.

<sup>4</sup> Simply multiply total lottery sales in each of these states by the percentage of winnings that Tennesseans are estimated to collect, and then sum across the three states.

<sup>5</sup> This figure is an average of all states that do not have video lottery. Video lottery states are excluded in the initial discussion due to significant differences between video and non-video states. The figure also excludes tickets tourists will buy.

<sup>6</sup> Reported in Clotfelter, et al., 1999.

<sup>7</sup> In fact, video lottery states are omitted from this entire discussion because of huge differences in gross revenues, mostly due to “recycling” of lottery winnings.

<sup>8</sup> Note that gambling addiction problems are often cited as a reason against having state-sponsored gambling. There are many examples of individuals falling into severe financial situations due to gambling addiction.

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## Recommended Reading

For additional information regarding the implementation of a lottery in Tennessee, see the Comptroller of the Treasury's report *Building Tennessee's Lottery: Considerations for Policymakers*, February 2003. Also, *State Lotteries at the Turn of the Century: Report to the National Gambling Impact Study Commission* by Charles T. Clotfelter, Philip J. Cook, Julie A. Edell, and Marian Moore (1999) is an excellent resource with a thorough analysis of state lotteries.

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# Appendix

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## **Appendix A: Forecast Data**

Quarterly .....	QF1 to QF20
Annual .....	AF1 to AF18

## **Appendix B: Historical Data**

Quarterly .....	QH1 to QH20
Annual .....	AH1 to AH18

TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
 TABLE 1: SELECTED U.S. AND TENNESSEE ECONOMIC INDICATORS  
 SEASONALLY ADJUSTED

	HISTORY			FORECAST - DATA								ANNUAL		
	200202	200203	200204	200301	200302	200303	200304	200401	200402	200403	200404	2002	2003	2004
US GDP (BIL96\$) SAAR.....	9392.4	9485.6	9509.4	9571.1	9652.8	9782.6	9913.5	10047.6	10145.4	10238.6	10320.6	9437.7	9730.0	10188.0
% CHG PREV QTR SAAR.....	1.25	4.03	1.01	2.62	3.46	5.49	5.46	5.52	3.95	3.73	3.24	2.42	3.10	4.71
% CHG SAME QTR LAST YR.....	2.17	3.26	2.82	2.22	2.77	3.13	4.25	4.98	5.10	4.66	4.11	2.42	3.10	4.71
US GDP (BIL\$) SAAR.....	10376.9	10506.2	10599.3	10726.6	10876.9	11073.0	11272.0	11503.7	11691.2	11872.6	12035.9	10448.9	10987.1	11775.8
% CHG PREV QTR SAAR.....	2.50	5.08	3.59	4.89	5.72	7.41	7.39	8.48	6.68	6.35	5.62	3.64	5.15	7.18
% CHG SAME QTR LAST YR.....	3.25	4.05	4.40	4.01	4.82	5.39	6.35	7.24	7.49	7.22	6.78	3.64	5.15	7.18
CHAINED PRICE INDEX,GDP(1996=100)	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.2	1.2	1.2	1.1	1.1	1.2
% CHG PREV QTR SAAR.....	1.22	1.02	2.56	2.21	2.19	1.82	1.82	2.81	2.63	2.53	2.30	1.18	1.99	2.36
% CHG SAME QTR LAST YR.....	1.05	0.76	1.53	1.75	1.99	2.19	2.01	2.16	2.27	2.45	2.57	1.18	1.99	2.36
US PERS CONS DEFL (1996=100)....	110.9	111.4	112.0	112.8	113.1	113.6	114.2	114.9	115.6	116.4	117.1	111.1	113.4	116.0
% CHG PREV QTR SAAR.....	2.74	1.72	2.21	2.91	1.16	1.76	2.19	2.53	2.48	2.55	2.51	1.39	2.10	2.28
% CHG SAME QTR LAST YR.....	1.14	1.59	1.94	2.40	2.00	2.01	2.00	1.91	2.24	2.44	2.52	1.39	2.10	2.28
TN PERSONAL INCOME (MIL96\$) SAAR	144853	145537	143759	145793	148542	149878	149127	150743	152902	154275	154027	144516	148335	152987
% CHG PREV QTR SAAR.....	2.64	1.90	-4.80	5.78	7.76	3.65	-1.99	4.40	5.85	3.64	-0.64	2.22	2.64	3.14
% CHG SAME QTR LAST YR.....	2.60	2.53	1.73	1.31	2.55	2.98	3.73	3.39	2.93	2.93	3.29	2.22	2.64	3.14
US PERSONAL INCOME (BIL96\$) SAAR	8038.8	8075.9	8106.6	8165.3	8227.0	8318.0	8408.3	8510.6	8596.0	8664.5	8722.5	8053.5	8279.7	8623.4
% CHG PREV QTR SAAR.....	2.31	1.86	1.53	2.93	3.06	4.50	4.41	4.96	4.07	3.23	2.70	1.59	2.81	4.15
% CHG SAME QTR LAST YR.....	1.59	1.68	2.34	2.16	2.34	3.00	3.72	4.23	4.48	4.17	3.74	1.59	2.81	4.15
TN PERSONAL INCOME (MIL\$) SAAR..	160625	162072	160969	164423	168008	170258	170323	173249	176811	179526	180351	160543	168253	177484
% CHG PREV QTR SAAR.....	5.45	3.65	-2.69	8.86	9.01	5.47	0.15	7.05	8.48	6.29	1.85	3.64	4.80	5.49
% CHG SAME QTR LAST YR.....	3.77	4.16	3.70	3.73	4.60	5.05	5.81	5.37	5.24	5.44	5.89	3.64	4.80	5.49
US PERSONAL INCOME (BIL\$) SAAR..	8914.0	8993.3	9077.1	9208.7	9305.1	9449.1	9603.4	9781.3	9940.1	10082.7	10213.1	8947.0	9391.6	10004.3
% CHG PREV QTR SAAR.....	5.12	3.61	3.78	5.93	4.25	6.33	6.70	7.62	6.65	5.86	5.28	3.01	4.97	6.52
% CHG SAME QTR LAST YR.....	2.74	3.30	4.32	4.60	4.39	5.07	5.80	6.22	6.82	6.71	6.35	3.01	4.97	6.52
TN NONAGRIC JOBS (THOUS).....	2703.7	2701.6	2697.6	2713.2	2719.7	2728.5	2736.9	2750.8	2763.9	2776.0	2790.9	2705.4	2724.6	2770.4
% CHG PREV QTR SAAR.....	-2.21	-0.30	-0.60	2.33	0.97	1.31	1.24	2.04	1.92	1.77	2.16	-0.26	0.71	1.68
% CHG SAME QTR LAST YR.....	-0.21	-0.18	-0.31	-0.21	0.59	1.00	1.46	1.39	1.63	1.74	1.97	-0.26	0.71	1.68
US NONAGRIC JOBS (MIL).....	130.7	130.8	130.9	130.9	131.3	131.9	132.9	133.9	134.8	135.7	136.4	130.8	131.7	135.2
% CHG PREV QTR SAAR.....	-0.16	0.42	0.15	0.02	1.19	1.82	3.05	3.14	2.75	2.56	2.24	-0.85	0.71	2.63
% CHG SAME QTR LAST YR.....	-1.13	-0.83	-0.18	0.11	0.44	0.79	1.51	2.30	2.69	2.88	2.67	-0.85	0.71	2.63
TN UNEMPLOYMENT RATE (%).....	5.1	4.8	4.5	4.7	4.6	4.6	4.6	4.6	4.5	4.5	4.5	5.0	4.6	4.6
US UNEMPLOYMENT RATE (%).....	5.9	5.7	6.0	6.3	6.4	6.2	5.7	5.5	5.3	5.2	5.1	5.8	6.2	5.3
BANK PRIME INTEREST RATE (%)....	4.8	4.8	4.4	4.2	4.2	4.9	5.3	5.7	6.2	6.5	6.8	4.7	4.7	6.3
TN MFG JOBS (THOUS).....	466.0	465.4	459.6	461.0	459.2	459.5	458.7	458.4	458.3	459.0	459.5	464.8	459.6	458.8
% CHG PREV QTR SAAR.....	-1.73	-0.51	-4.92	1.27	-1.61	0.32	-0.72	-0.28	-0.10	0.64	0.43	-2.92	-1.11	-0.18
% CHG SAME QTR LAST YR.....	-2.74	-1.97	-2.23	-1.50	-1.47	-1.26	-0.19	-0.57	-0.19	-0.12	0.17	-2.92	-1.11	-0.18

(CONTINUED ON NEXT PAGE)

TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
 TABLE 1: SELECTED U.S. AND TENNESSEE ECONOMIC INDICATORS (CONT.)  
 SEASONALLY ADJUSTED

	HISTORY				FORECAST - DATA							ANNUAL		
	200202	200203	200204	200301	200302	200303	200304	200401	200402	200403	200404	2002	2003	2004
TN TAXABLE SALES (MIL96\$).....	16932	16471	16884	16829	16944	16754	17104	17093	17181	17005	17297	67341	67631	68576
% CHG PREV QTR SAAR.....	-2.85	-10.44	10.41	-1.30	2.76	-4.41	8.61	-0.25	2.08	-4.05	7.05	-0.99	0.43	1.40
% CHG SAME QTR LAST YR.....	-0.43	-1.92	-1.48	-1.32	0.07	1.72	1.30	1.57	1.40	1.50	1.13	-0.99	0.43	1.40
TN TAXABLE SALES (MIL\$).....	18775	18342	18905	18980	19165	19032	19535	19645	19868	19788	20253	74807	76712	79554
% CHG PREV QTR SAAR.....	-0.18	-8.91	12.85	1.58	3.95	-2.73	10.99	2.28	4.61	-1.60	9.74	0.39	2.55	3.71
% CHG SAME QTR LAST YR.....	0.70	-0.36	0.43	1.04	2.07	3.76	3.33	3.51	3.67	3.97	3.68	0.39	2.55	3.71
TN AVG ANNUAL WAGE, NONAG (96\$) ..	29437	29683	29217	29540	29804	29994	29651	29845	30211	30460	30071	29380	29747	30147
% CHG PREV QTR SAAR.....	3.55	3.38	-6.13	4.50	3.61	2.58	-4.49	2.63	5.00	3.34	-5.01	1.88	1.25	1.34
% CHG SAME QTR LAST YR.....	1.93	2.29	1.62	1.23	1.24	1.05	1.49	1.03	1.37	1.55	1.42	1.88	1.25	1.34
TN AVG ANNUAL WAGE, NONAG (\$)....	32642	33055	32715	33315	33709	34073	33866	34301	34935	35446	35211	32638	33741	34973
% CHG PREV QTR SAAR.....	6.40	5.15	-4.05	7.54	4.81	4.39	-2.41	5.24	7.60	5.98	-2.63	3.30	3.38	3.65
% CHG SAME QTR LAST YR.....	3.09	3.91	3.59	3.66	3.27	3.08	3.52	2.96	3.64	4.03	3.97	3.30	3.38	3.65

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TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
 TABLE 2: SELECTED PER CAPITA U.S. AND TENNESSEE ECONOMIC INDICATORS  
 SEASONALLY ADJUSTED

	HISTORY				FORECAST - DATA							ANNUAL		
	200202	200203	200204	200301	200302	200303	200304	200401	200402	200403	200404	2002	2003	2004
US GDP (96\$) SAAR.....	32654	32905	32914	33055	33264	33637	34014	34399	34658	34902	35106	32775	33492	34766
% CHG PREV QTR SAAR.....	0.35	3.11	0.12	1.72	2.55	4.57	4.55	4.61	3.05	2.84	2.36	1.50	2.19	3.80
% CHG SAME QTR LAST YR.....	1.25	2.33	1.90	1.32	1.87	2.23	3.34	4.07	4.19	3.76	3.21	1.50	2.19	3.80
US GDP (\$) SAAR.....	36077	36445	36687	37045	37482	38074	38674	39384	39939	40472	40941	36286	37819	40184
% CHG PREV QTR SAAR.....	1.59	4.15	2.68	3.97	4.80	6.47	6.46	7.54	5.76	5.44	4.72	2.71	4.22	6.25
% CHG SAME QTR LAST YR.....	2.32	3.12	3.47	3.09	3.89	4.47	5.42	6.31	6.56	6.30	5.86	2.71	4.22	6.25
TN PERSONAL INCOME (96\$) SAAR...	25089	25166	24817	25127	25558	25745	25574	25808	26134	26325	26239	25010	25501	26126
% CHG PREV QTR SAAR.....	1.96	1.23	-5.43	5.08	7.05	2.96	-2.64	3.71	5.15	2.95	-1.30	1.54	1.96	2.45
% CHG SAME QTR LAST YR.....	1.92	1.86	1.06	0.64	1.87	2.30	3.05	2.71	2.25	2.25	2.60	1.54	1.96	2.45
TN PERSONAL INCOME (\$) SAAR.....	27821	28025	27788	28338	28907	29246	29209	29661	30221	30634	30723	27784	28925	30310
% CHG PREV QTR SAAR.....	4.75	2.97	-3.34	8.14	8.29	4.77	-0.51	6.34	7.76	5.58	1.18	2.95	4.11	4.79
% CHG SAME QTR LAST YR.....	3.08	3.47	3.02	3.05	3.90	4.36	5.11	4.67	4.54	4.75	5.19	2.95	4.11	4.79
US PERSONAL INCOME (96\$) SAAR...	27948	28014	28059	28200	28350	28601	28849	29137	29365	29536	29670	27968	28500	29427
% CHG PREV QTR SAAR.....	1.40	0.96	0.64	2.02	2.15	3.59	3.51	4.05	3.17	2.35	1.83	0.68	1.90	3.25
% CHG SAME QTR LAST YR.....	0.67	0.77	1.43	1.25	1.44	2.10	2.82	3.32	3.58	3.27	2.85	0.68	1.90	3.25
US PERSONAL INCOME (\$) SAAR.....	30991	31197	31418	31803	32065	32491	32950	33487	33957	34370	34741	31070	32327	34139
% CHG PREV QTR SAAR.....	4.18	2.69	2.86	5.00	3.34	5.41	5.77	6.69	5.73	4.96	4.38	2.09	4.05	5.60
% CHG SAME QTR LAST YR.....	1.82	2.37	3.40	3.68	3.47	4.15	4.87	5.29	5.90	5.79	5.44	2.09	4.05	5.60
TN TAXABLE SALES (96\$).....	2933	2848	2915	2900	2915	2878	2933	2926	2937	2902	2947	11654	11627	11711
% CHG PREV QTR SAAR.....	-3.49	-11.04	9.68	-1.95	2.08	-5.04	7.89	-0.91	1.41	-4.68	6.35	-1.65	-0.24	0.73
% CHG SAME QTR LAST YR.....	-1.09	-2.57	-2.14	-1.97	-0.59	1.05	0.63	0.90	0.73	0.82	0.46	-1.65	-0.24	0.73
TN TAXABLE SALES (\$).....	3252	3172	3264	3271	3297	3269	3350	3363	3396	3377	3450	12946	13188	13586
% CHG PREV QTR SAAR.....	-0.84	-9.51	12.11	0.91	3.27	-3.37	10.25	1.60	3.92	-2.25	9.01	-0.28	1.87	3.02
% CHG SAME QTR LAST YR.....	0.03	-1.02	-0.24	0.37	1.40	3.08	2.65	2.82	2.98	3.28	2.99	-0.28	1.87	3.02

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TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
 TABLE 3: TENNESSEE PERSONAL INCOME BY COMPONENTS  
 SEASONALLY ADJUSTED ANNUAL RATES  
 MILLIONS OF 1996 DOLLARS

	HISTORY											FORECAST - DATA			ANNUAL		
	200202	200203	200204	200301	200302	200303	200304	200401	200402	200403	200404	2002	2003	2004			
TOTAL PERSONAL INCOME.....	144853	145537	143759	145793	148542	149878	149127	150743	152902	154275	154027	144516	148335	152987			
% CHG PREV QTR SAAR.....	2.64	1.90	-4.80	5.78	7.76	3.65	-1.99	4.40	5.85	3.64	-0.64	2.22	2.64	3.14			
% CHG SAME QTR LAST YR.....	2.60	2.53	1.73	1.31	2.55	2.98	3.73	3.39	2.93	2.93	3.29	2.22	2.64	3.14			
WAGES AND SALARIES.....	80549	81131	79765	81117	82038	82834	82158	83107	84521	85589	84967	80435	82037	84546			
% CHG PREV QTR SAAR.....	1.27	2.92	-6.57	6.96	4.62	3.94	-3.22	4.70	6.98	5.15	-2.87	1.72	1.99	3.06			
% CHG SAME QTR LAST YR.....	1.86	2.19	1.35	1.02	1.85	2.10	3.00	2.45	3.03	3.33	3.42	1.72	1.99	3.06			
OTHER LABOR INCOME.....	9655	9822	9320	9591	10068	10093	9782	9884	10052	10109	9968	9574	9883	10003			
% CHG PREV QTR SAAR.....	6.65	7.11	-18.92	12.13	21.42	1.00	-11.77	4.23	7.01	2.28	-5.49	5.74	3.23	1.21			
% CHG SAME QTR LAST YR.....	7.05	7.80	2.00	0.95	4.28	2.76	4.95	3.05	-0.15	0.16	1.90	5.74	3.23	1.21			
PROPRIETORS INCOME.....	14684	14825	14937	15111	15370	15593	15770	15988	16243	16129	16179	14817	15461	16135			
% CHG PREV QTR SAAR.....	-3.72	3.88	3.07	4.73	7.05	5.92	4.61	5.65	6.54	-2.77	1.25	0.23	4.34	4.36			
% CHG SAME QTR LAST YR.....	-0.58	-0.19	0.95	1.93	4.67	5.18	5.57	5.81	5.68	3.44	2.60	0.23	4.34	4.36			
RENT INTEREST DIVIDENDS.....	22607	22386	21964	22068	22854	22864	22583	22707	22833	22955	23079	22315	22592	22893			
% CHG PREV QTR SAAR.....	5.55	-3.87	-7.33	1.90	15.04	0.18	-4.82	2.20	2.24	2.15	2.18	-1.16	1.24	1.33			
% CHG SAME QTR LAST YR.....	0.10	-0.84	-1.71	-1.06	1.09	2.14	2.82	2.90	-0.09	0.40	2.19	-1.16	1.24	1.33			
TRANSFER PAYMENTS.....	24912	24988	25293	25557	25934	26278	26598	26899	27206	27512	27823	24923	26092	27360			
% CHG PREV QTR SAAR.....	6.91	1.23	4.96	4.24	6.04	5.41	4.96	4.60	4.65	4.57	4.61	7.72	4.69	4.86			
% CHG SAME QTR LAST YR.....	8.48	7.28	7.31	4.32	4.10	5.16	5.16	5.25	4.90	4.69	4.61	7.72	4.69	4.86			
LESS: PERS CONT FOR SOC INS.....	6482	6527	6436	6553	6614	6669	6639	6709	6814	6871	6833	6476	6619	6807			
% CHG PREV QTR SAAR.....	1.44	2.82	-5.50	7.49	3.80	3.36	-1.83	4.33	6.40	3.38	-2.17	3.94	2.20	2.84			
% CHG SAME QTR LAST YR.....	4.16	4.17	3.27	1.46	2.04	2.17	3.15	2.38	3.02	3.02	2.94	3.94	2.20	2.84			
RESIDENCE ADJUSTMENT.....	-1071	-1087	-1084	-1096	-1108	-1115	-1125	-1133	-1140	-1148	-1156	-1073	-1111	-1144			
% CHG PREV QTR SAAR.....	8.56	5.80	-1.01	4.72	4.23	2.48	3.90	2.60	2.56	2.96	2.66	6.01	3.56	2.97			
% CHG SAME QTR LAST YR.....	5.92	6.73	7.73	4.46	3.40	2.58	3.83	3.30	2.88	3.00	2.69	6.01	3.56	2.97			
PER CAPITA PERSONAL INCOME (\$)...	25089	25166	24817	25127	25558	25745	25574	25808	26134	26325	26239	25010	25501	26126			
% CHG PREV QTR SAAR.....	1.96	1.23	-5.43	5.08	7.05	2.96	-2.64	3.71	5.15	2.95	-1.30	1.54	1.96	2.45			
% CHG SAME QTR LAST YR.....	1.92	1.86	1.06	0.64	1.87	2.30	3.05	2.71	2.25	2.25	2.60	1.54	1.96	2.45			

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TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
 TABLE 4: TENNESSEE PERSONAL INCOME BY COMPONENTS  
 SEASONALLY ADJUSTED ANNUAL RATES  
 MILLIONS OF CURRENT DOLLARS

	HISTORY			FORECAST - DATA										ANNUAL		
	200202	200203	200204	200301	200302	200303	200304	200401	200402	200403	200404	2002	2003	2004		
TOTAL PERSONAL INCOME.....	160625	162072	160969	164423	168008	170258	170323	173249	176811	179526	180351	160543	168253	177484		
% CHG PREV QTR SAAR.....	5.45	3.65	-2.69	8.86	9.01	5.47	0.15	7.05	8.48	6.29	1.85	3.64	4.80	5.49		
% CHG SAME QTR LAST YR.....	3.77	4.16	3.70	3.73	4.60	5.05	5.81	5.37	5.24	5.44	5.89	3.64	4.80	5.49		
WAGES AND SALARIES.....	89319	90348	89314	91482	92789	94097	93835	95516	97737	99598	99488	89354	93051	98085		
% CHG PREV QTR SAAR.....	4.05	4.69	-4.50	10.07	5.84	5.76	-1.11	7.36	9.63	7.83	-0.44	3.14	4.14	5.41		
% CHG SAME QTR LAST YR.....	3.02	3.81	3.32	3.44	3.88	4.15	5.06	4.41	5.33	5.85	6.02	3.14	4.14	5.41		
OTHER LABOR INCOME.....	10706	10938	10436	10817	11387	11465	11172	11359	11624	11764	11671	10636	11210	11605		
% CHG PREV QTR SAAR.....	9.58	8.95	-17.13	15.40	22.83	2.77	-9.84	6.87	9.66	4.89	-3.12	7.21	5.40	3.52		
% CHG SAME QTR LAST YR.....	8.27	9.51	3.98	3.37	6.36	4.82	7.05	5.02	2.08	2.60	4.47	7.21	5.40	3.52		
PROPRIETORS INCOME.....	16283	16509	16725	17041	17384	17713	18011	18375	18783	18769	18945	16461	17537	18718		
% CHG PREV QTR SAAR.....	-1.07	5.67	5.35	7.78	8.29	7.78	6.90	8.33	9.18	-0.29	3.78	1.63	6.54	6.73		
% CHG SAME QTR LAST YR.....	0.56	1.39	2.91	4.38	6.76	7.29	7.69	7.82	8.05	5.96	5.18	1.63	6.54	6.73		
RENT INTEREST DIVIDENDS.....	25069	24929	24593	24888	25849	25973	25793	26097	26403	26712	27023	24789	25626	26559		
% CHG PREV QTR SAAR.....	8.45	-2.22	-5.28	4.87	16.37	1.94	-2.74	4.79	4.78	4.76	4.74	0.22	3.37	3.64		
% CHG SAME QTR LAST YR.....	1.24	0.74	0.20	1.31	3.11	4.19	4.88	4.86	2.15	2.85	4.77	0.22	3.37	3.64		
TRANSFER PAYMENTS.....	27624	27827	28321	28822	29333	29851	30379	30915	31460	32015	32578	27689	29596	31742		
% CHG PREV QTR SAAR.....	9.85	2.97	7.29	7.28	7.27	7.26	7.26	7.25	7.24	7.24	7.23	9.23	6.89	7.25		
% CHG SAME QTR LAST YR.....	9.71	8.98	9.39	6.82	6.19	7.27	7.27	7.26	7.25	7.25	7.24	9.23	6.89	7.25		
LESS: PERS CONT FOR SOC INS.....	7188	7269	7206	7390	7481	7576	7582	7711	7880	7996	8001	7194	7507	7897		
% CHG PREV QTR SAAR.....	4.23	4.58	-3.40	10.62	5.00	5.17	0.32	6.98	9.04	6.02	0.29	5.39	4.35	5.19		
% CHG SAME QTR LAST YR.....	5.35	5.82	5.28	3.89	4.08	4.23	5.22	4.34	5.33	5.54	5.53	5.39	4.35	5.19		
RESIDENCE ADJUSTMENT.....	-1188	-1210	-1214	-1236	-1253	-1266	-1285	-1302	-1318	-1336	-1353	-1192	-1260	-1327		
% CHG PREV QTR SAAR.....	11.54	7.62	1.18	7.77	5.44	4.29	6.17	5.20	5.10	5.58	5.23	7.50	5.73	5.31		
% CHG SAME QTR LAST YR.....	7.12	8.42	9.82	6.96	5.47	4.64	5.91	5.27	5.19	5.51	5.28	7.50	5.73	5.31		
PER CAPITA PERSONAL INCOME (\$)...	27821	28025	27788	28338	28907	29246	29209	29661	30221	30634	30723	27784	28925	30310		
% CHG PREV QTR SAAR.....	4.75	2.97	-3.34	8.14	8.29	4.77	-0.51	6.34	7.76	5.58	1.18	2.95	4.11	4.79		
% CHG SAME QTR LAST YR.....	3.08	3.47	3.02	3.05	3.90	4.36	5.11	4.67	4.54	4.75	5.19	2.95	4.11	4.79		

CENTER FOR BUSINESS AND ECONOMIC RESEARCH, UT-KNOXVILLE.

TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
 TABLE 5: TENNESSEE NONAGRICULTURAL EMPLOYMENT BY SECTOR  
 THOUSANDS OF JOBS

	HISTORY			FORECAST - DATA								ANNUAL		
	200202	200203	200204	200301	200302	200303	200304	200401	200402	200403	200404	2002	2003	2004
TOTAL NONAGRICULTURAL.....	2710.7	2702.3	2719.8	2683.7	2726.8	2729.3	2759.5	2720.7	2771.1	2777.0	2813.9	2705.5	2724.8	2770.7
% CHG SAME QTR LAST YR....	-0.17	-0.19	-0.31	-0.20	0.59	1.00	1.46	1.38	1.63	1.75	1.97	-0.23	0.71	1.68
MINING.....	3.7	3.8	3.7	3.7	3.7	3.8	3.7	3.6	3.7	3.7	3.6	3.7	3.7	3.7
% CHG SAME QTR LAST YR....	-9.76	-7.32	-4.27	1.47	1.13	-1.00	-1.32	-1.29	-1.27	-1.24	-1.21	-7.29	0.05	-1.25
CONSTRUCTION.....	120.0	121.7	118.6	111.0	118.7	120.9	119.5	113.0	121.2	122.7	122.3	119.0	117.5	119.8
% CHG SAME QTR LAST YR....	-1.80	-1.80	-1.87	-3.97	-1.12	-0.69	0.70	1.77	2.14	1.47	2.40	-1.84	-1.25	1.95
MANUFACTURING.....	466.4	465.2	460.2	460.1	459.5	459.3	459.3	457.5	458.6	458.8	460.1	464.7	459.6	458.7
% CHG SAME QTR LAST YR....	-2.80	-1.96	-2.24	-1.50	-1.47	-1.26	-0.20	-0.57	-0.20	-0.11	0.17	-2.88	-1.11	-0.18
DURABLE GOODS.....	273.6	272.0	269.5	271.6	271.9	270.8	272.2	272.5	274.1	274.6	276.7	272.4	271.6	274.5
% CHG SAME QTR LAST YR....	-3.36	-2.10	-2.26	-0.99	-0.63	-0.47	1.00	0.32	0.81	1.43	1.66	-3.19	-0.28	1.05
NONDURABLE GOODS.....	192.8	193.2	190.7	188.5	187.6	188.6	187.1	185.0	184.5	184.2	183.3	192.3	187.9	184.3
% CHG SAME QTR LAST YR....	-2.00	-1.76	-2.22	-2.23	-2.67	-2.38	-1.89	-1.85	-1.66	-2.33	-1.99	-2.43	-2.29	-1.96
TRADE.....	633.5	634.6	645.0	621.9	634.3	641.1	652.3	630.0	643.1	650.3	662.1	635.3	637.4	646.4
% CHG SAME QTR LAST YR....	-0.41	-0.50	-0.76	-0.96	0.12	1.01	1.13	1.31	1.38	1.43	1.51	-0.51	0.33	1.41
SERVICES.....	773.3	778.3	776.6	773.0	794.2	802.2	806.0	797.1	823.3	834.4	839.2	771.9	793.8	823.5
% CHG SAME QTR LAST YR....	2.36	2.05	1.87	1.79	2.71	3.06	3.78	3.13	3.66	4.02	4.13	2.26	2.84	3.74
FIN, INS, REAL EST.....	132.4	132.5	132.0	131.2	132.4	133.0	132.6	131.7	133.0	133.5	133.2	132.3	132.3	132.9
% CHG SAME QTR LAST YR....	0.13	-0.63	-0.85	-0.98	0.04	0.40	0.48	0.38	0.41	0.41	0.41	0.02	-0.02	0.40
TRANS, COMM, PUB UTIL.....	174.0	174.2	173.4	171.5	173.3	173.3	172.9	170.9	172.7	172.7	172.3	173.8	172.8	172.1
% CHG SAME QTR LAST YR....	-3.08	-3.33	-3.81	-1.36	-0.40	-0.50	-0.25	-0.37	-0.36	-0.35	-0.37	-3.33	-0.63	-0.36
GOVERNMENT.....	407.4	392.0	410.3	411.3	410.6	395.8	413.2	416.9	415.6	400.9	421.0	404.7	407.7	413.6
% CHG SAME QTR LAST YR....	0.43	0.28	0.80	0.55	0.77	0.97	0.71	1.35	1.24	1.29	1.87	0.55	0.75	1.44
FEDERAL, CIVILIAN.....	50.7	49.4	49.6	50.1	50.8	50.2	49.7	50.4	51.1	50.5	50.0	50.1	50.2	50.5
% CHG SAME QTR LAST YR....	-2.37	-3.32	-0.60	-0.87	0.21	1.59	0.22	0.66	0.66	0.58	0.61	-2.10	0.28	0.63
STATE AND LOCAL.....	356.7	342.6	360.7	361.3	359.7	345.6	363.5	366.5	364.5	350.4	370.9	354.6	357.5	363.1
% CHG SAME QTR LAST YR....	0.84	0.83	0.99	0.75	0.85	0.89	0.78	1.45	1.32	1.40	2.04	0.94	0.82	1.55

CENTER FOR BUSINESS AND ECONOMIC RESEARCH, UT-KNOXVILLE.

TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
 TABLE 6: TENNESSEE DURABLE GOODS MANUFACTURING EMPLOYMENT  
 THOUSANDS OF JOBS

	HISTORY					FORECAST - DATA						ANNUAL		
	200202	200203	200204	200301	200302	200303	200304	200401	200402	200403	200404	2002	2003	2004
TOTAL DURABLE GOODS.....	273.6	272.0	269.5	271.6	271.9	270.8	272.2	272.5	274.1	274.6	276.7	272.4	271.6	274.5
% CHG SAME QTR LAST YR.....	-3.36	-2.10	-2.26	-0.99	-0.63	-0.47	1.00	0.32	0.81	1.43	1.66	-3.19	-0.28	1.05
LUMBER AND WOOD.....	22.2	22.6	22.5	22.0	22.1	22.0	21.9	21.7	22.1	22.5	22.7	22.3	22.0	22.2
% CHG SAME QTR LAST YR.....	0.00	2.11	1.66	-0.32	-0.39	-2.88	-2.55	-1.71	-0.10	2.25	3.59	0.87	-1.54	1.01
FURNITURE AND FIXTURES.....	22.8	22.8	22.8	22.8	22.9	22.5	22.8	22.6	22.9	22.4	22.8	22.8	22.8	22.7
% CHG SAME QTR LAST YR.....	-5.14	0.59	1.03	0.91	0.78	-1.13	-0.32	-0.85	-0.37	-0.40	0.00	-3.81	0.06	-0.40
STONE,CLAY AND GLASS.....	16.2	16.1	16.3	16.2	16.3	16.2	16.0	15.9	16.1	16.2	16.1	16.2	16.2	16.1
% CHG SAME QTR LAST YR.....	-2.40	-3.79	-1.61	-0.47	0.20	0.69	-1.86	-1.86	-1.04	0.04	0.84	-2.36	-0.37	-0.51
PRIMARY METALS.....	14.5	14.4	14.2	14.0	14.1	13.9	14.2	13.9	14.4	14.6	15.2	14.6	14.1	14.5
% CHG SAME QTR LAST YR.....	-11.92	-10.74	-10.29	-8.26	-3.13	-3.22	-0.16	-0.81	2.54	4.81	7.05	-11.02	-3.77	3.41
FABRICATED METALS.....	43.9	43.6	43.5	45.3	45.0	45.1	45.4	45.4	45.7	46.0	46.3	43.7	45.2	45.9
% CHG SAME QTR LAST YR.....	-2.51	-2.39	-1.21	3.08	2.40	3.40	4.33	0.43	1.50	2.05	2.09	-2.67	3.30	1.52
NONELECTRICAL MACHINERY.....	47.9	47.3	46.5	47.5	46.9	45.6	46.5	46.9	46.6	45.6	46.3	47.5	46.6	46.3
% CHG SAME QTR LAST YR.....	-4.64	-2.14	-3.06	-1.66	-2.05	-3.53	-0.18	-1.30	-0.72	-0.06	-0.39	-3.70	-1.86	-0.63
ELECTRICAL MACHINERY.....	34.9	35.0	34.4	34.4	34.8	35.2	35.1	35.1	35.6	36.0	35.9	34.8	34.9	35.6
% CHG SAME QTR LAST YR.....	-3.85	-1.87	-2.92	-1.78	-0.26	0.74	1.99	1.97	2.16	2.17	2.45	-3.89	0.16	2.19
TRANSPORTATION EQUIPMENT.....	50.2	49.5	48.6	48.4	48.7	49.1	49.3	49.7	49.4	49.8	49.9	49.5	48.9	49.7
% CHG SAME QTR LAST YR.....	-1.76	-2.69	-3.70	-2.87	-2.99	-0.81	1.49	2.69	1.42	1.52	1.29	-3.00	-1.32	1.73
INSTRUMENTS.....	11.3	11.3	11.3	11.3	11.4	11.5	11.5	11.5	11.6	11.7	11.7	11.3	11.4	11.6
% CHG SAME QTR LAST YR.....	1.50	1.20	0.59	0.58	0.97	2.37	1.60	1.77	1.84	1.80	1.83	1.20	1.38	1.81
MISCELLANEOUS.....	9.7	9.5	9.4	9.6	9.7	9.6	9.7	9.7	9.8	9.8	9.8	9.6	9.6	9.8
% CHG SAME QTR LAST YR.....	-3.01	-0.69	-1.05	-0.67	0.22	0.62	2.92	0.90	1.37	1.80	1.19	-2.30	0.76	1.31

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TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
 TABLE 7: TENNESSEE NONDURABLE GOODS MANUFACTURING EMPLOYMENT  
 THOUSANDS OF JOBS

	HISTORY					FORECAST - DATA						ANNUAL		
	200202	200203	200204	200301	200302	200303	200304	200401	200402	200403	200404	2002	2003	2004
TOTAL NONDURABLE GOODS.....	192.8	193.2	190.7	188.5	187.6	188.6	187.1	185.0	184.5	184.2	183.3	192.3	187.9	184.3
% CHG SAME QTR LAST YR.....	-2.00	-1.76	-2.22	-2.23	-2.67	-2.38	-1.89	-1.85	-1.66	-2.33	-1.99	-2.43	-2.29	-1.96
FOOD.....	41.0	40.7	40.6	40.4	40.7	40.8	40.8	40.5	40.9	41.0	41.0	40.8	40.7	40.8
% CHG SAME QTR LAST YR.....	1.15	-1.45	-1.85	-1.39	-0.68	0.22	0.56	0.24	0.34	0.34	0.32	0.08	-0.32	0.31
TOBACCO.....	1.1	1.1	1.1	1.1	1.1	1.0	1.1	1.1	1.1	1.0	1.1	1.1	1.1	1.1
% CHG SAME QTR LAST YR.....	10.00	13.79	6.45	3.12	-2.94	-5.71	0.00	0.00	0.00	0.00	0.00	5.60	-1.38	0.00
TEXTILES.....	12.7	12.5	12.1	11.9	11.7	11.4	11.1	10.8	10.7	10.4	10.1	12.6	11.5	10.5
% CHG SAME QTR LAST YR.....	-8.39	-8.76	-7.85	-7.81	-8.17	-8.79	-8.12	-8.64	-8.79	-8.93	-9.14	-8.78	-8.22	-8.87
APPAREL.....	17.1	17.1	15.9	14.9	14.3	14.4	13.1	12.2	11.6	10.8	10.1	16.9	14.2	11.2
% CHG SAME QTR LAST YR.....	-10.47	-6.73	-11.17	-14.08	-16.64	-16.00	-17.54	-17.81	-18.36	-24.92	-22.77	-10.92	-16.03	-20.90
PAPER.....	22.6	22.8	22.6	22.4	22.6	23.0	22.8	22.6	22.8	23.2	23.0	22.5	22.7	22.9
% CHG SAME QTR LAST YR.....	3.35	2.55	1.80	1.23	-0.28	1.15	0.91	0.78	0.87	0.83	0.82	2.34	0.75	0.82
PRINTING AND PUBLISHING.....	34.6	34.9	35.0	35.0	34.9	35.2	35.4	35.4	35.3	35.6	35.9	34.8	35.1	35.6
% CHG SAME QTR LAST YR.....	-3.80	-3.32	-1.78	0.59	0.83	0.79	0.97	1.07	1.18	1.31	1.45	-3.55	0.80	1.25
CHEMICALS.....	27.0	27.5	27.3	26.5	26.0	26.3	26.2	25.9	25.5	25.4	25.3	27.3	26.3	25.5
% CHG SAME QTR LAST YR.....	-1.22	0.73	0.00	-2.70	-3.83	-4.26	-4.04	-2.24	-1.76	-3.46	-3.37	-1.06	-3.71	-2.71
PETROLEUM REFINING.....	1.2	1.3	1.2	1.2	1.2	1.2	1.1	1.1	1.1	1.1	1.1	1.2	1.2	1.1
% CHG SAME QTR LAST YR.....	-7.69	-2.56	-5.26	-1.16	0.26	-6.23	-4.87	-4.90	-4.74	-4.55	-4.33	-2.01	-3.04	-4.63
RUBBER AND PLASTICS.....	33.4	33.5	32.9	33.3	33.5	33.6	33.7	33.7	34.0	34.0	34.1	33.3	33.5	34.0
% CHG SAME QTR LAST YR.....	0.10	0.60	-0.60	0.23	0.21	0.08	2.33	1.20	1.36	1.43	1.34	-0.62	0.71	1.33
LEATHER.....	1.9	1.8	1.8	1.7	1.7	1.7	1.6	1.5	1.5	1.6	1.6	1.8	1.7	1.6
% CHG SAME QTR LAST YR.....	-13.64	-14.29	-5.17	-6.43	-10.85	-5.88	-11.51	-11.37	-8.99	-6.04	-4.18	-14.62	-8.69	-7.71

CENTER FOR BUSINESS AND ECONOMIC RESEARCH, UT-KNOXVILLE.

TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
 TABLE 8: TENNESSEE NONAGRICULTURAL EMPLOYMENT BY SECTOR  
 THOUSANDS OF SEASONALLY ADJUSTED JOBS

	HISTORY											FORECAST - DATA			ANNUAL		
	200202	200203	200204	200301	200302	200303	200304	200401	200402	200403	200404	2002	2003	2004			
TOTAL NONAGRICULTURAL.....	2703.7	2701.6	2697.6	2713.2	2719.7	2728.5	2736.9	2750.8	2763.9	2776.0	2790.9	2705.4	2724.6	2770.4			
% CHG PREV QTR SAAR.....	-2.21	-0.30	-0.60	2.33	0.97	1.31	1.24	2.04	1.92	1.77	2.16	-0.26	0.71	1.68			
% CHG SAME QTR LAST YR....	-0.21	-0.18	-0.31	-0.21	0.59	1.00	1.46	1.39	1.63	1.74	1.97	-0.26	0.71	1.68			
MINING.....	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.6	3.7	3.7	3.7			
% CHG PREV QTR SAAR.....	0.00	7.47	0.00	-1.36	-1.34	-1.31	-1.28	-1.25	-1.22	-1.20	-1.17	-7.31	0.06	-1.25			
% CHG SAME QTR LAST YR....	-9.84	-7.44	-4.27	1.47	1.13	-1.00	-1.32	-1.29	-1.27	-1.24	-1.21	-7.31	0.06	-1.25			
CONSTRUCTION.....	118.7	117.9	117.9	117.6	117.4	117.0	118.7	119.7	119.9	118.8	121.5	119.2	117.7	120.0			
% CHG PREV QTR SAAR.....	-11.55	-2.89	0.00	-0.98	-0.60	-1.18	5.75	3.27	0.85	-3.74	9.68	-1.66	-1.30	1.95			
% CHG SAME QTR LAST YR....	-2.06	-1.81	-1.81	-3.97	-1.12	-0.69	0.70	1.77	2.14	1.47	2.40	-1.66	-1.30	1.95			
MANUFACTURING.....	466.0	465.4	459.6	461.0	459.2	459.5	458.7	458.4	458.3	459.0	459.5	464.8	459.6	458.8			
% CHG PREV QTR SAAR.....	-1.73	-0.51	-4.92	1.27	-1.61	0.32	-0.72	-0.28	-0.10	0.64	0.43	-2.92	-1.11	-0.18			
% CHG SAME QTR LAST YR....	-2.74	-1.97	-2.23	-1.50	-1.47	-1.26	-0.19	-0.57	-0.19	-0.12	0.17	-2.92	-1.11	-0.18			
DURABLE GOODS.....	273.0	272.6	269.2	271.8	271.3	271.3	271.9	272.7	273.5	275.1	276.4	272.3	271.6	274.4			
% CHG PREV QTR SAAR.....	-2.12	-0.68	-4.80	3.87	-0.71	-0.07	0.96	1.10	1.26	2.37	1.88	-3.20	-0.28	1.05			
% CHG SAME QTR LAST YR....	-3.20	-2.12	-2.25	-0.98	-0.63	-0.48	1.00	0.32	0.81	1.42	1.65	-3.20	-0.28	1.05			
NONDURABLE GOODS.....	193.0	192.8	190.3	189.2	187.8	188.3	186.8	185.7	184.7	183.9	183.1	192.4	188.0	184.3			
% CHG PREV QTR SAAR.....	-1.17	-0.28	-5.09	-2.33	-2.88	0.90	-3.10	-2.27	-2.07	-1.89	-1.71	-2.52	-2.28	-1.95			
% CHG SAME QTR LAST YR....	-2.08	-1.77	-2.21	-2.23	-2.66	-2.37	-1.87	-1.85	-1.65	-2.33	-1.98	-2.52	-2.28	-1.95			
TRADE.....	635.3	632.1	632.9	633.6	636.1	638.5	640.0	641.9	644.8	647.7	649.7	635.0	637.1	646.0			
% CHG PREV QTR SAAR.....	-2.76	-1.96	0.46	0.45	1.57	1.58	0.94	1.16	1.85	1.78	1.26	-0.50	0.32	1.41			
% CHG SAME QTR LAST YR....	-0.40	-0.50	-0.76	-0.96	0.12	1.01	1.13	1.31	1.38	1.43	1.51	-0.50	0.32	1.41			
SERVICES.....	769.4	771.9	773.5	786.3	790.3	795.5	802.7	810.9	819.2	827.5	835.9	771.8	793.7	823.4			
% CHG PREV QTR SAAR.....	-1.60	1.31	0.85	6.78	2.02	2.69	3.67	4.14	4.13	4.13	4.12	2.18	2.84	3.74			
% CHG SAME QTR LAST YR....	2.34	2.05	1.87	1.79	2.71	3.06	3.78	3.13	3.66	4.02	4.13	2.18	2.84	3.74			
FIN, INS, REAL EST.....	132.2	131.8	131.9	132.1	132.2	132.4	132.5	132.6	132.8	132.9	133.0	132.3	132.3	132.8			
% CHG PREV QTR SAAR.....	-3.74	-1.01	0.10	0.80	0.27	0.42	0.43	0.40	0.41	0.41	0.41	0.00	-0.02	0.40			
% CHG SAME QTR LAST YR....	0.05	-0.63	-0.88	-0.98	0.04	0.40	0.48	0.38	0.41	0.41	0.41	0.00	-0.02	0.40			
TRANS, COMM, PUB UTIL.....	173.6	173.6	173.0	173.0	172.9	172.7	172.6	172.4	172.2	172.1	171.9	173.9	172.8	172.2			
% CHG PREV QTR SAAR.....	-4.19	0.00	-1.30	0.10	-0.39	-0.39	-0.32	-0.36	-0.36	-0.37	-0.38	-3.49	-0.63	-0.36			
% CHG SAME QTR LAST YR....	-3.52	-3.36	-3.80	-1.36	-0.40	-0.50	-0.25	-0.37	-0.36	-0.35	-0.37	-3.49	-0.63	-0.36			
GOVERNMENT.....	404.9	405.2	405.1	405.8	408.0	409.1	408.0	411.2	413.0	414.4	415.6	404.7	407.7	413.6			
% CHG PREV QTR SAAR.....	1.29	0.33	-0.07	0.62	2.23	1.11	-1.09	3.20	1.77	1.35	1.16	0.55	0.75	1.44			
% CHG SAME QTR LAST YR....	0.41	0.33	0.79	0.54	0.78	0.97	0.71	1.35	1.24	1.30	1.87	0.55	0.75	1.44			
FEDERAL, CIVILIAN.....	50.0	49.4	50.2	50.0	50.1	50.2	50.3	50.4	50.4	50.5	50.6	50.0	50.2	50.5			
% CHG PREV QTR SAAR.....	-3.65	-4.46	6.07	-1.12	0.63	0.91	0.47	0.63	0.62	0.59	0.60	-2.10	0.28	0.63			
% CHG SAME QTR LAST YR....	-2.66	-3.39	-0.53	-0.87	0.21	1.59	0.22	0.66	0.66	0.58	0.61	-2.10	0.28	0.63			
STATE AND LOCAL.....	354.9	355.8	355.0	355.7	357.9	358.9	357.7	360.9	362.6	363.9	365.0	354.7	357.6	363.1			
% CHG PREV QTR SAAR.....	2.02	1.02	-0.90	0.87	2.46	1.14	-1.31	3.57	1.94	1.45	1.24	0.94	0.82	1.55			
% CHG SAME QTR LAST YR....	0.86	0.87	0.98	0.75	0.85	0.89	0.78	1.45	1.32	1.40	2.04	0.94	0.82	1.55			
STATISTICAL DISCREPANCY.....	1.8	-0.6	-1.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.0	0.0			

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TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
 TABLE 9: TENNESSEE DURABLE GOODS MANUFACTURING EMPLOYMENT  
 THOUSANDS OF SEASONALLY ADJUSTED JOBS

	HISTORY				FORECAST - DATA							ANNUAL		
	200202	200203	200204	200301	200302	200303	200304	200401	200402	200403	200404	2002	2003	2004
TOTAL DURABLE GOODS.....	273.0	272.6	269.2	271.8	271.3	271.3	271.9	272.7	273.5	275.1	276.4	272.3	271.6	274.4
% CHG PREV QTR SAAR.....	-2.12	-0.68	-4.80	3.87	-0.71	-0.07	0.96	1.10	1.26	2.37	1.88	-3.20	-0.28	1.05
% CHG SAME QTR LAST YR.....	-3.20	-2.12	-2.25	-0.98	-0.63	-0.48	1.00	0.32	0.81	1.42	1.65	-3.20	-0.28	1.05
LUMBER AND WOOD.....	22.2	22.5	22.4	22.3	22.1	21.9	21.8	21.9	22.1	22.3	22.6	22.4	22.0	22.2
% CHG PREV QTR SAAR.....	-2.37	5.52	-2.35	-1.84	-2.64	-4.65	-1.02	1.59	3.90	4.64	4.27	0.79	-1.54	0.99
% CHG SAME QTR LAST YR.....	0.15	2.12	1.51	-0.32	-0.39	-2.88	-2.55	-1.71	-0.10	2.25	3.59	0.79	-1.54	0.99
FURNITURE AND FIXTURES.....	22.6	23.0	22.8	22.9	22.7	22.8	22.7	22.7	22.7	22.7	22.7	22.8	22.8	22.7
% CHG PREV QTR SAAR.....	-1.75	8.53	-4.55	1.90	-2.27	0.53	-1.39	-0.24	-0.40	0.44	0.21	-3.87	0.06	-0.40
% CHG SAME QTR LAST YR.....	-5.31	0.58	1.04	0.91	0.78	-1.13	-0.32	-0.85	-0.37	-0.40	0.00	-3.87	0.06	-0.40
STONE,CLAY AND GLASS.....	16.2	16.0	16.3	16.3	16.2	16.1	16.0	16.0	16.0	16.1	16.1	16.2	16.1	16.1
% CHG PREV QTR SAAR.....	-4.80	-4.86	8.62	-0.27	-2.19	-2.97	-2.01	-0.25	1.13	1.32	1.15	-2.36	-0.37	-0.51
% CHG SAME QTR LAST YR.....	-2.22	-3.82	-1.61	-0.47	0.20	0.69	-1.86	-1.86	-1.04	0.04	0.84	-2.36	-0.37	-0.51
PRIMARY METALS.....	14.5	14.5	14.2	14.0	14.1	14.0	14.1	13.9	14.4	14.7	15.1	14.6	14.0	14.5
% CHG PREV QTR SAAR.....	-17.15	-1.82	-8.04	-5.31	3.00	-2.19	4.15	-7.75	17.64	6.79	13.34	-11.11	-3.77	3.41
% CHG SAME QTR LAST YR.....	-12.10	-10.70	-10.34	-8.26	-3.13	-3.22	-0.16	-0.81	2.54	4.81	7.05	-11.11	-3.77	3.41
FABRICATED METALS.....	44.0	43.6	43.4	45.3	45.1	45.0	45.2	45.5	45.7	46.0	46.2	43.7	45.2	45.8
% CHG PREV QTR SAAR.....	0.61	-3.88	-1.82	18.93	-2.03	-0.07	1.74	2.12	2.22	2.12	1.91	-2.74	3.30	1.52
% CHG SAME QTR LAST YR.....	-2.44	-2.46	-1.21	3.08	2.40	3.40	4.33	0.43	1.50	2.05	2.09	-2.74	3.30	1.52
NONELECTRICAL MACHINERY.....	47.7	48.1	46.6	47.0	46.7	46.4	46.6	46.4	46.4	46.4	46.4	47.6	46.7	46.4
% CHG PREV QTR SAAR.....	-0.83	3.68	-11.89	3.23	-2.40	-2.44	1.03	-1.36	-0.07	0.17	-0.29	-3.65	-1.87	-0.62
% CHG SAME QTR LAST YR.....	-4.47	-2.17	-3.12	-1.66	-2.05	-3.53	-0.18	-1.30	-0.72	-0.06	-0.39	-3.65	-1.87	-0.62
ELECTRICAL MACHINERY.....	34.8	34.9	34.3	34.5	34.7	35.1	35.0	35.2	35.5	35.9	35.8	34.8	34.8	35.6
% CHG PREV QTR SAAR.....	-4.11	0.77	-6.34	2.84	1.97	4.85	-1.59	2.77	2.71	4.91	-0.53	-4.13	0.16	2.19
% CHG SAME QTR LAST YR.....	-4.40	-1.78	-2.92	-1.78	-0.26	0.74	1.99	1.97	2.16	2.17	2.45	-4.13	0.16	2.19
TRANSPORTATION EQUIPMENT.....	50.2	49.3	48.6	48.6	48.7	48.9	49.3	49.9	49.4	49.6	49.9	49.5	48.8	49.7
% CHG PREV QTR SAAR.....	1.34	-6.99	-5.56	0.00	0.82	1.68	3.48	4.83	-4.06	2.05	2.55	-2.85	-1.32	1.73
% CHG SAME QTR LAST YR.....	-0.92	-2.76	-3.51	-2.87	-2.99	-0.81	1.49	2.69	1.42	1.52	1.29	-2.85	-1.32	1.73
INSTRUMENTS.....	11.3	11.2	11.3	11.4	11.4	11.5	11.5	11.6	11.6	11.7	11.7	11.3	11.4	11.6
% CHG PREV QTR SAAR.....	0.00	-3.49	4.85	1.13	1.58	1.98	1.73	1.80	1.83	1.83	1.84	1.42	1.38	1.81
% CHG SAME QTR LAST YR.....	2.42	1.20	0.59	0.58	0.97	2.37	1.60	1.77	1.84	1.80	1.83	1.42	1.38	1.81
MISCELLANEOUS.....	9.6	9.6	9.4	9.6	9.6	9.6	9.7	9.7	9.8	9.8	9.8	9.6	9.6	9.8
% CHG PREV QTR SAAR.....	-4.06	-1.38	-5.46	8.83	-0.58	0.19	3.49	0.54	1.29	1.90	1.03	-2.30	0.76	1.31
% CHG SAME QTR LAST YR.....	-3.03	-0.69	-1.05	-0.67	0.22	0.62	2.92	0.90	1.37	1.80	1.19	-2.30	0.76	1.31
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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TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
**TABLE 10: TENNESSEE NONDURABLE GOODS MANUFACTURING EMPLOYMENT**  
 THOUSANDS OF SEASONALLY ADJUSTED JOBS

	HISTORY			FORECAST - DATA								ANNUAL		
	200202	200203	200204	200301	200302	200303	200304	200401	200402	200403	200404	2002	2003	2004
TOTAL NONDURABLE GOODS.....	193.0	192.8	190.3	189.2	187.8	188.3	186.8	185.7	184.7	183.9	183.1	192.4	188.0	184.3
% CHG PREV QTR SAAR.....	-1.17	-0.28	-5.09	-2.33	-2.88	0.90	-3.10	-2.27	-2.07	-1.89	-1.71	-2.52	-2.28	-1.95
% CHG SAME QTR LAST YR.....	-2.08	-1.77	-2.21	-2.23	-2.66	-2.37	-1.87	-1.85	-1.65	-2.33	-1.98	-2.52	-2.28	-1.95
FOOD.....	41.0	40.6	40.5	40.7	40.7	40.7	40.8	40.8	40.8	40.9	40.9	40.8	40.7	40.8
% CHG PREV QTR SAAR.....	-2.88	-3.22	-0.98	1.60	-0.07	0.33	0.40	0.29	0.33	0.33	0.32	-0.08	-0.33	0.31
% CHG SAME QTR LAST YR.....	0.82	-1.46	-1.86	-1.39	-0.68	0.22	0.56	0.24	0.34	0.34	0.32	-0.08	-0.33	0.31
TOBACCO.....	1.1	1.2	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
% CHG PREV QTR SAAR.....	27.44	12.29	-20.97	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8.94	-1.49	0.00
% CHG SAME QTR LAST YR.....	9.68	12.90	6.45	3.12	-2.94	-5.71	0.00	0.00	0.00	0.00	0.00	8.94	-1.49	0.00
TEXTILES.....	12.7	12.5	12.1	11.9	11.7	11.4	11.1	10.9	10.6	10.4	10.1	12.6	11.5	10.5
% CHG PREV QTR SAAR.....	-7.02	-6.15	-11.23	-6.76	-8.47	-8.64	-8.59	-8.87	-9.04	-9.22	-9.42	-8.66	-8.22	-8.87
% CHG SAME QTR LAST YR.....	-8.19	-8.76	-7.85	-7.81	-8.17	-8.79	-8.12	-8.64	-8.79	-8.93	-9.14	-8.66	-8.22	-8.87
APPAREL.....	17.0	17.1	15.8	15.0	14.2	14.4	13.0	12.3	11.6	10.8	10.1	16.8	14.1	11.2
% CHG PREV QTR SAAR.....	-9.58	2.37	-27.11	-19.23	-19.88	5.55	-32.31	-20.29	-22.02	-24.50	-24.20	-11.09	-16.03	-20.90
% CHG SAME QTR LAST YR.....	-10.99	-6.90	-11.24	-14.08	-16.64	-16.00	-17.54	-17.81	-18.36	-24.92	-22.77	-11.09	-16.03	-20.90
PAPER.....	22.8	22.5	22.6	22.7	22.7	22.8	22.8	22.9	22.9	23.0	23.0	22.6	22.8	23.0
% CHG PREV QTR SAAR.....	6.70	-4.60	1.79	1.36	0.48	0.97	0.86	0.81	0.84	0.82	0.81	2.26	0.75	0.82
% CHG SAME QTR LAST YR.....	3.32	2.58	1.80	1.23	-0.28	1.15	0.91	0.78	0.87	0.83	0.82	2.26	0.75	0.82
PRINTING AND PUBLISHING.....	34.8	34.9	34.9	35.0	35.1	35.2	35.3	35.4	35.5	35.6	35.8	34.9	35.1	35.6
% CHG PREV QTR SAAR.....	0.00	1.15	0.38	0.82	0.95	1.01	1.10	1.23	1.38	1.53	1.67	-3.60	0.80	1.25
% CHG SAME QTR LAST YR.....	-3.69	-3.23	-1.78	0.59	0.83	0.79	0.97	1.07	1.18	1.31	1.45	-3.60	0.80	1.25
CHEMICALS.....	27.1	27.5	27.3	26.4	26.0	26.3	26.2	25.8	25.6	25.4	25.3	27.3	26.2	25.5
% CHG PREV QTR SAAR.....	-1.46	6.56	-3.35	-11.68	-5.98	4.68	-2.44	-4.90	-4.09	-2.38	-2.08	-1.27	-3.71	-2.71
% CHG SAME QTR LAST YR.....	-1.46	0.86	0.00	-2.70	-3.83	-4.26	-4.04	-2.24	-1.76	-3.46	-3.37	-1.27	-3.71	-2.71
PETROLEUM REFINING.....	1.2	1.3	1.2	1.2	1.2	1.2	1.2	1.2	1.1	1.1	1.1	1.2	1.2	1.1
% CHG PREV QTR SAAR.....	-10.38	24.14	-10.12	-4.57	-5.11	-5.00	-4.78	-4.69	-4.47	-4.27	-3.87	-0.67	-3.04	-4.63
% CHG SAME QTR LAST YR.....	0.00	-2.56	-5.13	-1.16	0.26	-6.23	-4.87	-4.90	-4.74	-4.55	-4.33	-0.67	-3.04	-4.63
RUBBER AND PLASTICS.....	33.4	33.5	32.9	33.4	33.4	33.5	33.7	33.8	33.9	34.0	34.1	33.3	33.5	33.9
% CHG PREV QTR SAAR.....	0.80	1.61	-6.97	5.91	0.74	1.06	1.71	1.30	1.36	1.37	1.33	-0.80	0.71	1.33
% CHG SAME QTR LAST YR.....	-0.10	0.60	-0.40	0.23	0.21	0.08	2.33	1.20	1.36	1.43	1.34	-0.80	0.71	1.33
LEATHER.....	1.9	1.8	1.8	1.8	1.7	1.7	1.6	1.6	1.6	1.6	1.6	1.9	1.7	1.6
% CHG PREV QTR SAAR.....	7.20	-30.27	15.97	-11.58	-11.66	-13.36	-9.39	-11.03	-1.79	-1.53	-2.02	-14.56	-8.70	-7.74
% CHG SAME QTR LAST YR.....	-13.43	-14.52	-5.17	-6.43	-10.85	-5.88	-11.51	-11.37	-8.99	-6.04	-4.18	-14.56	-8.70	-7.74
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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TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
 TABLE 11: TENNESSEE AVERAGE ANNUAL WAGE AND SALARY RATE BY SECTOR  
 1996 DOLLARS

	HISTORY											FORECAST - DATA			ANNUAL		
	200202	200203	200204	200301	200302	200303	200304	200401	200402	200403	200404	2002	2003	2004			
TOTAL NONAGRICULTURAL.....	29361	29675	28978	29865	29726	29986	29409	30175	30132	30450	29826	29380	29747	30146			
% CHG SAME QTR LAST YR....	1.88	2.29	1.62	1.22	1.24	1.05	1.49	1.04	1.37	1.55	1.42	1.84	1.25	1.34			
MINING.....	44603	44190	40230	42017	43770	43258	39606	41176	38852	38316	39202	42974	42162	39387			
% CHG SAME QTR LAST YR....	10.17	12.85	-8.82	-2.00	-1.87	-2.11	-1.55	-2.00	-11.24	-11.42	-1.02	2.65	-1.89	-6.58			
CONSTRUCTION.....	31044	30392	31418	33665	31741	31307	32337	34661	32566	32038	33034	31589	32263	33075			
% CHG SAME QTR LAST YR....	-3.83	-3.50	-0.11	0.48	2.25	3.01	2.92	2.96	2.60	2.33	2.16	-2.36	2.13	2.52			
MANUFACTURING.....	33948	34732	34483	34664	34760	34760	34671	34976	35088	35019	34994	34161	34714	35019			
% CHG SAME QTR LAST YR....	1.87	3.99	4.64	3.53	2.39	0.08	0.54	0.90	0.94	0.75	0.93	2.87	1.62	0.88			
DURABLE GOODS.....	33930	35099	34499	34595	34680	34632	34332	34618	34780	34684	34591	34231	34560	34668			
% CHG SAME QTR LAST YR....	1.71	5.52	4.83	3.59	2.21	-1.33	-0.48	0.07	0.29	0.15	0.76	3.38	0.96	0.31			
NONDURABLE GOODS.....	33973	34215	34461	34762	34876	34945	35164	35503	35546	35520	35603	34064	34937	35543			
% CHG SAME QTR LAST YR....	2.10	1.85	4.36	3.44	2.66	2.13	2.04	2.13	1.92	1.64	1.25	2.16	2.56	1.73			
TRADE.....	22397	22296	21491	22733	22673	22644	21888	22828	23061	23110	22191	22169	22484	22798			
% CHG SAME QTR LAST YR....	2.34	1.62	0.63	1.08	1.23	1.56	1.85	0.42	1.71	2.06	1.38	1.36	1.42	1.39			
SERVICES.....	28540	28662	28094	29064	28857	29181	28369	29241	29208	29812	28974	28519	28868	29309			
% CHG SAME QTR LAST YR....	2.44	1.99	0.69	0.99	1.11	1.81	0.98	0.61	1.22	2.16	2.13	1.69	1.22	1.53			
FIN, INS, REAL EST.....	42465	43060	42240	42759	42735	42887	43324	43945	43852	43530	43865	42799	42926	43798			
% CHG SAME QTR LAST YR....	0.25	4.99	1.01	-1.55	0.64	-0.40	2.57	2.77	2.61	1.50	1.25	2.07	0.30	2.03			
TRANS, COMM, PUB UTIL.....	37239	37375	36165	37904	37402	37517	37716	38670	38115	38218	38408	36927	37635	38353			
% CHG SAME QTR LAST YR....	3.84	5.60	3.22	2.64	0.44	0.38	4.29	2.02	1.91	1.87	1.84	4.01	1.92	1.91			
GOVERNMENT.....	28358	29189	28135	28185	28525	29805	28584	28650	28941	30187	28918	28486	28775	29174			
% CHG SAME QTR LAST YR....	2.89	0.53	2.01	-0.28	0.59	2.11	1.60	1.65	1.46	1.28	1.17	2.42	1.01	1.39			
FEDERAL, CIVILIAN.....	45304	45268	46734	46439	45710	46428	46992	46734	46181	46929	47544	45707	46392	46847			
% CHG SAME QTR LAST YR....	4.31	3.19	6.71	2.01	0.90	2.56	0.55	0.64	1.03	1.08	1.18	4.68	1.50	0.98			
STATE AND LOCAL.....	25949	26869	25575	25655	26098	27389	26064	26163	26522	27774	26405	26057	26302	26716			
% CHG SAME QTR LAST YR....	2.85	0.25	1.04	-0.69	0.58	1.94	1.91	1.98	1.62	1.41	1.31	2.15	0.94	1.57			

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TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
 TABLE 12: TENNESSEE AVERAGE ANNUAL WAGE AND SALARY RATE BY SECTOR  
 SEASONALLY ADJUSTED 1996 DOLLARS

	HISTORY				FORECAST - DATA							ANNUAL		
	200202	200203	200204	200301	200302	200303	200304	200401	200402	200403	200404	2002	2003	2004
TOTAL NONAGRICULTURAL.....	29437	29683	29217	29540	29804	29994	29651	29845	30211	30460	30071	29380	29747	30147
% CHG PREV QTR SAAR.....	3.55	3.38	-6.13	4.50	3.61	2.58	-4.49	2.63	5.00	3.34	-5.01	1.88	1.25	1.34
% CHG SAME QTR LAST YR....	1.93	2.29	1.62	1.23	1.24	1.05	1.49	1.03	1.37	1.55	1.42	1.88	1.25	1.34
MINING.....	45009	44979	40230	41253	44168	44030	39606	40427	39205	39000	39202	43078	42264	39459
% CHG PREV QTR SAAR.....	30.69	-0.26	-36.00	10.56	31.40	-1.24	-34.53	8.56	-11.56	-2.08	2.09	2.75	-1.89	-6.64
% CHG SAME QTR LAST YR....	10.26	12.99	-8.82	-2.00	-1.87	-2.11	-1.55	-2.00	-11.24	-11.42	-1.02	2.75	-1.89	-6.64
CONSTRUCTION.....	31384	31389	31622	31796	32089	32334	32547	32736	32922	33089	33249	31509	32192	32999
% CHG PREV QTR SAAR.....	-3.24	0.06	3.01	2.21	3.74	3.10	2.66	2.34	2.29	2.04	1.95	-2.56	2.16	2.51
% CHG SAME QTR LAST YR....	-3.57	-3.50	-0.19	0.48	2.25	3.01	2.92	2.96	2.60	2.33	2.16	-2.56	2.16	2.51
MANUFACTURING.....	33975	34717	34531	34595	34786	34746	34715	34907	35113	35005	35039	34159	34710	35016
% CHG PREV QTR SAAR.....	6.87	9.03	-2.13	0.74	2.24	-0.47	-0.35	2.23	2.39	-1.22	0.38	2.92	1.61	0.88
% CHG SAME QTR LAST YR....	1.81	4.00	4.62	3.53	2.39	0.08	0.53	0.90	0.94	0.75	0.93	2.92	1.61	0.88
DURABLE GOODS.....	34000	35031	34537	34569	34752	34568	34370	34591	34851	34622	34631	34235	34565	34674
% CHG PREV QTR SAAR.....	7.77	12.68	-5.52	0.37	2.13	-2.10	-2.27	2.59	3.04	-2.61	0.11	3.39	0.96	0.32
% CHG SAME QTR LAST YR....	1.54	5.54	4.82	3.59	2.21	-1.32	-0.48	0.06	0.29	0.16	0.76	3.39	0.96	0.32
NONDURABLE GOODS.....	33938	34274	34522	34631	34837	35002	35217	35370	35501	35579	35655	34053	34922	35526
% CHG PREV QTR SAAR.....	5.62	4.01	2.92	1.28	2.39	1.91	2.49	1.75	1.49	0.88	0.85	2.26	2.55	1.73
% CHG SAME QTR LAST YR....	2.19	1.85	4.34	3.45	2.65	2.12	2.02	2.13	1.91	1.65	1.24	2.26	2.55	1.73
TRADE.....	22336	22384	21902	22313	22611	22733	22307	22406	22998	23202	22615	22174	22491	22805
% CHG PREV QTR SAAR.....	4.81	0.86	-8.33	7.71	5.45	2.18	-7.30	1.79	11.01	3.58	-9.74	1.35	1.43	1.40
% CHG SAME QTR LAST YR....	2.32	1.62	0.63	1.08	1.23	1.56	1.85	0.42	1.71	2.06	1.38	1.35	1.43	1.40
SERVICES.....	28684	28901	28206	28570	29002	29424	28483	28744	29355	30061	29090	28520	28870	29312
% CHG PREV QTR SAAR.....	5.68	3.06	-9.27	5.25	6.19	5.95	-12.20	3.71	8.78	9.98	-12.31	1.77	1.23	1.53
% CHG SAME QTR LAST YR....	2.46	1.98	0.68	0.99	1.11	1.81	0.98	0.61	1.22	2.16	2.13	1.77	1.23	1.53
FIN,INS,REAL EST.....	42530	43267	42283	42470	42800	43093	43368	43648	43918	43739	43910	42805	42933	43804
% CHG PREV QTR SAAR.....	-5.54	7.11	-8.79	1.79	3.14	2.76	2.58	2.61	2.50	-1.62	1.57	2.09	0.30	2.03
% CHG SAME QTR LAST YR....	0.32	4.99	1.04	-1.55	0.64	-0.40	2.57	2.77	2.61	1.50	1.25	2.09	0.30	2.03
TRANS,COMM,PUB UTIL.....	37332	37504	36242	37566	37495	37647	37796	38325	38210	38350	38490	36920	37626	38344
% CHG PREV QTR SAAR.....	8.23	1.86	-12.80	15.43	-0.75	1.63	1.59	5.72	-1.20	1.47	1.47	4.19	1.91	1.91
% CHG SAME QTR LAST YR....	4.31	5.63	3.21	2.64	0.44	0.38	4.29	2.02	1.91	1.87	1.84	4.19	1.91	1.91
GOVERNMENT.....	28420	28278	28494	28571	28704	28834	28949	29043	29122	29203	29288	28432	28764	29164
% CHG PREV QTR SAAR.....	-1.65	-1.98	3.09	1.09	1.86	1.83	1.60	1.31	1.09	1.12	1.17	2.32	1.17	1.39
% CHG SAME QTR LAST YR....	2.89	0.55	1.58	0.12	1.00	1.97	1.60	1.65	1.46	1.28	1.17	2.32	1.17	1.39
FEDERAL,CIVILIAN.....	45938	45268	46238	46470	46350	46428	46492	46765	46828	46929	47039	45749	46435	46890
% CHG PREV QTR SAAR.....	3.43	-5.71	8.84	2.02	-1.03	0.68	0.56	2.37	0.54	0.87	0.94	4.68	1.50	0.98
% CHG SAME QTR LAST YR....	4.62	3.26	6.64	2.01	0.90	2.56	0.55	0.64	1.03	1.08	1.18	4.68	1.50	0.98
STATE AND LOCAL.....	26083	25871	25986	26054	26233	26373	26483	26570	26659	26743	26829	26044	26286	26700
% CHG PREV QTR SAAR.....	-2.30	-3.21	1.79	1.06	2.77	2.14	1.69	1.32	1.35	1.26	1.29	2.18	0.93	1.58
% CHG SAME QTR LAST YR....	2.83	0.21	1.06	-0.69	0.58	1.94	1.91	1.98	1.62	1.41	1.31	2.18	0.93	1.58

TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
 TABLE 13: TENNESSEE AVERAGE ANNUAL WAGE AND SALARY RATE BY SECTOR  
 CURRENT DOLLARS

	HISTORY											FORECAST - DATA			ANNUAL		
	200202	200203	200204	200301	200302	200303	200304	200401	200402	200403	200404	2002	2003	2004			
TOTAL NONAGRICULTURAL.....	32558	33046	32447	33681	33622	34063	33590	34680	34844	35433	34923	32637	33739	34970			
% CHG SAME QTR LAST YR....	3.04	3.92	3.59	3.65	3.27	3.08	3.52	2.97	3.64	4.02	3.97	3.26	3.38	3.65			
MINING.....	49459	49211	45046	47386	49505	49140	45235	47324	44927	44587	45902	47735	47816	45685			
% CHG SAME QTR LAST YR....	11.42	14.64	-7.05	0.35	0.09	-0.14	0.42	-0.13	-9.25	-9.26	1.47	4.07	0.17	-4.46			
CONSTRUCTION.....	34424	33844	35179	37967	35901	35564	36933	39836	37658	37282	38680	35087	36591	38364			
% CHG SAME QTR LAST YR....	-2.73	-1.97	1.82	2.89	4.29	5.08	4.98	4.92	4.89	4.83	4.73	-1.01	4.29	4.84			
MANUFACTURING.....	37644	38678	38611	39093	39315	39487	39599	40198	40575	40751	40975	37953	39373	40625			
% CHG SAME QTR LAST YR....	3.03	5.64	6.67	6.01	4.44	2.09	2.56	2.83	3.20	3.20	3.48	4.31	3.74	3.18			
DURABLE GOODS.....	37624	39087	38629	39016	39224	39341	39212	39787	40218	40361	40503	38030	39198	40217			
% CHG SAME QTR LAST YR....	2.86	7.20	6.87	6.08	4.25	0.65	1.51	1.98	2.53	2.59	3.29	4.83	3.07	2.60			
NONDURABLE GOODS.....	37672	38102	38587	39204	39447	39697	40162	40803	41104	41334	41688	37843	39627	41232			
% CHG SAME QTR LAST YR....	3.26	3.47	6.38	5.92	4.71	4.19	4.08	4.08	4.20	4.12	3.80	3.59	4.71	4.05			
TRADE.....	24835	24829	24064	25638	25644	25723	24999	26236	26667	26893	25983	24625	25501	26445			
% CHG SAME QTR LAST YR....	3.50	3.24	2.58	3.50	3.26	3.60	3.89	2.33	3.99	4.55	3.94	2.77	3.56	3.70			
SERVICES.....	31648	31918	31457	32778	32639	33149	32401	33607	33775	34692	33925	31680	32742	34000			
% CHG SAME QTR LAST YR....	3.61	3.60	2.64	3.41	3.13	3.86	3.00	2.53	3.48	4.65	4.70	3.11	3.35	3.84			
FIN, INS, REAL EST.....	47089	47952	47297	48223	48335	48718	49482	50506	50709	50655	51362	47544	48689	50808			
% CHG SAME QTR LAST YR....	1.39	6.66	2.97	0.81	2.65	1.60	4.62	4.74	4.91	3.98	3.80	3.48	2.41	4.35			
TRANS, COMM, PUB UTIL.....	41293	41621	40495	42748	42303	42619	43076	44444	44075	44473	44973	41021	42687	44491			
% CHG SAME QTR LAST YR....	5.02	7.28	5.23	5.10	2.45	2.40	6.37	3.97	4.19	4.35	4.40	5.46	4.06	4.23			
GOVERNMENT.....	31445	32505	31503	31786	32263	33857	32646	32927	33467	35128	33860	31646	32638	33846			
% CHG SAME QTR LAST YR....	4.06	2.13	3.99	2.11	2.60	4.16	3.63	3.59	3.73	3.75	3.72	3.85	3.14	3.70			
FEDERAL, CIVILIAN.....	50237	50411	52329	52373	51699	52741	53671	53712	53403	54610	55670	50779	52621	54349			
% CHG SAME QTR LAST YR....	5.50	4.83	8.78	4.46	2.91	4.62	2.56	2.56	3.29	3.54	3.72	6.14	3.63	3.28			
STATE AND LOCAL.....	28774	29921	28637	28934	29518	31114	29769	30070	30670	32320	30917	28946	29834	30994			
% CHG SAME QTR LAST YR....	4.02	1.84	3.00	1.69	2.59	3.98	3.95	3.93	3.90	3.88	3.86	3.58	3.07	3.89			

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TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
 TABLE 14: TENNESSEE AVERAGE ANNUAL WAGE AND SALARY RATE BY SECTOR  
 SEASONALLY ADJUSTED CURRENT DOLLARS

	HISTORY											FORECAST - DATA				ANNUAL		
	200202	200203	200204	200301	200302	200303	200304	200401	200402	200403	200404	2002	2003	2004				
TOTAL NONAGRICULTURAL.....	32642	33055	32715	33315	33709	34073	33866	34301	34935	35446	35211	32638	33741	34973				
% CHG PREV QTR SAAR.....	6.40	5.15	-4.05	7.54	4.81	4.39	-2.41	5.24	7.60	5.98	-2.63	3.30	3.38	3.65				
% CHG SAME QTR LAST YR....	3.09	3.91	3.59	3.66	3.27	3.08	3.52	2.96	3.64	4.03	3.97	3.30	3.38	3.65				
MINING.....	49909	50089	45046	46524	49955	50017	45235	46464	45336	45383	45902	47852	47933	45771				
% CHG PREV QTR SAAR.....	34.28	1.45	-34.59	13.78	32.93	0.50	-33.10	11.31	-9.36	0.42	4.65	4.17	0.17	-4.51				
% CHG SAME QTR LAST YR....	11.52	14.79	-7.05	0.35	0.09	-0.14	0.42	-0.13	-9.25	-9.26	1.47	4.17	0.17	-4.51				
CONSTRUCTION.....	34801	34955	35408	35859	36294	36731	37173	37624	38070	38505	38931	35004	36514	38282				
% CHG PREV QTR SAAR.....	-0.58	1.78	5.29	5.19	4.95	4.91	4.90	4.94	4.83	4.65	4.50	-1.20	4.32	4.84				
% CHG SAME QTR LAST YR....	-2.47	-1.97	1.75	2.89	4.29	5.08	4.98	4.92	4.89	4.83	4.73	-1.20	4.32	4.84				
MANUFACTURING.....	37674	38661	38665	39015	39345	39470	39649	40119	40604	40735	41027	37951	39370	40621				
% CHG PREV QTR SAAR.....	9.81	10.90	0.03	3.68	3.42	1.28	1.83	4.82	4.93	1.30	2.90	4.36	3.74	3.18				
% CHG SAME QTR LAST YR....	2.96	5.65	6.65	6.01	4.44	2.09	2.55	2.83	3.20	3.20	3.47	4.36	3.74	3.18				
DURABLE GOODS.....	37702	39011	38672	38986	39306	39268	39255	39756	40301	40288	40549	38035	39204	40224				
% CHG PREV QTR SAAR.....	10.73	14.62	-3.43	3.30	3.32	-0.38	-0.13	5.19	5.60	-0.12	2.62	4.84	3.07	2.60				
% CHG SAME QTR LAST YR....	2.70	7.22	6.86	6.07	4.25	0.66	1.51	1.97	2.53	2.60	3.30	4.84	3.07	2.60				
NONDURABLE GOODS.....	37633	38168	38655	39057	39402	39761	40223	40651	41053	41403	41748	37832	39611	41214				
% CHG PREV QTR SAAR.....	8.52	5.80	5.20	4.23	3.58	3.70	4.73	4.33	4.00	3.46	3.38	3.69	4.70	4.05				
% CHG SAME QTR LAST YR....	3.35	3.47	6.37	5.92	4.70	4.18	4.06	4.08	4.19	4.13	3.79	3.69	4.70	4.05				
TRADE.....	24768	24927	24524	25164	25574	25825	25477	25751	26595	26999	26480	24633	25510	26456				
% CHG PREV QTR SAAR.....	7.69	2.60	-6.30	10.85	6.68	3.98	-5.27	4.37	13.76	6.23	-7.48	2.76	3.56	3.71				
% CHG SAME QTR LAST YR....	3.49	3.23	2.58	3.50	3.26	3.60	3.89	2.33	3.99	4.55	3.94	2.76	3.56	3.71				
SERVICES.....	31807	32184	31583	32221	32803	33426	32531	33035	33945	34981	34061	31683	32745	34006				
% CHG PREV QTR SAAR.....	8.58	4.83	-7.26	8.32	7.42	7.82	-10.28	6.34	11.48	12.78	-10.11	3.19	3.35	3.85				
% CHG SAME QTR LAST YR....	3.62	3.60	2.63	3.41	3.13	3.86	3.00	2.53	3.48	4.65	4.70	3.19	3.35	3.85				
FIN, INS, REAL EST.....	47160	48182	47345	47897	48408	48952	49532	50165	50786	50898	51414	47550	48697	50816				
% CHG PREV QTR SAAR.....	-2.95	8.95	-6.77	4.75	4.34	4.57	4.82	5.22	5.04	0.89	4.12	3.51	2.41	4.35				
% CHG SAME QTR LAST YR....	1.46	6.66	3.00	0.81	2.65	1.60	4.62	4.74	4.91	3.98	3.80	3.51	2.41	4.35				
TRANS, COMM, PUB UTIL.....	41396	41765	40581	42366	42408	42766	43168	44047	44185	44627	45068	41013	42677	44482				
% CHG PREV QTR SAAR.....	11.20	3.61	-10.87	18.79	0.40	3.42	3.81	8.40	1.25	4.06	4.01	5.64	4.06	4.23				
% CHG SAME QTR LAST YR....	5.50	7.31	5.22	5.10	2.45	2.40	6.37	3.97	4.19	4.35	4.40	5.64	4.06	4.23				
GOVERNMENT.....	31514	31491	31905	32222	32465	32755	33063	33379	33676	33983	34294	31585	32626	33833				
% CHG PREV QTR SAAR.....	1.05	-0.30	5.37	4.04	3.05	3.62	3.82	3.88	3.60	3.70	3.71	3.75	3.30	3.70				
% CHG SAME QTR LAST YR....	4.06	2.15	3.55	2.51	3.02	4.01	3.63	3.59	3.73	3.75	3.72	3.75	3.30	3.70				
FEDERAL, CIVILIAN.....	50940	50411	51773	52408	52423	52741	53101	53748	54150	54610	55078	50824	52668	54397				
% CHG PREV QTR SAAR.....	6.27	-4.09	11.25	4.99	0.12	2.44	2.76	4.96	3.03	3.44	3.47	6.14	3.63	3.28				
% CHG SAME QTR LAST YR....	5.81	4.90	8.70	4.46	2.91	4.62	2.56	2.56	3.29	3.54	3.72	6.14	3.63	3.28				
STATE AND LOCAL.....	28923	28811	29097	29384	29671	29959	30247	30537	30828	31120	31414	28932	29815	30975				
% CHG PREV QTR SAAR.....	0.38	-1.54	4.04	4.00	3.97	3.94	3.91	3.89	3.87	3.85	3.83	3.60	3.05	3.89				
% CHG SAME QTR LAST YR....	4.00	1.80	3.02	1.69	2.59	3.98	3.95	3.93	3.90	3.88	3.86	3.60	3.05	3.89				

TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
 TABLE 15: TENNESSEE CIVILIAN LABOR FORCE AND UNEMPLOYMENT RATE

	HISTORY				FORECAST - DATA								ANNUAL		
	200202	200203	200204	200301	200302	200303	200304	200401	200402	200403	200404	2002	2003	2004	
CIVILIAN LABOR FORCE (THOUS)....	2877	2897	2879	2892	2909	2951	2950	2918	2952	2993	2989	2880	2926	2963	
% CHG SAME QTR LAST YR.....	2.59	1.87	1.11	0.90	1.11	1.88	2.47	0.87	1.51	1.41	1.34	2.20	1.59	1.28	
EMPLOYED PERSONS (THOUS).....	2736	2758	2756	2749	2779	2814	2821	2775	2823	2856	2862	2738	2791	2829	
% CHG SAME QTR LAST YR.....	1.86	1.65	1.52	1.80	1.57	2.04	2.36	0.96	1.59	1.50	1.44	1.71	1.94	1.37	
UNEMPLOYED PERSONS (THOUS)....	141	139	122	143	130	138	128	142	129	137	127	142	135	134	
% CHG SAME QTR LAST YR.....	19.29	6.44	-7.40	-13.78	-7.80	-1.34	5.04	-0.73	-0.30	-0.57	-0.83	12.82	-5.20	-0.61	
PARTICIPATION RATE (PERCENT)....	66.0	66.4	66.0	66.3	66.6	67.5	67.4	66.7	67.4	68.3	68.2	66.1	66.9	67.6	
% CHG SAME QTR LAST YR.....	2.31	1.59	0.84	0.63	0.84	1.61	2.20	0.61	1.25	1.15	1.08	1.93	1.32	1.02	
UNEMPLOYMENT RATE (PERCENT)....	4.9	4.8	4.2	5.0	4.5	4.7	4.4	4.9	4.4	4.6	4.3	4.9	4.6	4.5	

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TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
 TABLE 16: TENNESSEE CIVILIAN LABOR FORCE AND UNEMPLOYMENT RATE  
 SEASONALLY ADJUSTED

	HISTORY				FORECAST - DATA							ANNUAL		
	200202	200203	200204	200301	200302	200303	200304	200401	200402	200403	200404	2002	2003	2004
CIVILIAN LABOR FORCE (THOUS)....	2883	2874	2870	2925	2915	2929	2941	2951	2959	2970	2980	2881	2927	2965
% CHG PREV QTR SAAR.....	-2.00	-1.23	-0.61	7.90	-1.39	1.87	1.74	1.32	1.10	1.47	1.44	2.26	1.60	1.28
% CHG SAME QTR LAST YR.....	2.58	1.98	1.26	0.94	1.10	1.88	2.48	0.88	1.51	1.41	1.33	2.26	1.60	1.28
EMPLOYED PERSONS (THOUS).....	2738	2737	2741	2788	2781	2793	2805	2814	2825	2835	2846	2739	2792	2830
% CHG PREV QTR SAAR.....	-0.12	-0.03	0.48	7.03	-1.01	1.84	1.72	1.29	1.52	1.47	1.45	1.74	1.94	1.37
% CHG SAME QTR LAST YR.....	1.86	1.69	1.64	1.80	1.57	2.04	2.36	0.96	1.59	1.50	1.44	1.74	1.94	1.37
UNEMPLOYED PERSONS (THOUS)....	146	137	129	138	134	135	136	137	134	134	135	143	136	135
% CHG PREV QTR SAAR.....	-30.31	-21.82	-20.50	27.57	-8.85	2.48	2.17	1.76	-7.26	1.37	1.12	13.46	-5.01	-0.61
% CHG SAME QTR LAST YR.....	18.32	8.24	-6.12	-13.78	-7.80	-1.34	5.04	-0.73	-0.30	-0.57	-0.83	13.46	-5.01	-0.61
PARTICIPATION RATE (PERCENT)....	66.2	65.9	65.8	67.0	66.7	67.0	67.2	67.4	67.6	67.8	68.0	66.1	67.0	67.7
% CHG PREV QTR SAAR.....	-2.26	-1.49	-0.87	7.62	-1.65	1.60	1.48	1.06	0.84	1.21	1.18	1.99	1.33	1.02
% CHG SAME QTR LAST YR.....	2.31	1.71	0.99	0.67	0.83	1.61	2.21	0.61	1.24	1.15	1.07	1.99	1.33	1.02
UNEMPLOYMENT RATE (PERCENT).....	5.1	4.8	4.5	4.7	4.6	4.6	4.6	4.6	4.5	4.5	4.5	5.0	4.6	4.6

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TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
 TABLE 17: TENNESSEE TAXABLE SALES  
 MILLIONS OF 1996 DOLLARS

	HISTORY					FORECAST - DATA						ANNUAL		
	200202	200203	200204	200301	200302	200303	200304	200401	200402	200403	200404	2002	2003	2004
TOTAL.....	17215	16502	17822	15559	17215	16762	18068	15805	17450	17007	18283	67306	67605	68546
% CHG SAME QTR LAST YR.....	-0.45	-2.09	-1.42	-1.32	0.00	1.58	1.38	1.58	1.37	1.46	1.19	-0.97	0.44	1.39
AUTO DEALERS.....	2028	1947	2048	1860	1996	1908	2100	1910	2044	1959	2131	7927	7863	8043
% CHG SAME QTR LAST YR.....	3.31	-1.03	-1.44	-2.33	-1.61	-2.02	2.54	2.69	2.40	2.68	1.47	0.79	-0.81	2.29
PURCHASES FROM MANUFACTURERS..	889	858	883	717	872	843	869	710	860	828	858	3363	3302	3257
% CHG SAME QTR LAST YR.....	-7.63	-4.30	-1.40	-2.16	-1.83	-1.79	-1.57	-0.91	-1.40	-1.75	-1.32	-6.72	-1.82	-1.36
MISC DURABLE GOODS.....	2927	2805	2833	2534	2920	2787	2789	2502	2876	2734	2730	11103	11030	10843
% CHG SAME QTR LAST YR.....	-3.23	1.47	-1.41	-0.18	-0.24	-0.66	-1.54	-1.24	-1.51	-1.89	-2.11	-1.55	-0.66	-1.69
EATING AND DRINKING PLACES....	1544	1485	1459	1412	1546	1559	1501	1457	1593	1605	1548	5912	6016	6203
% CHG SAME QTR LAST YR.....	3.07	-2.37	-1.45	-0.85	0.12	4.93	2.82	3.24	3.07	2.99	3.14	0.51	1.76	3.10
FOOD STORES.....	1778	1700	1938	1666	1765	1766	1911	1655	1752	1752	1896	7119	7109	7054
% CHG SAME QTR LAST YR.....	-3.16	-7.31	-1.43	-2.17	-0.75	3.90	-1.38	-0.71	-0.74	-0.81	-0.79	-3.58	-0.15	-0.76
LIQUOR STORES.....	88	83	110	83	86	82	109	82	85	81	108	366	359	356
% CHG SAME QTR LAST YR.....	2.33	0.76	-0.72	-3.55	-3.00	-0.74	-1.02	-0.55	-0.71	-0.85	-0.87	1.11	-2.02	-0.75
HOTELS AND MOTELS.....	431	412	398	317	417	434	399	317	416	431	396	1563	1566	1560
% CHG SAME QTR LAST YR.....	-1.41	-8.02	-1.54	-1.42	-3.19	5.24	0.05	0.04	-0.31	-0.53	-0.64	-3.93	0.22	-0.39
OTHER RETAIL AND SERVICE.....	4862	4653	5534	4658	5156	4937	5787	4811	5325	5130	5968	19554	20538	21233
% CHG SAME QTR LAST YR.....	1.32	-0.39	-1.42	3.40	6.05	6.09	4.58	3.28	3.26	3.91	3.12	0.18	5.03	3.38
MISC NONDURABLE GOODS.....	1364	1304	1600	1272	1341	1276	1571	1302	1370	1303	1607	5564	5460	5581
% CHG SAME QTR LAST YR.....	-3.47	-3.01	-1.42	-1.87	-1.67	-2.11	-1.83	2.38	2.12	2.09	2.27	-3.15	-1.87	2.22
TRANSPORTATION, COMMUNICATION..	1303	1254	1019	1042	1116	1171	1033	1059	1131	1183	1042	4834	4363	4415
% CHG SAME QTR LAST YR.....	2.32	-5.31	-1.35	-17.11	-14.34	-6.64	1.34	1.64	1.27	1.03	0.91	2.87	-9.76	1.21
PER CAPITA (\$).....	2982	2854	3077	2682	2962	2879	3098	2706	2983	2902	3115	11647	11621	11705
% CHG SAME QTR LAST YR.....	-1.11	-2.74	-2.07	-1.97	-0.66	0.90	0.71	0.91	0.69	0.79	0.52	-1.62	-0.22	0.72

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TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
 TABLE 18: TENNESSEE TAXABLE SALES  
 MILLIONS OF SEASONALLY ADJUSTED 1996 DOLLARS

	HISTORY				FORECAST - DATA							ANNUAL		
	200202	200203	200204	200301	200302	200303	200304	200401	200402	200403	200404	2002	2003	2004
TOTAL.....	16932	16471	16884	16829	16944	16754	17104	17093	17181	17005	17297	67341	67631	68576
% CHG PREV QTR SAAR.....	-2.85	-10.44	10.41	-1.30	2.76	-4.41	8.61	-0.25	2.08	-4.05	7.05	-0.99	0.43	1.40
% CHG SAME QTR LAST YR.....	-0.43	-1.92	-1.48	-1.32	0.07	1.72	1.30	1.57	1.40	1.50	1.13	-0.99	0.43	1.40
AUTO DEALERS.....	1934	1897	2178	1884	1904	1862	2226	1935	1949	1912	2259	7937	7876	8055
% CHG PREV QTR SAAR.....	0.95	-7.44	73.71	-43.94	4.21	-8.44	104.23	-42.94	3.05	-7.43	94.79	0.69	-0.77	2.27
% CHG SAME QTR LAST YR.....	3.42	-0.64	-2.02	-2.34	-1.56	-1.82	2.23	2.69	2.40	2.68	1.47	0.69	-0.77	2.27
PURCHASES FROM MANUFACTURERS..	840	840	854	808	825	825	841	801	813	811	830	3361	3298	3254
% CHG PREV QTR SAAR.....	6.71	-0.19	7.21	-20.01	8.48	0.26	7.74	-17.71	6.34	-1.14	9.64	-7.01	-1.85	-1.34
% CHG SAME QTR LAST YR.....	-7.65	-4.17	-1.48	-2.24	-1.84	-1.73	-1.61	-0.91	-1.40	-1.75	-1.32	-7.01	-1.85	-1.34
MISC DURABLE GOODS.....	2768	2772	2788	2764	2764	2757	2743	2729	2722	2705	2685	11102	11027	10841
% CHG PREV QTR SAAR.....	-0.90	0.64	2.26	-3.44	0.08	-1.07	-2.03	-1.92	-1.02	-2.58	-2.92	-1.62	-0.68	-1.69
% CHG SAME QTR LAST YR.....	-3.03	1.66	-1.58	-0.38	-0.14	-0.56	-1.62	-1.24	-1.51	-1.89	-2.11	-1.62	-0.68	-1.69
EATING AND DRINKING PLACES....	1496	1443	1480	1481	1498	1514	1521	1529	1544	1560	1569	5913	6015	6202
% CHG PREV QTR SAAR.....	0.10	-13.39	10.66	0.45	4.48	4.52	1.81	2.16	3.79	4.21	2.39	0.52	1.72	3.11
% CHG SAME QTR LAST YR.....	3.13	-2.31	-1.50	-0.92	0.15	4.96	2.80	3.24	3.07	2.99	3.14	0.52	1.72	3.11
FOOD STORES.....	1789	1709	1801	1781	1776	1776	1769	1763	1762	1762	1762	7121	7109	7055
% CHG PREV QTR SAAR.....	-6.88	-16.68	23.11	-4.22	-1.21	0.06	-0.04	-1.62	-1.32	-0.26	0.04	-3.61	-0.16	-0.76
% CHG SAME QTR LAST YR.....	-3.15	-7.31	-1.40	-2.20	-0.74	3.90	-1.37	-0.71	-0.74	-0.81	-0.79	-3.61	-0.16	-0.76
LIQUOR STORES.....	93	90	91	90	90	90	90	89	89	89	89	367	359	356
% CHG PREV QTR SAAR.....	-2.81	-9.03	0.51	-2.88	-0.47	-0.07	-0.32	-1.32	-1.14	-0.60	-0.42	1.23	-2.10	-0.74
% CHG SAME QTR LAST YR.....	2.23	0.75	-0.57	-3.62	-3.04	-0.74	-0.94	-0.55	-0.71	-0.85	-0.87	1.23	-2.10	-0.74
HOTELS AND MOTELS.....	404	372	392	391	392	392	392	391	390	390	389	1565	1566	1560
% CHG PREV QTR SAAR.....	7.53	-28.34	22.90	-0.86	0.82	0.20	-0.25	-0.61	-0.59	-0.69	-0.67	-3.95	0.05	-0.36
% CHG SAME QTR LAST YR.....	-1.30	-7.86	-1.69	-1.57	-3.14	5.33	-0.02	0.04	-0.31	-0.53	-0.64	-3.95	0.05	-0.36
OTHER RETAIL AND SERVICE.....	4938	4812	4834	5152	5236	5107	5057	5321	5407	5307	5215	19574	20553	21250
% CHG PREV QTR SAAR.....	-4.02	-9.84	1.87	29.04	6.63	-9.45	-3.87	22.58	6.57	-7.16	-6.75	0.24	5.00	3.39
% CHG SAME QTR LAST YR.....	1.27	-0.30	-1.35	3.27	6.03	6.14	4.61	3.28	3.26	3.91	3.12	0.24	5.00	3.39
MISC NONDURABLE GOODS.....	1395	1363	1386	1394	1371	1336	1360	1427	1400	1364	1391	5567	5461	5583
% CHG PREV QTR SAAR.....	-7.89	-8.87	7.09	2.33	-6.49	-9.85	7.51	21.21	-7.44	-9.93	8.27	-3.32	-1.90	2.22
% CHG SAME QTR LAST YR.....	-3.53	-2.71	-1.48	-2.07	-1.70	-1.96	-1.87	2.38	2.12	2.09	2.27	-3.32	-1.90	2.22
TRANSPORTATION, COMMUNICATION..	1275	1173	1081	1083	1090	1095	1098	1101	1104	1106	1109	4835	4367	4420
% CHG PREV QTR SAAR.....	-8.73	-28.39	-27.84	0.76	2.46	1.82	1.35	0.96	0.97	0.86	0.86	3.15	-9.68	1.21
% CHG SAME QTR LAST YR.....	1.84	-5.39	-0.85	-16.97	-14.54	-6.68	1.59	1.64	1.27	1.03	0.91	3.15	-9.68	1.21
PER CAPITA (\$). . . . .	2933	2848	2915	2900	2915	2878	2933	2926	2937	2902	2947	11654	11627	11711
% CHG PREV QTR SAAR.....	-3.49	-11.04	9.68	-1.95	2.08	-5.04	7.89	-0.91	1.41	-4.68	6.35	-1.65	-0.24	0.73
% CHG SAME QTR LAST YR.....	-1.09	-2.57	-2.14	-1.97	-0.59	1.05	0.63	0.90	0.73	0.82	0.46	-1.65	-0.24	0.73

TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
 TABLE 19: TENNESSEE TAXABLE SALES  
 MILLIONS OF CURRENT DOLLARS

	HISTORY					FORECAST - DATA						ANNUAL		
	200202	200203	200204	200301	200302	200303	200304	200401	200402	200403	200404	2002	2003	2004
TOTAL.....	19089	18377	19956	17548	19471	19042	20636	18165	20179	19791	21407	74788	76696	79542
% CHG SAME QTR LAST YR.....	0.68	-0.54	0.50	1.05	2.00	3.62	3.41	3.52	3.64	3.94	3.74	0.42	2.55	3.71
AUTO DEALERS.....	2249	2168	2293	2097	2257	2167	2398	2195	2363	2279	2495	8807	8920	9332
% CHG SAME QTR LAST YR.....	4.49	0.54	0.47	0.01	0.36	-0.05	4.59	4.65	4.69	5.19	4.03	2.20	1.28	4.62
PURCHASES FROM MANUFACTURERS..	985	956	989	808	987	958	993	816	995	964	1005	3737	3746	3779
% CHG SAME QTR LAST YR.....	-6.58	-2.78	0.51	0.19	0.13	0.18	0.40	0.98	0.81	0.65	1.17	-5.39	0.23	0.90
MISC DURABLE GOODS.....	3245	3124	3172	2857	3302	3166	3186	2876	3325	3182	3197	12337	12511	12580
% CHG SAME QTR LAST YR.....	-2.13	3.08	0.50	2.21	1.75	1.34	0.43	0.65	0.70	0.51	0.36	-0.17	1.41	0.55
EATING AND DRINKING PLACES....	1712	1654	1634	1592	1748	1770	1714	1675	1842	1868	1812	6568	6825	7197
% CHG SAME QTR LAST YR.....	4.25	-0.81	0.46	1.53	2.12	7.04	4.88	5.21	5.37	5.50	5.73	1.91	3.90	5.46
FOOD STORES.....	1972	1893	2170	1879	1996	2006	2183	1902	2026	2039	2220	7911	8065	8186
% CHG SAME QTR LAST YR.....	-2.06	-5.84	0.49	0.17	1.23	5.99	0.59	1.19	1.49	1.60	1.70	-2.22	1.94	1.51
LIQUOR STORES.....	98	92	123	93	97	93	124	94	98	95	126	407	407	414
% CHG SAME QTR LAST YR.....	3.49	2.36	1.21	-1.24	-1.06	1.26	0.96	1.35	1.51	1.57	1.62	2.55	0.03	1.52
HOTELS AND MOTELS.....	478	459	446	357	472	493	455	364	481	502	464	1737	1777	1811
% CHG SAME QTR LAST YR.....	-0.29	-6.56	0.37	0.95	-1.26	7.36	2.06	1.95	1.92	1.89	1.86	-2.57	2.32	1.90
OTHER RETAIL AND SERVICE.....	5392	5182	6196	5253	5832	5608	6609	5529	6157	5970	6987	21731	23302	24643
% CHG SAME QTR LAST YR.....	2.47	1.20	0.50	5.87	8.17	8.22	6.67	5.25	5.58	6.44	5.72	1.60	7.23	5.75
MISC NONDURABLE GOODS.....	1513	1452	1792	1434	1517	1450	1794	1496	1584	1516	1881	6184	6195	6478
% CHG SAME QTR LAST YR.....	-2.37	-1.47	0.50	0.48	0.30	-0.15	0.13	4.33	4.40	4.58	4.85	-1.77	0.19	4.56
TRANSPORTATION, COMMUNICATION..	1445	1397	1141	1176	1263	1330	1179	1218	1307	1377	1220	5368	4948	5122
% CHG SAME QTR LAST YR.....	3.49	-3.80	0.57	-15.13	-12.62	-4.76	3.37	3.58	3.54	3.50	3.45	4.26	-7.83	3.52
PER CAPITA (\$).....	3306	3178	3445	3024	3350	3271	3539	3110	3449	3377	3647	12942	13184	13583
% CHG SAME QTR LAST YR.....	0.01	-1.19	-0.17	0.38	1.33	2.93	2.72	2.83	2.95	3.25	3.05	-0.24	1.87	3.02

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TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
 TABLE 20: TENNESSEE TAXABLE SALES  
 MILLIONS OF SEASONALLY ADJUSTED CURRENT DOLLARS

	HISTORY										FORECAST - DATA				ANNUAL		
	200202	200203	200204	200301	200302	200303	200304	200401	200402	200403	200404	2002	2003	2004			
TOTAL.....	18775	18342	18905	18980	19165	19032	19535	19645	19868	19788	20253	74807	76712	79554			
% CHG PREV QTR SAAR.....	-0.18	-8.91	12.85	1.58	3.95	-2.73	10.99	2.28	4.61	-1.60	9.74	0.39	2.55	3.71			
% CHG SAME QTR LAST YR.....	0.70	-0.36	0.43	1.04	2.07	3.76	3.33	3.51	3.67	3.97	3.68	0.39	2.55	3.71			
AUTO DEALERS.....	2144	2112	2438	2125	2153	2115	2543	2224	2254	2225	2645	8820	8936	9348			
% CHG PREV QTR SAAR.....	3.72	-5.85	77.55	-42.31	5.42	-6.83	108.69	-41.49	5.61	-5.07	99.67	2.11	1.32	4.61			
% CHG SAME QTR LAST YR.....	4.60	0.94	-0.12	0.00	0.41	0.15	4.28	4.65	4.69	5.19	4.03	2.11	1.32	4.61			
PURCHASES FROM MANUFACTURERS..	932	935	957	911	933	937	960	920	940	943	971	3734	3741	3775			
% CHG PREV QTR SAAR.....	9.63	1.52	9.58	-17.68	9.74	2.02	10.09	-15.62	8.97	1.38	12.39	-5.70	0.21	0.90			
% CHG SAME QTR LAST YR.....	-6.59	-2.65	0.43	0.10	0.12	0.25	0.36	0.98	0.81	0.65	1.17	-5.70	0.21	0.90			
MISC DURABLE GOODS.....	3069	3087	3122	3117	3126	3132	3132	3137	3148	3147	3144	12334	12507	12576			
% CHG PREV QTR SAAR.....	1.82	2.37	4.52	-0.63	1.24	0.67	0.11	0.57	1.44	-0.09	-0.49	-0.24	1.41	0.55			
% CHG SAME QTR LAST YR.....	-1.92	3.27	0.33	2.00	1.86	1.43	0.35	0.65	0.70	0.51	0.36	-0.24	1.41	0.55			
EATING AND DRINKING PLACES....	1658	1607	1657	1671	1694	1720	1737	1758	1785	1815	1837	6569	6823	7195			
% CHG PREV QTR SAAR.....	2.85	-11.90	13.10	3.38	5.70	6.35	4.04	4.75	6.37	6.87	4.96	1.91	3.86	5.46			
% CHG SAME QTR LAST YR.....	4.31	-0.75	0.42	1.45	2.15	7.07	4.86	5.21	5.37	5.50	5.73	1.91	3.86	5.46			
FOOD STORES.....	1984	1904	2016	2009	2009	2018	2028	2033	2038	2050	2063	7910	8064	8184			
% CHG PREV QTR SAAR.....	-4.32	-15.25	25.83	-1.43	-0.06	1.81	2.14	0.87	1.13	2.28	2.55	-2.27	1.94	1.50			
% CHG SAME QTR LAST YR.....	-2.05	-5.83	0.52	0.14	1.24	5.99	0.61	1.19	1.49	1.60	1.70	-2.27	1.94	1.50			
LIQUOR STORES.....	103	101	101	101	102	102	102	103	103	104	104	407	407	413			
% CHG PREV QTR SAAR.....	-0.14	-7.47	2.73	-0.05	0.68	1.68	1.86	1.18	1.32	1.93	2.07	2.63	-0.04	1.51			
% CHG SAME QTR LAST YR.....	3.39	2.35	1.36	-1.31	-1.11	1.25	1.04	1.35	1.51	1.57	1.62	2.63	-0.04	1.51			
HOTELS AND MOTELS.....	448	414	439	441	443	445	447	449	451	453	456	1738	1776	1810			
% CHG PREV QTR SAAR.....	10.48	-27.11	25.62	2.02	1.99	1.96	1.93	1.91	1.88	1.85	1.82	-2.62	2.16	1.91			
% CHG SAME QTR LAST YR.....	-0.17	-6.40	0.22	0.79	-1.20	7.45	1.98	1.95	1.92	1.89	1.86	-2.62	2.16	1.91			
OTHER RETAIL AND SERVICE.....	5476	5359	5413	5811	5922	5802	5776	6116	6252	6176	6106	21743	23311	24650			
% CHG PREV QTR SAAR.....	-1.39	-8.29	4.12	32.80	7.86	-7.86	-1.77	25.69	9.21	-4.79	-4.41	1.63	7.21	5.75			
% CHG SAME QTR LAST YR.....	2.43	1.28	0.56	5.75	8.14	8.27	6.71	5.25	5.58	6.44	5.72	1.63	7.21	5.75			
MISC NONDURABLE GOODS.....	1547	1517	1552	1572	1551	1518	1554	1640	1619	1587	1629	6184	6194	6476			
% CHG PREV QTR SAAR.....	-5.36	-7.31	9.46	5.31	-5.40	-8.27	9.86	24.28	-5.14	-7.63	10.98	-1.97	0.16	4.54			
% CHG SAME QTR LAST YR.....	-2.43	-1.17	0.43	0.28	0.27	0.01	0.10	4.33	4.40	4.58	4.85	-1.97	0.16	4.54			
TRANSPORTATION, COMMUNICATION..	1414	1306	1211	1222	1233	1244	1255	1266	1276	1287	1298	5368	4953	5127			
% CHG PREV QTR SAAR.....	-6.23	-27.16	-26.25	3.69	3.65	3.61	3.56	3.52	3.48	3.43	3.39	4.54	-7.74	3.52			
% CHG SAME QTR LAST YR.....	3.00	-3.88	1.08	-14.99	-12.83	-4.80	3.63	3.58	3.54	3.50	3.45	4.54	-7.74	3.52			
PER CAPITA (\$). . . . .	3252	3172	3264	3271	3297	3269	3350	3363	3396	3377	3450	12946	13188	13586			
% CHG PREV QTR SAAR.....	-0.84	-9.51	12.11	0.91	3.27	-3.37	10.25	1.60	3.92	-2.25	9.01	-0.28	1.87	3.02			
% CHG SAME QTR LAST YR.....	0.03	-1.02	-0.24	0.37	1.40	3.08	2.65	2.82	2.98	3.28	2.99	-0.28	1.87	3.02			

TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
 TABLE 1: SELECTED U.S. AND TENNESSEE ECONOMIC INDICATORS

	F O R E C A S T - D A T A									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
US GDP (BIL96\$).....	9438.1	9730.7	10188.7	10524.8	10874.8	11191.2	11517.4	11862.3	12271.6	12684.8
PERCENTAGE CHANGE.....	2.43	3.10	4.71	3.30	3.33	2.91	2.91	2.99	3.45	3.37
TN GSP (MIL96\$).....	170793.5	174475.5	179691.1	185852.9	192360.2	199140.4	206280.7	214011.6	222320.5	231031.9
PERCENTAGE CHANGE.....	1.35	2.16	2.99	3.43	3.50	3.52	3.59	3.75	3.88	3.92
US GDP (BIL\$).....	10448.9	10987.1	11775.8	12448.7	13135.3	13808.0	14533.2	15309.7	16194.7	17120.2
PERCENTAGE CHANGE.....	3.64	5.15	7.18	5.71	5.52	5.12	5.25	5.34	5.78	5.71
TN GSP (MIL\$).....	188352.6	196929.3	207884.4	220263.9	233377.3	247157.6	261886.3	277925.4	295682.0	314872.6
PERCENTAGE CHANGE.....	3.07	4.55	5.56	5.96	5.95	5.90	5.96	6.12	6.39	6.49
CHAINED PRICE INDEX, GDP (1996=100).....	110.7	112.9	115.6	118.3	120.8	123.4	126.2	129.1	132.0	135.0
PERCENTAGE CHANGE.....	1.18	1.99	2.36	2.34	2.12	2.15	2.27	2.28	2.25	2.27
IMPLICIT DEFLATOR, GSP(1996=100).....	110.3	112.9	115.7	118.5	121.3	124.1	127.0	129.9	133.0	136.3
PERCENTAGE CHANGE.....	1.69	2.35	2.50	2.44	2.37	2.30	2.29	2.29	2.41	2.47
US PERS CONS DEFL (1996=100).....	111.1	113.4	116.0	118.7	121.4	124.0	126.9	129.9	132.9	136.1
PERCENTAGE CHANGE.....	1.39	2.10	2.28	2.36	2.19	2.21	2.34	2.35	2.32	2.34
TN PERSONAL INCOME (MIL\$).....	160554	168253	177484	187197	198458	210268	222978	236773	251546	267468
PERCENTAGE CHANGE.....	3.64	4.80	5.49	5.47	6.02	5.95	6.04	6.19	6.24	6.33
US PERSONAL INCOME (BIL\$).....	8947.0	9391.6	10004.3	10566.7	11139.9	11708.3	12328.1	12985.3	13722.0	14510.4
PERCENTAGE CHANGE.....	3.01	4.97	6.52	5.62	5.42	5.10	5.29	5.33	5.67	5.75
TN PERSONAL INCOME (MIL96\$).....	144526	148341	152995	157644	163541	169521	175661	182240	189213	196580
PERCENTAGE CHANGE.....	2.22	2.64	3.14	3.04	3.74	3.66	3.62	3.75	3.83	3.89
US PERSONAL INCOME (BIL96\$).....	8053.8	8280.1	8623.9	8898.5	9179.9	9439.4	9712.1	9994.6	10321.7	10664.7
PERCENTAGE CHANGE.....	1.60	2.81	4.15	3.18	3.16	2.83	2.89	2.91	3.27	3.32
TN NONAGRIC JOBS (THOUS).....	2705.5	2724.8	2770.7	2831.7	2899.8	2967.9	3033.6	3101.2	3172.3	3247.2
PERCENTAGE CHANGE.....	-0.23	0.71	1.68	2.20	2.40	2.35	2.21	2.23	2.29	2.36
US NONAGRIC JOBS (MIL).....	130.8	131.7	135.2	137.8	139.5	140.9	142.4	143.6	145.3	147.0
PERCENTAGE CHANGE.....	-0.85	0.71	2.63	1.91	1.22	1.05	1.03	0.84	1.21	1.13
TN UNEMPLOYMENT RATE (%).....	4.9	4.6	4.5	4.5	4.3	4.1	3.9	3.9	4.1	4.0
US UNEMPLOYMENT RATE (%).....	5.8	6.2	5.3	5.0	5.1	5.1	4.8	4.7	4.4	4.3
BANK PRIME INTEREST RATE (%).....	4.7	4.7	6.3	7.2	7.9	8.0	8.0	8.0	8.0	8.0
TN MFG JOBS (THOUS).....	464.7	459.6	458.7	461.5	464.6	468.2	472.1	476.4	480.9	485.7
PERCENTAGE CHANGE.....	-2.88	-1.11	-0.18	0.60	0.68	0.77	0.83	0.93	0.94	1.00

(CONTINUED ON NEXT PAGE)

TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
 TABLE 1: SELECTED U.S. AND TENNESSEE ECONOMIC INDICATORS (CONT.)

	F O R E C A S T - D A T A									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
TN TAXABLE SALES (MIL\$) .....	74788	76696	79542	83827	88054	92533	97188	102064	107162	112519
PERCENTAGE CHANGE .....	0.42	2.55	3.71	5.39	5.04	5.09	5.03	5.02	5.00	5.00
TN TAXABLE SALES (MIL96\$) .....	67322	67620	68567	70593	72561	74601	76564	78556	80608	82698
PERCENTAGE CHANGE .....	-0.96	0.44	1.40	2.95	2.79	2.81	2.63	2.60	2.61	2.59
TN MFG OUTPUT/EMPLOYEE (THOUS96\$) ...	76.0	78.2	80.9	83.6	86.2	88.9	91.8	94.7	97.6	100.7
PERCENTAGE CHANGE .....	2.11	2.79	3.55	3.26	3.14	3.20	3.23	3.15	3.09	3.16
TN AVERAGE ANNUAL WAGE, NONAG (\$) ...	32641	33739	34971	36027	37327	38688	40154	41722	43349	45043
PERCENTAGE CHANGE .....	3.27	3.36	3.65	3.02	3.61	3.64	3.79	3.90	3.90	3.91
TN AVERAGE ANNUAL WAGE, NONAG (96\$) ..	29382	29746	30146	30339	30760	31191	31633	32113	32607	33105
PERCENTAGE CHANGE .....	1.85	1.24	1.35	0.64	1.39	1.40	1.42	1.52	1.54	1.53
TN TOTAL POPULATION (THOUS) .....	5778	5817	5856	5914	5989	6059	6135	6212	6288	6363
PERCENTAGE CHANGE .....	0.67	0.67	0.67	1.00	1.26	1.18	1.26	1.25	1.23	1.19

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TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
 TABLE 2: SELECTED PER CAPITA U.S. AND TENNESSEE ECONOMIC INDICATORS

	FORECAST - DATA									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
TN GSP (96 \$).....	29558	29995	30687	31426	32121	32865	33621	34452	35354	36308
PERCENTAGE CHANGE.....	0.68	1.48	2.31	2.41	2.21	2.31	2.30	2.47	2.62	2.70
TN GSP (\$).....	32597	33855	35502	37245	38971	40789	42684	44740	47021	49484
PERCENTAGE CHANGE.....	2.39	3.86	4.86	4.91	4.63	4.67	4.65	4.82	5.10	5.24
US GDP (96 \$).....	32740	33459	34732	35573	36448	37198	37968	38787	39801	40809
PERCENTAGE CHANGE.....	1.52	2.20	3.80	2.42	2.46	2.06	2.07	2.16	2.61	2.53
US GDP (\$).....	36246	37779	40142	42076	44025	45896	47910	50059	52524	55079
PERCENTAGE CHANGE.....	2.71	4.23	6.26	4.82	4.63	4.25	4.39	4.49	4.93	4.86
TN PERSONAL INCOME (96 \$).....	25012	25502	26128	26656	27309	27976	28630	29337	30089	30894
PERCENTAGE CHANGE.....	1.54	1.96	2.46	2.02	2.45	2.44	2.34	2.47	2.57	2.67
TN PERSONAL INCOME (\$).....	27786	28925	30310	31653	33140	34701	36342	38116	40002	42034
PERCENTAGE CHANGE.....	2.96	4.10	4.79	4.43	4.70	4.71	4.73	4.88	4.95	5.08
US PERSONAL INCOME (96 \$).....	27938	28471	29398	30076	30768	31375	32016	32680	33476	34310
PERCENTAGE CHANGE.....	0.69	1.91	3.25	2.31	2.30	1.98	2.04	2.07	2.44	2.49
US PERSONAL INCOME (\$).....	31036	32293	34103	35715	37337	38917	40641	42459	44504	46683
PERCENTAGE CHANGE.....	2.09	4.05	5.61	4.73	4.54	4.23	4.43	4.47	4.82	4.89
TN TAXABLE SALES (96 \$).....	11651	11625	11710	11937	12117	12312	12479	12646	12819	12996
PERCENTAGE CHANGE.....	-1.61	-0.22	0.73	1.94	1.51	1.61	1.36	1.34	1.36	1.39
TN TAXABLE SALES (\$).....	12943	13185	13584	14174	14704	15271	15840	16430	17041	17683
PERCENTAGE CHANGE.....	-0.24	1.87	3.02	4.35	3.73	3.86	3.73	3.72	3.72	3.76

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TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
 TABLE 3: TENNESSEE PERSONAL INCOME BY COMPONENTS  
 MILLIONS OF 1996 DOLLARS

	F O R E C A S T - D A T A										
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	
TOTAL PERSONAL INCOME.....	144526	148341	152995	157644	163541	169521	175661	182240	189213	196580	
PERCENTAGE CHANGE.....	2.22	2.64	3.14	3.04	3.74	3.66	3.62	3.75	3.83	3.89	
WAGES AND SALARIES.....	80444	82038	84551	86979	90309	93732	97173	100855	104765	108887	
PERCENTAGE CHANGE.....	1.72	1.98	3.06	2.87	3.83	3.79	3.67	3.79	3.88	3.93	
OTHER LABOR INCOME.....	9574	9884	10003	10154	10465	10802	11264	11828	12394	12998	
PERCENTAGE CHANGE.....	5.74	3.23	1.21	1.50	3.06	3.22	4.28	5.00	4.78	4.87	
PROPRIETORS INCOME.....	14818	15462	16135	16600	17186	17686	18203	18784	19465	20253	
PERCENTAGE CHANGE.....	0.23	4.35	4.35	2.88	3.53	2.91	2.92	3.19	3.63	4.05	
RENT INTEREST DIVIDENDS.....	22315	22593	22894	23423	23988	24548	25076	25598	26125	26646	
PERCENTAGE CHANGE.....	-1.16	1.25	1.33	2.31	2.41	2.33	2.15	2.08	2.06	1.99	
TRANSFER PAYMENTS.....	24924	26094	27362	28662	30067	31527	33012	34555	36174	37856	
PERCENTAGE CHANGE.....	7.73	4.69	4.86	4.75	4.90	4.86	4.71	4.67	4.69	4.65	
LESS: PERS CONT FOR SOC INS.....	6476	6619	6807	6997	7261	7525	7783	8059	8353	8665	
PERCENTAGE CHANGE.....	3.94	2.21	2.85	2.78	3.77	3.64	3.43	3.55	3.65	3.73	
RESIDENCE ADJUSTMENT.....	-1073	-1111	-1144	-1177	-1213	-1249	-1284	-1320	-1357	-1394	
PERCENTAGE CHANGE.....	6.02	3.56	2.97	2.88	3.03	2.98	2.83	2.79	2.79	2.75	
PER CAPITA PERSONAL INCOME (\$ ).....	25012	25502	26128	26656	27309	27976	28630	29337	30089	30894	
PERCENTAGE CHANGE.....	1.54	1.96	2.46	2.02	2.45	2.44	2.34	2.47	2.57	2.67	

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TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
 TABLE 4: TENNESSEE PERSONAL INCOME BY COMPONENTS  
 MILLIONS OF CURRENT DOLLARS

	FORECAST - DATA									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
TOTAL PERSONAL INCOME .....	160554	168253	177484	187197	198458	210268	222978	236773	251546	267468
PERCENTAGE CHANGE .....	3.64	4.80	5.49	5.47	6.02	5.95	6.04	6.19	6.24	6.33
WAGES AND SALARIES .....	89365	93051	98084	103285	109590	116262	123348	131034	139278	148152
PERCENTAGE CHANGE .....	3.14	4.12	5.41	5.30	6.10	6.09	6.10	6.23	6.29	6.37
OTHER LABOR INCOME .....	10636	11210	11605	12057	12699	13398	14298	15367	16477	17685
PERCENTAGE CHANGE .....	7.21	5.40	3.52	3.90	5.32	5.51	6.72	7.47	7.22	7.33
PROPRIETORS INCOME .....	16461	17537	18718	19712	20856	21937	23106	24405	25877	27557
PERCENTAGE CHANGE .....	1.63	6.54	6.73	5.31	5.80	5.19	5.33	5.62	6.03	6.49
RENT INTEREST DIVIDENDS .....	24789	25626	26559	27814	29110	30448	31831	33258	34732	36254
PERCENTAGE CHANGE .....	0.22	3.37	3.64	4.73	4.66	4.60	4.54	4.48	4.43	4.38
TRANSFER PAYMENTS .....	27689	29596	31742	34035	36486	39105	41904	44895	48091	51507
PERCENTAGE CHANGE .....	9.23	6.89	7.25	7.22	7.20	7.18	7.16	7.14	7.12	7.10
LESS: PERS CONT FOR SOC INS .....	7194	7507	7897	8309	8811	9334	9879	10471	11105	11789
PERCENTAGE CHANGE .....	5.39	4.35	5.19	5.21	6.04	5.93	5.85	5.99	6.06	6.16
RESIDENCE ADJUSTMENT .....	-1192	-1260	-1327	-1398	-1472	-1549	-1630	-1715	-1804	-1897
PERCENTAGE CHANGE .....	7.50	5.73	5.31	5.31	5.29	5.26	5.23	5.21	5.18	5.16
PER CAPITA PERSONAL INCOME (\$) .....	27786	28925	30310	31653	33140	34701	36342	38116	40002	42034
PERCENTAGE CHANGE .....	2.96	4.10	4.79	4.43	4.70	4.71	4.73	4.88	4.95	5.08

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TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
 TABLE 5: TENNESSEE WAGE AND SALARY EMPLOYMENT BY SECTOR  
 THOUSANDS OF JOBS

	F O R E C A S T - D A T A									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
TOTAL NONAGRICULTURAL.....	2705.5	2724.8	2770.7	2831.7	2899.8	2967.9	3033.6	3101.2	3172.3	3247.2
PERCENTAGE CHANGE.....	-0.23	0.71	1.68	2.20	2.40	2.35	2.21	2.23	2.29	2.36
MINING.....	3.7	3.7	3.7	3.7	3.8	3.8	3.9	3.9	4.0	4.0
PERCENTAGE CHANGE.....	-7.29	0.05	-1.25	0.86	1.92	1.70	1.51	1.34	1.19	1.06
CONSTRUCTION.....	119.0	117.5	119.8	122.9	126.2	129.4	132.7	136.1	139.6	143.1
PERCENTAGE CHANGE.....	-1.84	-1.25	1.95	2.56	2.71	2.55	2.55	2.55	2.54	2.54
MANUFACTURING.....	464.7	459.6	458.7	461.5	464.6	468.2	472.1	476.4	480.9	485.7
PERCENTAGE CHANGE.....	-2.88	-1.11	-0.18	0.60	0.68	0.77	0.83	0.93	0.94	1.00
DURABLE GOODS.....	272.4	271.6	274.5	279.3	283.9	288.7	293.7	298.9	304.1	309.5
PERCENTAGE CHANGE.....	-3.19	-0.28	1.05	1.74	1.68	1.68	1.72	1.77	1.73	1.78
NONDURABLE GOODS.....	192.4	187.9	184.3	182.2	180.7	179.5	178.4	177.5	176.9	176.2
PERCENTAGE CHANGE.....	-2.43	-2.29	-1.96	-1.10	-0.85	-0.68	-0.61	-0.47	-0.39	-0.34
TRADE.....	635.3	637.4	646.4	656.6	668.5	680.9	693.3	706.2	719.6	733.7
PERCENTAGE CHANGE.....	-0.51	0.33	1.41	1.58	1.82	1.86	1.82	1.85	1.91	1.95
SERVICES.....	771.9	793.8	823.5	856.4	888.4	920.9	955.1	990.5	1027.2	1065.8
PERCENTAGE CHANGE.....	2.26	2.84	3.74	4.00	3.73	3.66	3.71	3.71	3.71	3.75
FIN, INS, REAL EST.....	132.3	132.3	132.9	134.3	136.0	137.8	139.6	141.3	143.1	144.9
PERCENTAGE CHANGE.....	0.02	-0.02	0.40	1.10	1.29	1.29	1.28	1.26	1.25	1.24
TRANS, COMM, PUB UTIL.....	173.8	172.8	172.1	174.9	178.9	183.2	187.7	192.6	197.8	203.3
PERCENTAGE CHANGE.....	-3.33	-0.63	-0.36	1.61	2.28	2.40	2.49	2.59	2.69	2.79
GOVERNMENT.....	404.7	407.7	413.6	421.5	433.3	443.7	449.2	454.1	460.1	466.8
PERCENTAGE CHANGE.....	0.55	0.75	1.44	1.90	2.82	2.38	1.24	1.11	1.31	1.45
FEDERAL, CIVILIAN.....	50.1	50.2	50.5	50.8	51.1	51.4	51.7	52.0	52.2	52.5
PERCENTAGE CHANGE.....	-2.10	0.28	0.63	0.60	0.58	0.57	0.55	0.54	0.53	0.52
STATE AND LOCAL.....	354.6	357.5	363.1	370.6	382.2	392.3	397.5	402.2	407.9	414.2
PERCENTAGE CHANGE.....	0.94	0.82	1.55	2.09	3.12	2.63	1.33	1.19	1.41	1.57
FARM.....	11.8	11.9	11.5	11.2	10.8	10.5	10.2	9.9	9.6	9.3
PERCENTAGE CHANGE.....	-4.02	1.03	-3.52	-3.01	-2.95	-3.03	-3.02	-3.06	-3.09	-3.10

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TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
 TABLE 6: TENNESSEE DURABLE GOODS MANUFACTURING EMPLOYMENT  
 THOUSANDS OF JOBS

	F O R E C A S T - D A T A									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
TOTAL DURABLE GOODS.....	272.4	271.6	274.5	279.3	283.9	288.7	293.7	298.9	304.1	309.5
PERCENTAGE CHANGE.....	-3.19	-0.28	1.05	1.74	1.68	1.68	1.72	1.77	1.73	1.78
LUMBER AND WOOD.....	22.3	22.0	22.2	22.8	23.4	24.0	24.4	25.0	25.7	26.4
PERCENTAGE CHANGE.....	0.87	-1.54	1.01	2.83	2.38	2.40	2.03	2.47	2.46	2.73
FURNITURE AND FIXTURES.....	22.8	22.8	22.7	22.9	23.2	23.5	23.8	24.1	24.5	24.9
PERCENTAGE CHANGE.....	-3.81	0.06	-0.40	1.04	1.46	1.04	1.37	1.44	1.41	1.50
STONE,CLAY AND GLASS.....	16.2	16.2	16.1	16.3	16.6	16.9	17.1	17.3	17.6	17.9
PERCENTAGE CHANGE.....	-2.36	-0.37	-0.51	1.34	1.91	1.60	1.33	1.46	1.61	1.81
PRIMARY METALS.....	14.6	14.1	14.5	14.9	15.4	15.8	16.0	16.3	16.5	17.0
PERCENTAGE CHANGE.....	-11.02	-3.77	3.41	2.63	2.89	2.77	1.51	1.52	1.48	2.76
FABRICATED METALS.....	43.7	45.2	45.9	46.6	47.4	48.4	49.9	51.3	52.7	53.9
PERCENTAGE CHANGE.....	-2.67	3.30	1.52	1.67	1.73	2.10	3.00	2.89	2.64	2.23
NONELECTRICAL MACHINERY.....	47.5	46.6	46.3	46.4	46.5	46.6	46.7	46.8	46.9	47.0
PERCENTAGE CHANGE.....	-3.70	-1.86	-0.63	0.08	0.20	0.24	0.23	0.22	0.20	0.19
ELECTRICAL MACHINERY.....	34.8	34.9	35.6	36.2	36.6	37.0	37.6	38.3	39.1	39.7
PERCENTAGE CHANGE.....	-3.89	0.16	2.19	1.59	1.09	1.07	1.59	1.98	2.01	1.51
TRANSPORTATION EQUIPMENT.....	49.5	48.9	49.7	51.3	52.7	54.2	55.4	56.5	57.6	59.0
PERCENTAGE CHANGE.....	-3.00	-1.32	1.73	3.22	2.78	2.73	2.21	2.03	1.99	2.33
INSTRUMENTS.....	11.3	11.4	11.6	11.9	12.1	12.3	12.6	12.8	13.1	13.4
PERCENTAGE CHANGE.....	1.20	1.38	1.81	1.86	1.91	1.96	2.02	2.07	2.13	2.19
MISCELLANEOUS.....	9.6	9.6	9.8	9.9	10.0	10.1	10.2	10.3	10.4	10.5
PERCENTAGE CHANGE.....	-2.30	0.76	1.31	1.34	1.21	1.10	1.00	0.91	0.83	0.76

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TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
 TABLE 7: TENNESSEE NONDURABLE GOODS MANUFACTURING EMPLOYMENT  
 THOUSANDS OF JOBS

	F O R E C A S T - D A T A									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
TOTAL NONDURABLE GOODS.....	192.4	187.9	184.3	182.2	180.7	179.5	178.4	177.5	176.9	176.2
PERCENTAGE CHANGE.....	-2.43	-2.29	-1.96	-1.10	-0.85	-0.68	-0.61	-0.47	-0.39	-0.34
FOOD.....	40.8	40.7	40.8	41.0	41.1	41.2	41.3	41.5	41.6	41.7
PERCENTAGE CHANGE.....	0.08	-0.32	0.31	0.32	0.31	0.30	0.30	0.29	0.28	0.27
TOBACCO.....	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
PERCENTAGE CHANGE.....	5.60	-1.38	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TEXTILES.....	12.6	11.5	10.5	9.5	8.6	7.9	7.2	6.7	6.1	5.6
PERCENTAGE CHANGE.....	-8.78	-8.22	-8.87	-9.63	-9.35	-8.76	-8.63	-7.16	-7.94	-8.38
APPAREL.....	16.9	14.2	11.2	10.0	9.2	8.4	7.7	7.2	6.7	6.3
PERCENTAGE CHANGE.....	-10.92	-16.03	-20.90	-10.51	-8.28	-8.56	-7.94	-7.20	-6.40	-5.59
PAPER.....	22.5	22.7	22.9	23.1	23.3	23.4	23.6	23.8	23.9	24.1
PERCENTAGE CHANGE.....	2.34	0.75	0.82	0.80	0.77	0.74	0.71	0.68	0.66	0.63
PRINTING AND PUBLISHING.....	34.8	35.1	35.6	35.8	35.8	36.1	36.3	36.5	36.8	37.0
PERCENTAGE CHANGE.....	-3.55	0.80	1.25	0.54	0.23	0.66	0.59	0.65	0.69	0.69
CHEMICALS.....	27.3	26.3	25.5	25.0	24.6	24.3	23.9	23.5	23.1	22.7
PERCENTAGE CHANGE.....	-1.06	-3.71	-2.71	-2.12	-1.44	-1.48	-1.64	-1.78	-1.66	-1.62
PETROLEUM REFINING.....	1.2	1.2	1.1	1.1	1.1	1.0	1.0	1.0	1.0	1.0
PERCENTAGE CHANGE.....	-2.01	-3.04	-4.63	-3.70	-2.82	-2.13	-1.91	-1.67	-1.48	-1.29
RUBBER AND PLASTICS.....	33.3	33.5	34.0	34.3	34.5	34.7	35.0	35.2	35.4	35.6
PERCENTAGE CHANGE.....	-0.62	0.71	1.33	0.88	0.71	0.67	0.64	0.61	0.58	0.56
LEATHER.....	1.8	1.7	1.6	1.5	1.4	1.4	1.3	1.3	1.2	1.2
PERCENTAGE CHANGE.....	-14.62	-8.69	-7.71	-3.46	-4.47	-4.44	-4.00	-3.79	-2.76	-3.81

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TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
 TABLE 8: TENNESSEE AVERAGE ANNUAL WAGE AND SALARY RATE BY SECTOR  
 1996 DOLLARS

	F O R E C A S T - D A T A									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
TOTAL NONAGRICULTURAL.....	29382	29746	30146	30339	30760	31191	31633	32113	32607	33105
PERCENTAGE CHANGE.....	1.85	1.24	1.35	0.64	1.39	1.40	1.42	1.52	1.54	1.53
MINING.....	42976	42170	39371	38669	37990	37312	36607	35912	35238	34571
PERCENTAGE CHANGE.....	2.78	-1.87	-6.64	-1.78	-1.76	-1.78	-1.89	-1.90	-1.88	-1.89
CONSTRUCTION.....	31565	32237	33047	33723	34367	34957	35507	36082	36688	37311
PERCENTAGE CHANGE.....	-2.38	2.13	2.51	2.05	1.91	1.72	1.57	1.62	1.68	1.70
MANUFACTURING.....	34161	34714	35020	35247	35642	36074	36531	37012	37511	38018
PERCENTAGE CHANGE.....	2.87	1.62	0.88	0.65	1.12	1.21	1.27	1.32	1.35	1.35
DURABLE GOODS.....	34230	34559	34669	34817	35282	35830	36430	37090	37787	38503
PERCENTAGE CHANGE.....	3.38	0.96	0.32	0.43	1.33	1.55	1.68	1.81	1.88	1.89
NONDURABLE GOODS.....	34064	34937	35542	35906	36208	36466	36695	36879	37035	37168
PERCENTAGE CHANGE.....	2.16	2.56	1.73	1.02	0.84	0.71	0.63	0.50	0.42	0.36
TRADE.....	22164	22480	22795	22774	23031	23296	23581	23901	24228	24566
PERCENTAGE CHANGE.....	1.36	1.42	1.40	-0.09	1.13	1.15	1.22	1.36	1.37	1.39
SERVICES.....	28518	28866	29313	29403	29883	30381	30916	31511	32119	32748
PERCENTAGE CHANGE.....	1.69	1.22	1.55	0.31	1.63	1.67	1.76	1.93	1.93	1.96
FIN, INS, REAL EST.....	42798	42928	43798	44428	45232	46071	46978	47990	49029	50113
PERCENTAGE CHANGE.....	2.07	0.31	2.03	1.44	1.81	1.85	1.97	2.15	2.17	2.21
TRANS, COMM, PUB UTIL.....	36926	37634	38352	38858	39454	40037	40563	41073	41586	42081
PERCENTAGE CHANGE.....	4.01	1.92	1.91	1.32	1.53	1.48	1.31	1.26	1.25	1.19
GOVERNMENT.....	28479	28766	29165	29569	30000	30409	30755	31090	31448	31737
PERCENTAGE CHANGE.....	2.43	1.01	1.39	1.38	1.46	1.36	1.14	1.09	1.15	0.92
FEDERAL, CIVILIAN.....	45705	46389	46845	47688	48722	49596	50023	50396	51022	51211
PERCENTAGE CHANGE.....	4.68	1.50	0.98	1.80	2.17	1.79	0.86	0.75	1.24	0.37
STATE AND LOCAL.....	26047	26291	26705	27085	27497	27894	28249	28595	28941	29268
PERCENTAGE CHANGE.....	2.17	0.94	1.58	1.42	1.52	1.45	1.27	1.22	1.21	1.13
AGRICULTURE.....	12152	11793	12110	12355	12597	12856	13118	13393	13680	13974
PERCENTAGE CHANGE.....	3.34	-2.96	2.69	2.03	1.96	2.05	2.04	2.10	2.14	2.15

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TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
 TABLE 9: TENNESSEE AVERAGE ANNUAL WAGE AND SALARY RATE BY SECTOR  
 CURRENT DOLLARS

	F O R E C A S T - D A T A									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
TOTAL NONAGRICULTURAL.....	32641	33739	34971	36027	37327	38688	40154	41722	43349	45043
PERCENTAGE CHANGE.....	3.27	3.36	3.65	3.02	3.61	3.64	3.79	3.90	3.90	3.91
MINING.....	47742	47831	45673	45918	46101	46280	46468	46658	46847	47037
PERCENTAGE CHANGE.....	4.21	0.19	-4.51	0.54	0.40	0.39	0.40	0.41	0.40	0.41
CONSTRUCTION.....	35066	36565	38336	40044	41705	43360	45071	46879	48774	50766
PERCENTAGE CHANGE.....	-1.02	4.28	4.84	4.46	4.15	3.97	3.95	4.01	4.04	4.08
MANUFACTURING.....	37949	39373	40625	41855	43252	44745	46371	48087	49868	51728
PERCENTAGE CHANGE.....	4.31	3.75	3.18	3.03	3.34	3.45	3.63	3.70	3.70	3.73
DURABLE GOODS.....	38026	39198	40218	41344	42815	44442	46243	48189	50236	52387
PERCENTAGE CHANGE.....	4.82	3.08	2.60	2.80	3.56	3.80	4.05	4.21	4.25	4.28
NONDURABLE GOODS.....	37842	39627	41231	42638	43939	45232	46580	47915	49235	50571
PERCENTAGE CHANGE.....	3.58	4.72	4.05	3.41	3.05	2.94	2.98	2.87	2.76	2.71
TRADE.....	24622	25497	26444	27043	27948	28896	29932	31053	32210	33424
PERCENTAGE CHANGE.....	2.77	3.55	3.71	2.27	3.35	3.39	3.59	3.75	3.72	3.77
SERVICES.....	31680	32741	34005	34915	36263	37683	39243	40940	42700	44557
PERCENTAGE CHANGE.....	3.11	3.35	3.86	2.68	3.86	3.92	4.14	4.32	4.30	4.35
FIN,INS,REAL EST.....	47544	48691	50809	52757	54890	57144	59633	62351	65181	68183
PERCENTAGE CHANGE.....	3.49	2.41	4.35	3.83	4.04	4.11	4.35	4.56	4.54	4.61
TRANS,COMM,PUB UTIL.....	41022	42686	44491	46143	47878	49660	51489	53364	55286	57256
PERCENTAGE CHANGE.....	5.46	4.06	4.23	3.71	3.76	3.72	3.68	3.64	3.60	3.56
GOVERNMENT.....	31637	32627	33834	35112	36406	37718	39040	40393	41808	43182
PERCENTAGE CHANGE.....	3.86	3.13	3.70	3.78	3.68	3.60	3.50	3.47	3.50	3.28
FEDERAL,CIVILIAN.....	50774	52616	54343	56627	59124	61517	63497	65476	67831	69677
PERCENTAGE CHANGE.....	6.14	3.63	3.28	4.20	4.41	4.05	3.22	3.12	3.60	2.72
STATE AND LOCAL.....	28935	29820	30980	32162	33367	34599	35859	37152	38475	39823
PERCENTAGE CHANGE.....	3.59	3.06	3.89	3.82	3.75	3.69	3.64	3.61	3.56	3.50
AGRICULTURE.....	13500	13376	14048	14672	15287	15946	16652	17401	18186	19013
PERCENTAGE CHANGE.....	4.79	-0.92	5.03	4.44	4.19	4.31	4.43	4.50	4.51	4.54

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TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
 TABLE 10: TENNESSEE CIVILIAN LABOR FORCE AND UNEMPLOYMENT RATE

	FORECAST - DATA									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
CIVILIAN LABOR FORCE (THOUS).....	2880	2926	2963	3007	3045	3080	3118	3164	3213	3257
PERCENTAGE CHANGE.....	2.20	1.59	1.28	1.48	1.26	1.16	1.23	1.49	1.52	1.39
EMPLOYED PERSONS (THOUS).....	2738	2791	2829	2871	2912	2955	2997	3040	3082	3126
PERCENTAGE CHANGE.....	1.71	1.94	1.37	1.47	1.46	1.44	1.43	1.42	1.41	1.40
UNEMPLOYED PERSONS (THOUS).....	142	135	134	136	132	126	121	125	130	132
PERCENTAGE CHANGE.....	12.82	-5.20	-0.61	1.79	-2.89	-5.16	-3.66	3.26	4.18	1.17
PARTICIPATION RATE (PERCENT).....	66.1	66.9	67.6	68.2	68.3	68.5	68.6	68.9	69.3	69.6
PERCENTAGE CHANGE.....	1.93	1.32	1.02	0.78	0.21	0.22	0.19	0.47	0.52	0.45
UNEMPLOYMENT RATE (PERCENT).....	4.9	4.6	4.5	4.5	4.3	4.1	3.9	3.9	4.1	4.0

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TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
 TABLE 11: TENNESSEE TAXABLE SALES  
 MILLIONS OF 1996 DOLLARS

	FORECAST - DATA									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
TOTAL.....	67322	67620	68567	70593	72561	74601	76564	78556	80608	82698
PERCENTAGE CHANGE.....	-0.96	0.44	1.40	2.95	2.79	2.81	2.63	2.60	2.61	2.59
AUTO DEALERS.....	7928	7864	8045	8903	9195	9522	9785	10061	10360	10666
PERCENTAGE CHANGE.....	0.79	-0.81	2.29	10.67	3.27	3.56	2.76	2.82	2.98	2.95
PURCHASES FROM MANUFACTURERS.....	3364	3302	3258	3325	3416	3479	3566	3661	3749	3825
PERCENTAGE CHANGE.....	-6.69	-1.83	-1.35	2.07	2.72	1.85	2.51	2.66	2.41	2.02
MISC DURABLE GOODS.....	11105	11031	10844	10618	10854	11176	11444	11655	11820	11936
PERCENTAGE CHANGE.....	-1.54	-0.67	-1.69	-2.09	2.22	2.97	2.40	1.84	1.41	0.99
EATING AND DRINKING PLACES.....	5912	6017	6204	6398	6643	6896	7150	7419	7709	8017
PERCENTAGE CHANGE.....	0.51	1.77	3.11	3.12	3.83	3.81	3.67	3.77	3.91	4.00
FOOD STORES.....	7121	7110	7056	7011	7007	7007	6997	6992	6997	7007
PERCENTAGE CHANGE.....	-3.57	-0.15	-0.75	-0.64	-0.06	0.00	-0.15	-0.07	0.07	0.15
LIQUOR STORES.....	367	359	357	354	353	352	350	349	348	347
PERCENTAGE CHANGE.....	1.14	-2.03	-0.74	-0.72	-0.33	-0.31	-0.45	-0.41	-0.32	-0.29
HOTELS AND MOTELS.....	1563	1567	1561	1552	1562	1560	1564	1568	1570	1574
PERCENTAGE CHANGE.....	-3.91	0.21	-0.37	-0.56	0.62	-0.11	0.25	0.28	0.13	0.22
OTHER RETAIL AND SERVICE.....	19562	20545	21243	22268	23076	23890	24707	25571	26491	27461
PERCENTAGE CHANGE.....	0.21	5.02	3.40	4.83	3.63	3.53	3.42	3.50	3.60	3.66
MISC NONDURABLE GOODS.....	5567	5462	5584	5705	5880	6053	6224	6403	6591	6787
PERCENTAGE CHANGE.....	-3.12	-1.87	2.23	2.16	3.06	2.95	2.82	2.87	2.94	2.98
TRANSPORTATION, COMMUNICATION.....	4832	4362	4415	4458	4577	4665	4777	4878	4973	5077
PERCENTAGE CHANGE.....	2.83	-9.72	1.21	0.97	2.67	1.93	2.40	2.10	1.95	2.10
PER CAPITA TOTAL TAXABLE SALES (\$)..	11651	11625	11710	11937	12117	12312	12479	12646	12819	12996
PERCENTAGE CHANGE.....	-1.61	-0.22	0.73	1.94	1.51	1.61	1.36	1.34	1.36	1.39

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TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
 TABLE 12: TENNESSEE TAXABLE SALES  
 MILLIONS OF CURRENT DOLLARS

	FORECAST - DATA									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
TOTAL.....	74788	76696	79542	83827	88054	92533	97188	102064	107162	112519
PERCENTAGE CHANGE.....	0.42	2.55	3.71	5.39	5.04	5.09	5.03	5.02	5.00	5.00
AUTO DEALERS.....	8807	8920	9332	10572	11158	11811	12421	13071	13773	14513
PERCENTAGE CHANGE.....	2.20	1.28	4.62	13.29	5.54	5.86	5.16	5.24	5.37	5.37
PURCHASES FROM MANUFACTURERS.....	3737	3746	3779	3949	4145	4315	4527	4757	4985	5205
PERCENTAGE CHANGE.....	-5.39	0.23	0.90	4.48	4.98	4.10	4.91	5.08	4.79	4.41
MISC DURABLE GOODS.....	12337	12511	12580	12609	13171	13863	14527	15143	15713	16241
PERCENTAGE CHANGE.....	-0.17	1.41	0.55	0.23	4.46	5.25	4.79	4.24	3.77	3.36
EATING AND DRINKING PLACES.....	6568	6825	7197	7597	8061	8554	9075	9639	10248	10908
PERCENTAGE CHANGE.....	1.91	3.90	5.46	5.56	6.11	6.11	6.10	6.21	6.32	6.44
FOOD STORES.....	7911	8065	8186	8326	8503	8692	8882	9084	9301	9534
PERCENTAGE CHANGE.....	-2.22	1.94	1.51	1.71	2.13	2.22	2.19	2.28	2.39	2.50
LIQUOR STORES.....	407	407	414	420	428	436	444	453	462	471
PERCENTAGE CHANGE.....	2.55	0.03	1.52	1.62	1.86	1.90	1.88	1.93	1.99	2.05
HOTELS AND MOTELS.....	1737	1777	1811	1843	1895	1935	1985	2038	2088	2141
PERCENTAGE CHANGE.....	-2.57	2.32	1.90	1.79	2.82	2.10	2.59	2.64	2.46	2.57
OTHER RETAIL AND SERVICE.....	21731	23302	24643	26443	28002	29632	31362	33223	35219	37364
PERCENTAGE CHANGE.....	1.60	7.23	5.75	7.30	5.90	5.82	5.84	5.94	6.01	6.09
MISC NONDURABLE GOODS.....	6184	6195	6478	6774	7135	7508	7901	8319	8763	9235
PERCENTAGE CHANGE.....	-1.77	0.19	4.56	4.58	5.32	5.23	5.23	5.29	5.34	5.39
TRANSPORTATION, COMMUNICATION.....	5368	4948	5122	5294	5554	5787	6064	6337	6611	6907
PERCENTAGE CHANGE.....	4.26	-7.83	3.52	3.35	4.92	4.18	4.79	4.51	4.32	4.49
PER CAPITA TOTAL TAXABLE SALES (\$)..	12943	13185	13584	14174	14704	15271	15840	16430	17041	17683
PERCENTAGE CHANGE.....	-0.24	1.87	3.02	4.35	3.73	3.86	3.73	3.72	3.72	3.76

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TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
 TABLE 13: TENNESSEE GROSS STATE PRODUCT BY SECTOR  
 MILLIONS OF 1996 DOLLARS

	FORECAST - DATA										
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	
GROSS STATE PRODUCT.....	170793.5	174475.5	179691.1	185852.9	192360.2	199140.4	206280.7	214011.6	222320.5	231031.9	
PERCENTAGE CHANGE.....	1.35	2.16	2.99	3.43	3.50	3.52	3.59	3.75	3.88	3.92	
MINING.....	603.0	658.4	689.2	737.3	780.7	824.8	871.7	911.2	963.6	1018.5	
PERCENTAGE CHANGE.....	1.23	9.18	4.68	6.98	5.89	5.65	5.69	4.53	5.75	5.70	
CONSTRUCTION.....	6353.0	6201.3	6264.9	6463.5	6645.7	6840.5	7050.5	7290.8	7554.4	7846.0	
PERCENTAGE CHANGE.....	-3.37	-2.39	1.03	3.17	2.82	2.93	3.07	3.41	3.61	3.86	
MANUFACTURING.....	35337.6	35919.2	37128.8	38568.6	40050.0	41646.0	43348.8	45128.6	46959.8	48927.8	
PERCENTAGE CHANGE.....	-0.83	1.65	3.37	3.88	3.84	3.99	4.09	4.11	4.06	4.19	
DURABLE GOODS.....	21951.9	22507.9	23653.7	25057.9	26463.1	27965.1	29551.7	31217.6	32902.5	34736.7	
PERCENTAGE CHANGE.....	-1.27	2.53	5.09	5.94	5.61	5.68	5.67	5.64	5.40	5.57	
NONDURABLE GOODS.....	13385.7	13411.3	13475.1	13510.7	13586.8	13680.9	13797.1	13911.0	14057.2	14191.1	
PERCENTAGE CHANGE.....	-0.09	0.19	0.48	0.26	0.56	0.69	0.85	0.83	1.05	0.95	
TRADE.....	35449.2	36371.2	37385.8	38499.9	39624.1	40816.6	42175.9	43711.5	45385.4	46973.9	
PERCENTAGE CHANGE.....	2.27	2.60	2.79	2.98	2.92	3.01	3.33	3.64	3.83	3.50	
SERVICES.....	33409.3	34427.6	35941.1	37491.4	38903.3	40378.3	41978.1	43741.5	45690.7	47862.4	
PERCENTAGE CHANGE.....	1.93	3.05	4.40	4.31	3.77	3.79	3.96	4.20	4.46	4.75	
FINANCE, INSURANCE AND REAL ESTATE..	24551.8	25079.7	25767.7	26572.1	27551.7	28546.8	29600.0	30731.4	31920.6	33173.4	
PERCENTAGE CHANGE.....	4.53	2.15	2.74	3.12	3.69	3.61	3.69	3.82	3.87	3.92	
TRANS., COMM., AND PUBLIC UTIL.....	14289.7	14741.4	15066.1	15626.1	16301.2	17014.6	17768.5	18590.4	19475.0	20353.3	
PERCENTAGE CHANGE.....	1.32	3.16	2.20	3.72	4.32	4.38	4.43	4.63	4.76	4.51	
GOVERNMENT.....	18477.9	18704.6	19018.2	19404.1	19943.2	20439.9	20775.9	21109.4	21483.0	21891.9	
PERCENTAGE CHANGE.....	0.69	1.23	1.68	2.03	2.78	2.49	1.64	1.61	1.77	1.90	
FEDERAL CIVILIAN.....	5167.0	5318.6	5450.3	5576.1	5708.8	5848.3	5993.0	6148.3	6306.3	6471.9	
PERCENTAGE CHANGE.....	0.93	2.93	2.48	2.31	2.38	2.44	2.47	2.59	2.57	2.63	
FEDERAL MILITARY.....	688.5	699.7	715.4	732.4	750.9	770.6	792.3	815.6	840.1	865.9	
PERCENTAGE CHANGE.....	1.92	1.63	2.24	2.38	2.52	2.63	2.81	2.95	3.00	3.08	
STATE AND LOCAL.....	12622.4	12686.4	12852.6	13095.6	13483.6	13821.0	13990.7	14145.5	14336.6	14554.1	
PERCENTAGE CHANGE.....	0.53	0.51	1.31	1.89	2.96	2.50	1.23	1.11	1.35	1.52	
AGRICULTURE.....	2322.0	2372.0	2429.4	2490.0	2560.3	2632.9	2711.3	2796.9	2888.0	2984.8	
PERCENTAGE CHANGE.....	-0.56	2.16	2.42	2.50	2.82	2.83	2.98	3.16	3.26	3.35	
FARM.....	1543.6	1544.9	1550.1	1554.9	1565.6	1574.4	1584.5	1597.0	1609.8	1622.6	
PERCENTAGE CHANGE.....	-3.66	0.08	0.33	0.31	0.69	0.56	0.64	0.79	0.80	0.80	
AG SERVICES, FORESTRY, FISHERIES..	778.3	827.1	879.3	935.1	994.7	1058.5	1126.8	1199.9	1278.2	1362.1	
PERCENTAGE CHANGE.....	6.23	6.27	6.31	6.34	6.38	6.42	6.45	6.49	6.53	6.56	
PER CAPITA GROSS STATE PRODUCT (\$)..	29557.9	29995.2	30687.4	31426.0	32121.4	32864.6	33621.0	34451.5	35354.3	36308.0	
PERCENTAGE CHANGE.....	0.68	1.48	2.31	2.41	2.21	2.31	2.30	2.47	2.62	2.70	

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TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
 TABLE 14: TENNESSEE DURABLE GOODS MANUFACTURING GROSS PRODUCT  
 MILLIONS OF 1996 DOLLARS

	F O R E C A S T - D A T A									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
TOTAL DURABLE GOODS.....	21951.9	22507.9	23653.7	25057.9	26463.1	27965.1	29551.7	31217.6	32902.5	34736.7
PERCENTAGE CHANGE.....	-1.27	2.53	5.09	5.94	5.61	5.68	5.67	5.64	5.40	5.57
LUMBER AND WOOD PRODUCTS.....	1036.3	1051.3	1090.4	1147.9	1201.5	1256.5	1308.7	1369.5	1433.6	1505.3
PERCENTAGE CHANGE.....	4.50	1.45	3.72	5.27	4.67	4.58	4.16	4.64	4.68	5.01
FURNITURE AND FIXTURES.....	817.2	841.8	873.6	908.6	951.2	992.2	1038.1	1089.2	1140.9	1189.6
PERCENTAGE CHANGE.....	-2.19	3.01	3.78	4.01	4.69	4.31	4.63	4.92	4.75	4.27
STONE,CLAY AND GLASS.....	1056.2	1051.9	1067.9	1103.8	1147.1	1188.7	1228.6	1271.5	1317.6	1368.2
PERCENTAGE CHANGE.....	-1.40	-0.41	1.53	3.36	3.92	3.63	3.36	3.49	3.63	3.84
PRIMARY METALS.....	1659.9	1629.1	1717.9	1797.8	1885.9	1975.9	2056.3	2140.0	2226.1	2330.8
PERCENTAGE CHANGE.....	-9.24	-1.86	5.45	4.65	4.90	4.77	4.07	4.07	4.02	4.71
FABRICATED METAL PRODUCTS.....	2671.0	2764.1	2811.2	2916.6	3027.5	3133.7	3259.4	3392.3	3514.1	3636.4
PERCENTAGE CHANGE.....	-2.54	3.49	1.70	3.75	3.80	3.51	4.01	4.08	3.59	3.48
NONELECTRICAL MACHINERY.....	4717.3	4924.2	5438.2	6083.7	6710.6	7404.5	8135.0	8910.4	9689.4	10574.6
PERCENTAGE CHANGE.....	1.17	4.38	10.44	11.87	10.30	10.34	9.87	9.53	8.74	9.14
ELECTRICAL MACHINERY.....	3649.8	3795.1	3962.4	4126.1	4295.7	4486.0	4692.8	4913.3	5136.9	5366.5
PERCENTAGE CHANGE.....	0.00	3.98	4.41	4.13	4.11	4.43	4.61	4.70	4.55	4.47
TRANSPORTATION EQUIPMENT.....	5181.5	5271.8	5493.2	5739.3	5970.0	6222.6	6495.1	6762.0	7046.6	7340.4
PERCENTAGE CHANGE.....	-2.22	1.74	4.20	4.48	4.02	4.23	4.38	4.11	4.21	4.17
INSTRUMENTS.....	308.3	315.2	325.7	337.7	351.4	366.6	384.0	401.0	417.7	434.4
PERCENTAGE CHANGE.....	2.76	2.25	3.33	3.68	4.06	4.33	4.75	4.43	4.16	4.00
MISCELLANEOUS DURABLE GOODS.....	854.4	863.5	873.2	896.4	922.3	938.4	953.6	968.4	979.7	990.4
PERCENTAGE CHANGE.....	0.00	1.06	1.12	2.66	2.89	1.74	1.62	1.55	1.17	1.09

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TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
 TABLE 15: TENNESSEE NONDURABLE GOODS MANUFACTURING GROSS PRODUCT  
 MILLIONS OF 1996 DOLLARS

	FORECAST - DATA									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
TOTAL NONDURABLE GOODS.....	13385.7	13411.3	13475.1	13510.7	13586.8	13680.9	13797.1	13911.0	14057.2	14191.1
PERCENTAGE CHANGE.....	-0.09	0.19	0.48	0.26	0.56	0.69	0.85	0.83	1.05	0.95
FOOD.....	3191.4	3191.8	3191.8	3194.2	3197.9	3202.6	3208.0	3214.1	3220.5	3227.3
PERCENTAGE CHANGE.....	0.07	0.01	0.00	0.07	0.12	0.15	0.17	0.19	0.20	0.21
TOBACCO.....	63.8	65.6	68.2	70.2	72.4	74.8	77.0	79.2	81.6	84.5
PERCENTAGE CHANGE.....	-7.07	2.77	3.96	2.93	3.13	3.31	2.88	2.94	2.99	3.53
TEXTILES.....	617.2	580.1	540.8	501.2	467.4	439.7	414.8	398.4	379.5	360.1
PERCENTAGE CHANGE.....	-7.62	-6.02	-6.77	-7.33	-6.74	-5.92	-5.66	-3.95	-4.75	-5.13
APPAREL.....	457.1	420.4	382.1	343.9	323.2	298.0	276.8	254.9	234.5	215.2
PERCENTAGE CHANGE.....	-7.90	-8.03	-9.11	-10.00	-6.02	-7.80	-7.11	-7.91	-8.00	-8.23
PAPER.....	1418.3	1444.5	1472.4	1500.2	1526.7	1550.8	1573.6	1595.3	1616.2	1637.0
PERCENTAGE CHANGE.....	2.35	1.85	1.93	1.89	1.77	1.58	1.47	1.38	1.31	1.29
PRINTING AND PUBLISHING.....	1372.7	1418.3	1465.7	1496.8	1526.9	1575.0	1625.7	1687.4	1753.1	1822.2
PERCENTAGE CHANGE.....	2.67	3.33	3.34	2.12	2.01	3.15	3.22	3.80	3.89	3.94
CHEMICALS.....	4049.4	4052.7	4094.4	4119.8	4161.0	4201.3	4239.6	4271.8	4309.8	4349.5
PERCENTAGE CHANGE.....	0.00	0.08	1.03	0.62	1.00	0.97	0.91	0.76	0.89	0.92
PETROLEUM REFINING.....	148.9	151.9	155.2	158.8	163.3	168.1	172.3	176.5	182.2	189.0
PERCENTAGE CHANGE.....	0.00	2.01	2.17	2.32	2.83	2.94	2.49	2.46	3.22	3.74
RUBBER AND PLASTICS.....	2012.7	2032.9	2053.8	2076.0	2099.5	2127.6	2167.7	2192.6	2239.4	2266.7
PERCENTAGE CHANGE.....	1.00	1.00	1.03	1.08	1.13	1.34	1.89	1.15	2.13	1.22
LEATHER.....	54.1	53.1	50.6	49.6	48.5	43.0	41.6	40.8	40.4	39.6
PERCENTAGE CHANGE.....	-12.03	-1.88	-4.70	-2.02	-2.09	-11.44	-3.16	-2.03	-0.94	-1.96

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TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
 TABLE 16: TENNESSEE GROSS STATE PRODUCT BY SECTOR  
 MILLIONS OF CURRENT DOLLARS

	F O R E C A S T - D A T A									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
GROSS STATE PRODUCT.....	188353	196929	207884	220264	233377	247158	261886	277925	295682	314873
PERCENTAGE CHANGE.....	3.07	4.55	5.56	5.96	5.95	5.90	5.96	6.12	6.39	6.49
MINING.....	586	644	679	732	780	829	880	924	981	1041
PERCENTAGE CHANGE.....	1.90	10.00	5.46	7.73	6.57	6.26	6.23	5.01	6.18	6.07
CONSTRUCTION.....	8599	8751	9276	10012	10775	11591	12488	13499	14618	15886
PERCENTAGE CHANGE.....	0.85	1.76	6.01	7.93	7.62	7.58	7.74	8.09	8.29	8.67
MANUFACTURING.....	34382	34827	35898	37209	38693	40295	42033	43814	45791	47902
PERCENTAGE CHANGE.....	-1.13	1.29	3.08	3.65	3.99	4.14	4.31	4.24	4.51	4.61
DURABLE GOODS.....	19083	19259	19936	20855	21900	23027	24232	25467	26796	28239
PERCENTAGE CHANGE.....	-2.79	0.92	3.52	4.61	5.01	5.15	5.23	5.10	5.22	5.39
NONDURABLE GOODS.....	15300	15569	15962	16354	16792	17268	17801	18347	18995	19663
PERCENTAGE CHANGE.....	1.01	1.76	2.53	2.45	2.68	2.83	3.09	3.07	3.53	3.52
TRADE.....	35309	37053	39173	41461	43740	46201	49014	52165	55584	59098
PERCENTAGE CHANGE.....	3.69	4.94	5.72	5.84	5.50	5.63	6.09	6.43	6.55	6.32
SERVICES.....	41542	44711	48752	53037	57195	61564	66346	71675	77612	84354
PERCENTAGE CHANGE.....	5.71	7.63	9.04	8.79	7.84	7.64	7.77	8.03	8.28	8.69
FINANCE, INSURANCE AND REAL ESTATE..	28651	30006	31623	33461	35593	37831	40246	42878	45706	48752
PERCENTAGE CHANGE.....	7.21	4.73	5.39	5.81	6.37	6.29	6.39	6.54	6.60	6.66
TRANS., COMM., AND PUBLIC UTIL.....	15786	16578	17102	17894	18788	19694	20639	21676	22777	23905
PERCENTAGE CHANGE.....	0.86	5.02	3.16	4.63	5.00	4.82	4.80	5.03	5.08	4.95
GOVERNMENT.....	21900	22645	23577	24580	25867	27133	28129	29089	30293	31491
PERCENTAGE CHANGE.....	3.22	3.40	4.12	4.26	5.23	4.90	3.67	3.41	4.14	3.96
FEDERAL CIVILIAN.....	5944	6347	6743	7145	7571	8020	8491	8993	9516	10067
PERCENTAGE CHANGE.....	4.76	6.79	6.23	5.97	5.95	5.93	5.88	5.91	5.81	5.79
FEDERAL MILITARY.....	816	856	902	951	1003	1059	1118	1181	1248	1319
PERCENTAGE CHANGE.....	5.28	4.86	5.39	5.44	5.49	5.51	5.61	5.67	5.64	5.64
STATE AND LOCAL.....	15140	15442	15932	16484	17292	18055	18520	18914	19529	20106
PERCENTAGE CHANGE.....	2.52	1.99	3.17	3.46	4.91	4.41	2.57	2.13	3.25	2.95
AGRICULTURE.....	1598	1715	1803	1878	1947	2019	2111	2205	2320	2443
PERCENTAGE CHANGE.....	-17.15	7.29	5.18	4.16	3.67	3.69	4.57	4.45	5.20	5.31
FARM.....	668	724	746	751	748	743	752	757	774	792
PERCENTAGE CHANGE.....	-36.35	8.37	3.12	0.66	-0.46	-0.68	1.19	0.64	2.34	2.36
AG SERVICES, FORESTRY, FISHERIES..	930	991	1057	1127	1199	1276	1359	1449	1546	1651
PERCENTAGE CHANGE.....	5.76	6.51	6.68	6.63	6.42	6.41	6.53	6.56	6.69	6.79
PER CAPITA GROSS STATE PRODUCT (\$)..	32597	33855	35502	37245	38971	40789	42684	44740	47021	49484
PERCENTAGE CHANGE.....	2.39	3.86	4.86	4.91	4.63	4.67	4.65	4.82	5.10	5.24

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TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
 TABLE 17: TENNESSEE DURABLE GOODS MANUFACTURING GROSS PRODUCT  
 MILLIONS OF CURRENT DOLLARS

	F O R E C A S T - D A T A									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
TOTAL DURABLE GOODS.....	19083	19259	19936	20855	21900	23027	24232	25467	26796	28239
PERCENTAGE CHANGE.....	-2.79	0.92	3.52	4.61	5.01	5.15	5.23	5.10	5.22	5.39
LUMBER AND WOOD PRODUCTS.....	1053	1099	1172	1269	1364	1465	1566	1682	1806	1944
PERCENTAGE CHANGE.....	7.55	4.37	6.65	8.20	7.53	7.40	6.92	7.37	7.37	7.66
FURNITURE AND FIXTURES.....	898	934	977	1025	1082	1139	1203	1271	1344	1413
PERCENTAGE CHANGE.....	-1.35	3.99	4.58	4.90	5.62	5.26	5.60	5.69	5.75	5.13
STONE, CLAY AND GLASS.....	1097	1081	1098	1140	1191	1241	1289	1340	1395	1455
PERCENTAGE CHANGE.....	-3.69	-1.43	1.51	3.82	4.48	4.18	3.87	3.98	4.08	4.31
PRIMARY METALS.....	1584	1579	1691	1796	1911	2030	2140	2255	2374	2515
PERCENTAGE CHANGE.....	-7.71	-0.27	7.08	6.21	6.40	6.20	5.43	5.38	5.28	5.92
FABRICATED METAL PRODUCTS.....	2974	3123	3228	3407	3591	3776	3995	4229	4455	4690
PERCENTAGE CHANGE.....	-1.89	4.99	3.38	5.55	5.41	5.14	5.79	5.88	5.35	5.26
NONELECTRICAL MACHINERY.....	3258	3314	3544	3819	4126	4466	4820	5188	5561	5975
PERCENTAGE CHANGE.....	-0.86	1.70	6.95	7.78	8.02	8.26	7.92	7.63	7.18	7.44
ELECTRICAL MACHINERY.....	1637	1473	1315	1163	1059	961	860	725	639	555
PERCENTAGE CHANGE.....	-10.00	-9.98	-10.73	-11.60	-8.93	-9.21	-10.51	-15.73	-11.89	-13.11
TRANSPORTATION EQUIPMENT.....	5202	5233	5431	5676	5927	6214	6530	6849	7195	7564
PERCENTAGE CHANGE.....	-3.79	0.60	3.79	4.51	4.41	4.84	5.09	4.88	5.06	5.13
INSTRUMENTS.....	454	487	529	575	628	687	754	825	901	981
PERCENTAGE CHANGE.....	7.94	7.36	8.46	8.80	9.15	9.39	9.81	9.44	9.14	8.94
MISCELLANEOUS DURABLE GOODS.....	925	934	951	985	1022	1049	1075	1102	1125	1146
PERCENTAGE CHANGE.....	0.50	0.99	1.74	3.63	3.71	2.66	2.50	2.50	2.10	1.88

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TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
**TABLE 18: TENNESSEE NONDURABLE GOODS MANUFACTURING GROSS PRODUCT**  
 MILLIONS OF CURRENT DOLLARS

	F O R E C A S T - D A T A									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
TOTAL NONDURABLE GOODS.....	15300	15569	15962	16354	16792	17268	17801	18347	18995	19663
PERCENTAGE CHANGE.....	1.01	1.76	2.53	2.45	2.68	2.83	3.09	3.07	3.53	3.52
FOOD.....	3611	3632	3676	3737	3796	3855	3915	3975	4038	4104
PERCENTAGE CHANGE.....	-0.24	0.57	1.22	1.65	1.59	1.55	1.55	1.55	1.58	1.64
TOBACCO.....	289	332	387	446	515	596	685	787	904	1044
PERCENTAGE CHANGE.....	4.15	15.08	16.47	15.30	15.45	15.55	14.97	14.95	14.91	15.44
TEXTILES.....	626	590	551	512	479	451	426	410	392	372
PERCENTAGE CHANGE.....	-7.61	-5.82	-6.54	-7.11	-6.53	-5.71	-5.47	-3.77	-4.58	-4.97
APPAREL.....	446	398	354	314	292	267	246	225	206	188
PERCENTAGE CHANGE.....	-11.13	-10.71	-11.02	-11.34	-7.07	-8.62	-7.82	-8.54	-8.58	-8.76
PAPER.....	1818	1911	2010	2113	2218	2324	2431	2539	2651	2765
PERCENTAGE CHANGE.....	5.69	5.14	5.20	5.12	4.97	4.74	4.60	4.48	4.38	4.32
PRINTING AND PUBLISHING.....	1802	1885	1985	2059	2122	2214	2327	2463	2618	2788
PERCENTAGE CHANGE.....	4.72	4.62	5.30	3.72	3.05	4.33	5.10	5.86	6.28	6.49
CHEMICALS.....	4279	4361	4506	4641	4791	4938	5080	5217	5364	5519
PERCENTAGE CHANGE.....	1.27	1.91	3.32	2.99	3.25	3.05	2.88	2.70	2.83	2.88
PETROLEUM REFINING.....	222	231	238	246	257	269	280	292	307	325
PERCENTAGE CHANGE.....	0.78	4.29	2.94	3.11	4.50	4.77	4.27	4.15	5.15	5.99
RUBBER AND PLASTICS.....	2150	2171	2200	2232	2269	2308	2365	2392	2469	2512
PERCENTAGE CHANGE.....	1.41	0.99	1.31	1.47	1.62	1.73	2.48	1.14	3.23	1.73
LEATHER.....	57	56	54	54	53	48	47	46	46	46
PERCENTAGE CHANGE.....	-11.27	-0.71	-3.48	-0.76	-0.86	-10.36	-2.03	-0.93	0.14	-0.94

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TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
 TABLE 1: SELECTED U.S. AND TENNESSEE ECONOMIC INDICATORS  
 SEASONALLY ADJUSTED

	HISTORICAL - DATA											ANNUAL		
	200001	200002	200003	200004	200101	200102	200103	200104	200201	200202	200203	1999	2000	2001
US GDP (BIL96\$) SAAR.....	9097.4	9205.7	9218.7	9243.8	9229.9	9193.1	9186.4	9248.8	9363.2	9392.4	9485.6	8858.9	9191.4	9214.5
% CHG PREV QTR SAAR.....	2.56	4.85	0.56	1.10	-0.60	-1.59	-0.29	2.74	5.04	1.25	4.03	4.11	3.75	0.25
% CHG SAME QTR LAST YR.....	4.17	4.90	3.73	2.25	1.46	-0.14	-0.35	0.05	1.44	2.17	3.26	4.11	3.75	0.25
US GDP (BIL\$) SAAR.....	9649.5	9820.7	9874.8	9953.6	10028.1	10049.9	10097.7	10152.9	10313.1	10376.9	10506.2	9274.3	9824.7	10082.2
% CHG PREV QTR SAAR.....	5.71	7.29	2.22	3.23	3.03	0.87	1.92	2.20	6.46	2.50	5.08	5.61	5.93	2.62
% CHG SAME QTR LAST YR.....	6.12	7.08	5.99	4.59	3.92	2.33	2.26	2.00	2.84	3.25	4.05	5.61	5.93	2.62
CHAINED PRICE INDEX,GDP(1996=1.0)	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.0	1.1	1.1
% CHG PREV QTR SAAR.....	3.08	2.33	1.64	2.08	3.70	2.46	2.20	-0.52	1.33	1.22	1.02	1.44	2.11	2.36
% CHG SAME QTR LAST YR.....	1.88	2.08	2.18	2.28	2.43	2.47	2.61	1.95	1.36	1.05	0.76	1.44	2.11	2.36
US PERS CONS DEFL (1996=100)....	106.5	107.1	107.7	108.3	109.2	109.6	109.6	109.8	110.1	110.9	111.4	104.7	107.4	109.6
% CHG PREV QTR SAAR.....	3.43	2.27	2.07	2.23	3.33	1.81	-0.07	0.81	1.10	2.74	1.72	1.65	2.54	2.02
% CHG SAME QTR LAST YR.....	2.56	2.56	2.54	2.50	2.47	2.36	1.82	1.46	0.91	1.14	1.59	1.65	2.54	2.02
TN PERSONAL INCOME (MIL96\$) SAAR	138699	139644	140667	140955	141099	141182	141940	141314	143914	144853	145537	134757	139992	141384
% CHG PREV QTR SAAR.....	7.02	2.75	2.96	0.82	0.41	0.24	2.16	-1.75	7.57	2.64	1.90	3.42	3.88	0.99
% CHG SAME QTR LAST YR.....	4.12	3.90	4.16	3.36	1.73	1.10	0.90	0.25	1.99	2.60	2.53	3.42	3.88	0.99
US PERSONAL INCOME (BIL96\$) SAAR	7709.3	7795.7	7883.6	7922.3	7932.3	7913.3	7942.1	7921.4	7993.0	8038.8	8075.9	7434.6	7827.7	7927.3
% CHG PREV QTR SAAR.....	9.49	4.55	4.59	1.98	0.51	-0.95	1.47	-1.04	3.66	2.31	1.86	3.15	5.29	1.27
% CHG SAME QTR LAST YR.....	4.58	5.43	6.02	5.12	2.89	1.51	0.74	-0.01	0.76	1.59	1.68	3.15	5.29	1.27
TN PERSONAL INCOME (MIL\$) SAAR..	147736	149579	151450	152597	154010	154792	155594	155219	158507	160625	162072	141136	150340	154904
% CHG PREV QTR SAAR.....	10.69	5.08	5.10	3.06	3.76	2.05	2.09	-0.96	8.75	5.45	3.65	5.13	6.52	3.04
% CHG SAME QTR LAST YR.....	6.79	6.56	6.81	5.95	4.25	3.49	2.74	1.72	2.92	3.77	4.16	5.13	6.52	3.04
US PERSONAL INCOME (BIL\$) SAAR..	8211.6	8350.2	8487.8	8576.6	8658.1	8676.2	8706.2	8700.9	8803.4	8914.0	8993.3	7786.5	8406.6	8685.3
% CHG PREV QTR SAAR.....	13.24	6.93	6.76	4.25	3.86	0.84	1.39	-0.24	4.80	5.12	3.61	4.85	7.96	3.32
% CHG SAME QTR LAST YR.....	7.26	8.13	8.71	7.74	5.44	3.90	2.57	1.45	1.68	2.74	3.30	4.85	7.96	3.32
TN NONAGRIC JOBS (THOUS).....	2725.8	2732.5	2733.8	2724.5	2728.4	2709.3	2706.6	2705.8	2718.8	2703.7	2701.6	2684.4	2729.2	2712.5
% CHG PREV QTR SAAR.....	2.81	1.00	0.19	-1.36	0.57	-2.77	-0.39	-0.12	1.93	-2.21	-0.30	1.78	1.67	-0.61
% CHG SAME QTR LAST YR.....	2.41	2.13	1.49	0.65	0.10	-0.85	-0.99	-0.69	-0.35	-0.21	-0.18	1.78	1.67	-0.61
US NONAGRIC JOBS (MIL).....	131.0	131.8	131.9	132.2	132.4	132.2	131.9	131.1	130.8	130.7	130.8	128.9	131.7	131.9
% CHG PREV QTR SAAR.....	2.74	2.54	0.17	0.94	0.75	-0.72	-0.75	-2.44	-1.13	-0.16	0.42	2.43	2.18	0.16
% CHG SAME QTR LAST YR.....	2.52	2.57	2.05	1.59	1.10	0.28	0.05	-0.80	-1.26	-1.13	-0.83	2.43	2.18	0.16
TN UNEMPLOYMENT RATE (%).....	3.8	3.9	4.0	4.1	4.1	4.4	4.5	4.9	5.5	5.1	4.8	4.0	3.9	4.5
US UNEMPLOYMENT RATE (%).....	4.0	4.0	4.1	4.0	4.2	4.5	4.8	5.6	5.6	5.9	5.7	4.2	4.0	4.8
BANK PRIME INTEREST RATE (%)....	8.7	9.2	9.5	9.5	8.6	7.3	6.6	5.2	4.8	4.8	4.8	8.0	9.2	6.9
TN MFG JOBS (THOUS).....	510.6	510.2	508.0	499.2	491.0	479.1	474.8	470.1	468.0	466.0	465.4	510.9	507.0	478.7
% CHG PREV QTR SAAR.....	-1.04	-0.29	-1.74	-6.75	-6.39	-9.32	-3.60	-3.90	-1.72	-1.73	-0.51	-0.66	-0.77	-5.57
% CHG SAME QTR LAST YR.....	0.29	0.21	-1.08	-2.49	-3.83	-6.09	-6.54	-5.83	-4.68	-2.74	-1.97	-0.66	-0.77	-5.57

(CONTINUED ON NEXT PAGE)

TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
 TABLE 1: SELECTED U.S. AND TENNESSEE ECONOMIC INDICATORS (CONT.)  
 SEASONALLY ADJUSTED

	HISTORICAL - DATA											ANNUAL		
	200001	200002	200003	200004	200101	200102	200103	200104	200201	200202	200203	1999	2000	2001
TN TAXABLE SALES (MIL96\$).....	17787	17280	17400	17060	17078	17005	16794	17138	17054	16932	16471	69065	69527	68015
% CHG PREV QTR SAAR.....	7.23	-10.92	2.80	-7.59	0.42	-1.68	-4.89	8.46	-1.94	-2.85	-10.44	7.40	0.67	-2.17
% CHG SAME QTR LAST YR.....	3.83	1.02	0.29	-2.40	-3.99	-1.59	-3.48	0.46	-0.14	-0.43	-1.92	7.40	0.67	-2.17
TN TAXABLE SALES (MIL\$).....	18946	18509	18734	18469	18640	18645	18409	18825	18784	18775	18342	72335	74658	74519
% CHG PREV QTR SAAR.....	10.91	-8.90	4.94	-5.54	3.77	0.10	-4.96	9.34	-0.87	-0.18	-8.91	9.16	3.21	-0.19
% CHG SAME QTR LAST YR.....	6.49	3.61	2.84	0.04	-1.61	0.73	-1.73	1.93	0.77	0.70	-0.36	9.16	3.21	-0.19
TN AVG ANNUAL WAGE, NONAG (96\$) ..	28917	28685	28877	28841	28702	28881	29019	28753	29181	29437	29683	28582	28830	28839
% CHG PREV QTR SAAR.....	3.59	-3.17	2.70	-0.49	-1.91	2.51	1.93	-3.62	6.10	3.55	3.38	1.99	0.87	0.03
% CHG SAME QTR LAST YR.....	1.49	0.24	1.11	0.62	-0.74	0.68	0.49	-0.31	1.67	1.93	2.29	1.99	0.87	0.03
TN AVG ANNUAL WAGE, NONAG (\$)....	30800	30726	31090	31223	31329	31665	31811	31582	32140	32642	33055	29934	30960	31597
% CHG PREV QTR SAAR.....	7.14	-0.97	4.83	1.72	1.36	4.37	1.85	-2.85	7.26	6.40	5.15	3.67	3.43	2.06
% CHG SAME QTR LAST YR.....	4.09	2.81	3.68	3.14	1.71	3.06	2.32	1.15	2.59	3.09	3.91	3.67	3.43	2.06

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TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
 TABLE 2: SELECTED PER CAPITA U.S. AND TENNESSEE ECONOMIC INDICATORS  
 SEASONALLY ADJUSTED

	HISTORICAL - DATA											ANNUAL		
	200001	200002	200003	200004	200101	200102	200103	200104	200201	200202	200203	1999	2000	2001
US GDP (96\$) SAAR.....	32298	32601	32568	32580	32455	32251	32154	32299	32625	32654	32905	31668	32512	32290
% CHG PREV QTR SAAR.....	1.55	3.81	-0.41	0.14	-1.52	-2.49	-1.19	1.81	4.10	0.35	3.11	2.93	2.66	-0.68
% CHG SAME QTR LAST YR.....	2.98	3.76	2.69	1.26	0.49	-1.07	-1.27	-0.86	0.52	1.25	2.33	2.93	2.66	-0.68
US GDP (\$) SAAR.....	34258	34779	34886	35081	35262	35257	35344	35457	35935	36077	36445	33153	34751	35330
% CHG PREV QTR SAAR.....	4.67	6.23	1.23	2.26	2.07	-0.05	0.99	1.28	5.51	1.59	4.15	4.41	4.82	1.67
% CHG SAME QTR LAST YR.....	4.91	5.91	4.92	3.58	2.93	1.37	1.31	1.07	1.91	2.32	3.12	4.41	4.82	1.67
TN PERSONAL INCOME (96\$) SAAR...	24427	24524	24663	24659	24643	24617	24708	24558	24968	25089	25166	23901	24568	24631
% CHG PREV QTR SAAR.....	5.83	1.61	2.28	-0.07	-0.25	-0.43	1.49	-2.40	6.85	1.96	1.23	2.17	2.79	0.26
% CHG SAME QTR LAST YR.....	2.92	2.73	3.12	2.39	0.89	0.38	0.18	-0.41	1.32	1.92	1.86	2.17	2.79	0.26
TN PERSONAL INCOME (\$) SAAR.....	26018	26269	26553	26695	26898	26990	27084	26974	27500	27821	28025	25032	26384	26987
% CHG PREV QTR SAAR.....	9.46	3.92	4.40	2.15	3.07	1.37	1.41	-1.62	8.03	4.75	2.97	3.86	5.40	2.28
% CHG SAME QTR LAST YR.....	5.56	5.36	5.74	4.95	3.38	2.74	2.00	1.05	2.24	3.08	3.47	3.86	5.40	2.28
US PERSONAL INCOME (96\$) SAAR...	27370	27607	27851	27922	27892	27761	27799	27664	27851	27948	28014	26577	27688	27779
% CHG PREV QTR SAAR.....	8.41	3.52	3.58	1.02	-0.42	-1.86	0.54	-1.93	2.73	1.40	0.96	1.98	4.18	0.33
% CHG SAME QTR LAST YR.....	3.38	4.28	4.95	4.10	1.91	0.56	-0.19	-0.92	-0.15	0.67	0.77	1.98	4.18	0.33
US PERSONAL INCOME (\$) SAAR.....	29153	29571	29986	30228	30444	30438	30473	30386	30675	30991	31197	27835	29735	30435
% CHG PREV QTR SAAR.....	12.12	5.87	5.73	3.27	2.89	-0.09	0.47	-1.14	3.86	4.18	2.69	3.66	6.83	2.36
% CHG SAME QTR LAST YR.....	6.03	6.95	7.61	6.70	4.43	2.93	1.63	0.52	0.76	1.82	2.37	3.66	6.83	2.36
TN TAXABLE SALES (96\$).....	3133	3035	3051	2984	2983	2965	2923	2978	2959	2933	2848	12250	12202	11849
% CHG PREV QTR SAAR.....	6.04	-11.91	2.12	-8.41	-0.25	-2.33	-5.52	7.74	-2.59	-3.49	-11.04	6.12	-0.39	-2.89
% CHG SAME QTR LAST YR.....	2.64	-0.12	-0.71	-3.32	-4.79	-2.30	-4.18	-0.20	-0.80	-1.09	-2.57	6.12	-0.39	-2.89
TN TAXABLE SALES (\$).....	3337	3251	3285	3231	3256	3251	3205	3271	3259	3252	3172	12829	13103	12982
% CHG PREV QTR SAAR.....	9.68	-9.92	4.24	-6.37	3.08	-0.57	-5.59	8.61	-1.52	-0.84	-9.51	7.85	2.13	-0.92
% CHG SAME QTR LAST YR.....	5.27	2.44	1.81	-0.91	-2.43	0.01	-2.44	1.25	0.10	0.03	-1.02	7.85	2.13	-0.92

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TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
 TABLE 3: TENNESSEE PERSONAL INCOME BY COMPONENTS  
 SEASONALLY ADJUSTED ANNUAL RATES  
 MILLIONS OF 1996 DOLLARS

	HISTORICAL - DATA											ANNUAL		
	200001	200002	200003	200004	200101	200102	200103	200104	200201	200202	200203	1999	2000	2001
TOTAL PERSONAL INCOME.....	138699	139644	140667	140955	141099	141182	141940	141314	143914	144853	145537	134757	139992	141384
% CHG PREV QTR SAAR.....	7.02	2.75	2.96	0.82	0.41	0.24	2.16	-1.75	7.57	2.64	1.90	3.42	3.88	0.99
% CHG SAME QTR LAST YR.....	4.12	3.90	4.16	3.36	1.73	1.10	0.90	0.25	1.99	2.60	2.53	3.42	3.88	0.99
WAGES AND SALARIES.....	79612	79162	79739	79371	79127	79079	79391	78702	80295	80549	81131	77491	79471	79075
% CHG PREV QTR SAAR.....	6.58	-2.24	2.95	-1.83	-1.23	-0.24	1.59	-3.43	8.35	1.27	2.92	3.83	2.55	-0.50
% CHG SAME QTR LAST YR.....	3.94	2.37	2.64	1.30	-0.61	-0.10	-0.44	-0.84	1.48	1.86	2.19	3.83	2.55	-0.50
OTHER LABOR INCOME.....	8725	8796	8892	8952	8951	9019	9111	9138	9501	9655	9822	8632	8841	9055
% CHG PREV QTR SAAR.....	1.76	3.33	4.45	2.69	-0.03	3.06	4.18	1.16	16.85	6.65	7.11	3.32	2.42	2.41
% CHG SAME QTR LAST YR.....	2.04	1.94	2.65	3.05	2.59	2.53	2.46	2.08	6.14	7.05	7.80	3.32	2.42	2.41
PROPRIETORS INCOME.....	14774	14773	14658	14714	14717	14769	14853	14796	14824	14684	14825	14165	14730	14784
% CHG PREV QTR SAAR.....	10.07	-0.01	-3.07	1.52	0.10	1.42	2.29	-1.53	0.75	-3.72	3.88	11.79	3.98	0.37
% CHG SAME QTR LAST YR.....	6.85	4.23	2.94	2.01	-0.38	-0.03	1.33	0.56	0.72	-0.58	-0.19	11.79	3.98	0.37
RENT INTEREST DIVIDENDS.....	21773	22462	22761	23018	22802	22585	22575	22345	22304	22607	22386	20950	22503	22577
% CHG PREV QTR SAAR.....	9.80	13.28	5.44	4.59	-3.71	-3.75	-0.17	-4.01	-0.73	5.55	-3.87	-0.87	7.42	0.33
% CHG SAME QTR LAST YR.....	4.89	7.75	8.77	8.22	4.73	0.55	-0.82	-2.92	-2.18	0.10	-0.84	-0.87	7.42	0.33
TRANSFER PAYMENTS.....	21092	21648	21845	22083	22716	22965	23293	23571	24499	24912	24988	20575	21667	23136
% CHG PREV QTR SAAR.....	6.96	10.97	3.68	4.44	11.96	4.47	5.84	4.85	16.71	6.91	1.23	1.66	5.31	6.78
% CHG SAME QTR LAST YR.....	3.15	5.59	5.99	6.48	7.70	6.08	6.63	6.74	7.85	8.48	7.28	1.66	5.31	6.78
LESS: PERS CONT FOR SOC INS.....	6188	6129	6155	6125	6201	6223	6266	6232	6459	6482	6527	6086	6149	6230
% CHG PREV QTR SAAR.....	4.45	-3.75	1.72	-1.94	5.02	1.46	2.80	-2.18	15.40	1.44	2.82	4.12	1.04	1.32
% CHG SAME QTR LAST YR.....	2.51	0.66	0.94	0.07	0.21	1.54	1.80	1.74	4.17	4.16	4.17	4.12	1.04	1.32
RESIDENCE ADJUSTMENT.....	-1087	-1068	-1073	-1058	-1012	-1011	-1018	-1006	-1050	-1071	-1087	-971	-1071	-1012
% CHG PREV QTR SAAR.....	48.04	-6.86	1.79	-5.52	-16.06	-0.35	2.62	-4.65	18.48	8.56	5.80	8.86	10.37	-5.55
% CHG SAME QTR LAST YR.....	16.88	8.61	9.04	7.31	-6.88	-5.29	-5.10	-4.88	3.68	5.92	6.73	8.86	10.37	-5.55
PER CAPITA PERSONAL INCOME (\$)...	24427	24524	24663	24659	24643	24617	24708	24558	24968	25089	25166	23901	24568	24631
% CHG PREV QTR SAAR.....	5.83	1.61	2.28	-0.07	-0.25	-0.43	1.49	-2.40	6.85	1.96	1.23	2.17	2.79	0.26
% CHG SAME QTR LAST YR.....	2.92	2.73	3.12	2.39	0.89	0.38	0.18	-0.41	1.32	1.92	1.86	2.17	2.79	0.26

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TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
 TABLE 4: TENNESSEE PERSONAL INCOME BY COMPONENTS  
 SEASONALLY ADJUSTED ANNUAL RATES  
 MILLIONS OF CURRENT DOLLARS

	HISTORICAL - DATA											ANNUAL		
	200001	200002	200003	200004	200101	200102	200103	200104	200201	200202	200203	1999	2000	2001
TOTAL PERSONAL INCOME.....	147736	149579	151450	152597	154010	154792	155594	155219	158507	160625	162072	141136	150340	154904
% CHG PREV QTR SAAR.....	10.69	5.08	5.10	3.06	3.76	2.05	2.09	-0.96	8.75	5.45	3.65	5.13	6.52	3.04
% CHG SAME QTR LAST YR.....	6.79	6.56	6.81	5.95	4.25	3.49	2.74	1.72	2.92	3.77	4.16	5.13	6.52	3.04
WAGES AND SALARIES.....	84799	84794	85851	85927	86367	86702	87028	86446	88437	89319	90348	81160	85342	86636
% CHG PREV QTR SAAR.....	10.23	-0.02	5.08	0.35	2.07	1.56	1.51	-2.65	9.54	4.05	4.69	5.54	5.15	1.52
% CHG SAME QTR LAST YR.....	6.60	5.00	5.24	3.83	1.85	2.25	1.37	0.60	2.40	3.02	3.81	5.54	5.15	1.52
OTHER LABOR INCOME.....	9293	9422	9574	9691	9770	9888	9988	10037	10464	10706	10938	9041	9495	9921
% CHG PREV QTR SAAR.....	5.24	5.67	6.61	4.98	3.30	4.92	4.11	1.98	18.13	9.58	8.95	5.02	5.02	4.48
% CHG SAME QTR LAST YR.....	4.65	4.55	5.26	5.62	5.13	4.95	4.32	3.57	7.10	8.27	9.51	5.02	5.02	4.48
PROPRIETORS INCOME.....	15736	15824	15782	15929	16064	16193	16282	16252	16327	16283	16509	14837	15818	16198
% CHG PREV QTR SAAR.....	13.85	2.26	-1.06	3.78	3.43	3.25	2.22	-0.73	1.86	-1.07	5.67	13.63	6.61	2.40
% CHG SAME QTR LAST YR.....	9.59	6.90	5.56	4.56	2.08	2.33	3.17	2.03	1.64	0.56	1.39	13.63	6.61	2.40
RENT INTEREST DIVIDENDS.....	23191	24060	24506	24919	24888	24762	24747	24544	24566	25069	24929	21942	24169	24735
% CHG PREV QTR SAAR.....	13.57	15.85	7.62	6.91	-0.50	-2.01	-0.24	-3.24	0.36	8.45	-2.22	0.76	10.15	2.34
% CHG SAME QTR LAST YR.....	7.57	10.51	11.53	10.92	7.32	2.92	0.98	-1.50	-1.29	1.24	0.74	0.76	10.15	2.34
TRANSFER PAYMENTS.....	22466	23188	23519	23907	24794	25179	25534	25890	26983	27624	27827	21549	23270	25349
% CHG PREV QTR SAAR.....	10.62	13.49	5.83	6.76	15.69	6.36	5.76	5.69	17.99	9.85	2.97	3.34	7.99	8.94
% CHG SAME QTR LAST YR.....	5.79	8.30	8.68	9.13	10.36	8.59	8.57	8.29	8.83	9.71	8.98	3.34	7.99	8.94
LESS: PERS CONT FOR SOC INS.....	6591	6565	6627	6631	6768	6823	6869	6845	7114	7188	7269	6374	6604	6826
% CHG PREV QTR SAAR.....	8.03	-1.57	3.83	0.24	8.52	3.29	2.72	-1.39	16.67	4.23	4.58	5.84	3.60	3.37
% CHG SAME QTR LAST YR.....	5.14	3.24	3.50	2.57	2.69	3.93	3.65	3.23	5.11	5.35	5.82	5.84	3.60	3.37
RESIDENCE ADJUSTMENT.....	-1158	-1144	-1155	-1145	-1105	-1109	-1116	-1105	-1156	-1188	-1210	-1017	-1151	-1109
% CHG PREV QTR SAAR.....	53.12	-4.75	3.90	-3.42	-13.26	1.46	2.55	-3.88	19.78	11.54	7.62	10.67	13.15	-3.63
% CHG SAME QTR LAST YR.....	19.88	11.39	11.81	9.99	-4.58	-3.06	-3.38	-3.49	4.62	7.12	8.42	10.67	13.15	-3.63
PER CAPITA PERSONAL INCOME (\$)...	26018	26269	26553	26695	26898	26990	27084	26974	27500	27821	28025	25032	26384	26987
% CHG PREV QTR SAAR.....	9.46	3.92	4.40	2.15	3.07	1.37	1.41	-1.62	8.03	4.75	2.97	3.86	5.40	2.28
% CHG SAME QTR LAST YR.....	5.56	5.36	5.74	4.95	3.38	2.74	2.00	1.05	2.24	3.08	3.47	3.86	5.40	2.28

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TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
 TABLE 5: TENNESSEE NONAGRICULTURAL EMPLOYMENT BY SECTOR  
 THOUSANDS OF JOBS

	HISTORICAL - DATA											ANNUAL		
	200001	200002	200003	200004	200101	200102	200103	200104	200201	200202	200203	1999	2000	2001
TOTAL NONAGRICULTURAL.....	2693.9	2738.7	2734.4	2749.3	2696.1	2715.2	2707.5	2728.3	2689.1	2710.7	2702.3	2684.7	2729.1	2711.7
% CHG SAME QTR LAST YR....	2.46	2.07	1.39	0.73	0.08	-0.86	-0.98	-0.76	-0.26	-0.17	-0.19	1.76	1.65	-0.63
MINING.....	4.2	4.2	4.2	4.0	3.9	4.1	4.1	3.9	3.6	3.7	3.8	4.3	4.1	4.0
% CHG SAME QTR LAST YR....	-0.79	-3.85	-4.55	-5.56	-6.40	-1.60	-2.38	-1.68	-7.69	-9.76	-7.32	-1.15	-3.70	-3.03
CONSTRUCTION.....	122.1	125.7	128.1	124.0	117.9	122.2	124.0	120.9	115.6	120.0	121.7	123.5	125.0	121.2
% CHG SAME QTR LAST YR....	5.81	0.40	-0.03	-1.14	-3.44	-2.76	-3.23	-2.50	-1.89	-1.80	-1.80	2.14	1.16	-2.98
MANUFACTURING.....	509.0	511.0	506.9	500.2	488.8	479.8	474.5	470.8	467.1	466.4	465.2	511.1	506.8	478.5
% CHG SAME QTR LAST YR....	0.20	0.05	-1.21	-2.41	-3.97	-6.10	-6.39	-5.89	-4.45	-2.80	-1.96	-0.71	-0.84	-5.58
DURABLE GOODS.....	302.9	304.2	300.2	296.1	288.6	283.1	277.9	275.8	274.3	273.6	272.0	300.2	300.8	281.3
% CHG SAME QTR LAST YR....	2.12	1.65	-0.49	-2.33	-4.73	-6.95	-7.43	-6.86	-4.95	-3.36	-2.10	2.54	0.22	-6.49
NONDURABLE GOODS.....	206.1	206.7	206.7	204.2	200.2	196.7	196.6	195.0	192.8	192.8	193.2	210.9	205.9	197.1
% CHG SAME QTR LAST YR....	-2.49	-2.21	-2.24	-2.53	-2.85	-4.85	-4.87	-4.49	-3.71	-2.00	-1.76	-4.98	-2.37	-4.27
TRADE.....	627.8	641.4	644.9	653.2	630.2	636.2	637.8	649.9	627.9	633.5	634.6	630.8	641.8	638.5
% CHG SAME QTR LAST YR....	2.14	2.45	1.78	0.65	0.39	-0.82	-1.10	-0.50	-0.37	-0.41	-0.50	1.67	1.74	-0.51
SERVICES.....	722.4	744.7	751.9	752.1	738.8	755.5	762.7	762.4	759.4	773.3	778.3	721.9	742.8	754.9
% CHG SAME QTR LAST YR....	3.81	3.08	2.43	2.30	2.28	1.45	1.44	1.37	2.78	2.36	2.05	2.63	2.89	1.63
FIN, INS, REAL EST.....	130.4	130.7	131.5	131.1	130.6	132.2	133.3	133.1	132.5	132.4	132.5	131.2	130.9	132.3
% CHG SAME QTR LAST YR....	0.51	-0.71	-0.70	0.23	0.15	1.12	1.39	1.53	1.45	0.13	-0.63	3.49	-0.17	1.05
TRANS, COMM, PUB UTIL.....	174.0	178.1	180.1	181.7	179.4	179.5	180.2	180.2	173.9	174.0	174.2	172.4	178.5	179.8
% CHG SAME QTR LAST YR....	3.65	3.75	3.49	3.18	3.12	0.80	0.06	-0.83	-3.10	-3.08	-3.33	6.26	3.51	0.77
GOVERNMENT.....	404.0	402.9	386.8	402.9	406.3	405.7	390.9	407.1	409.1	407.4	392.0	389.5	399.2	402.5
% CHG SAME QTR LAST YR....	2.66	3.06	2.53	1.74	0.57	0.67	1.05	1.02	0.68	0.43	0.28	1.10	2.50	0.83
FEDERAL, CIVILIAN.....	52.1	57.8	53.9	50.7	51.6	51.9	51.1	49.9	50.5	50.7	49.4	51.2	53.6	51.1
% CHG SAME QTR LAST YR....	1.56	11.29	6.38	-0.46	-1.02	-10.20	-5.13	-1.58	-2.07	-2.37	-3.32	0.77	4.72	-4.66
STATE AND LOCAL.....	351.9	345.1	332.9	352.2	354.8	353.7	339.8	357.1	358.6	356.7	342.6	338.2	345.5	351.3
% CHG SAME QTR LAST YR....	2.83	1.80	1.94	2.06	0.81	2.50	2.05	1.39	1.08	0.84	0.83	1.14	2.16	1.68

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TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
 TABLE 6: TENNESSEE DURABLE GOODS MANUFACTURING EMPLOYMENT  
 THOUSANDS OF JOBS

	HISTORICAL - DATA											ANNUAL		
	200001	200002	200003	200004	200101	200102	200103	200104	200201	200202	200203	1999	2000	2001
TOTAL DURABLE GOODS.....	302.9	304.2	300.2	296.1	288.6	283.1	277.9	275.8	274.3	273.6	272.0	300.2	300.8	281.3
% CHG SAME QTR LAST YR.....	2.12	1.65	-0.49	-2.33	-4.73	-6.95	-7.43	-6.86	-4.95	-3.36	-2.10	2.54	0.22	-6.49
LUMBER AND WOOD.....	23.8	24.2	24.1	23.4	22.2	22.2	22.2	22.1	22.1	22.2	22.6	23.7	23.9	22.1
% CHG SAME QTR LAST YR.....	0.70	3.71	0.00	-1.27	-6.99	-8.53	-7.89	-5.42	-0.30	0.00	2.11	2.23	0.77	-7.23
FURNITURE AND FIXTURES.....	27.3	27.5	26.7	26.4	25.4	24.0	22.6	22.6	22.6	22.8	22.8	27.4	27.0	23.6
% CHG SAME QTR LAST YR.....	1.23	0.12	-3.37	-4.58	-7.20	-12.73	-15.34	-14.29	-10.78	-5.14	0.59	1.42	-1.67	-12.35
STONE,CLAY AND GLASS.....	16.9	17.1	16.9	16.7	16.5	16.6	16.7	16.6	16.3	16.2	16.1	16.7	16.9	16.6
% CHG SAME QTR LAST YR.....	4.75	2.40	-0.20	-0.99	-2.17	-2.73	-1.18	-1.00	-1.61	-2.40	-3.79	2.77	1.45	-1.77
PRIMARY METALS.....	17.9	17.9	17.8	17.6	17.2	16.5	16.1	15.9	15.3	14.5	14.4	18.0	17.8	16.4
% CHG SAME QTR LAST YR.....	-0.37	-0.55	-1.66	-1.86	-4.10	-7.99	-9.19	-10.02	-11.07	-11.92	-10.74	1.50	-1.11	-7.81
FABRICATED METALS.....	47.6	47.9	47.6	47.0	46.0	45.1	44.7	44.0	43.9	43.9	43.6	47.1	47.5	44.9
% CHG SAME QTR LAST YR.....	2.29	2.86	0.78	-2.02	-3.50	-5.98	-6.16	-6.31	-4.50	-2.51	-2.39	3.75	0.96	-5.49
NONELECTRICAL MACHINERY.....	51.7	51.8	50.9	51.1	50.8	50.2	48.3	48.0	48.3	47.9	47.3	49.5	51.3	49.3
% CHG SAME QTR LAST YR.....	5.94	5.36	3.18	0.52	-1.74	-2.96	-4.98	-6.01	-4.86	-4.64	-2.14	4.96	3.72	-3.91
ELECTRICAL MACHINERY.....	40.6	41.1	40.6	39.0	37.5	36.3	35.6	35.4	35.0	34.9	35.0	41.4	40.3	36.2
% CHG SAME QTR LAST YR.....	-0.98	-0.73	-2.80	-6.02	-7.55	-11.53	-12.16	-9.22	-6.75	-3.85	-1.87	2.39	-2.64	-10.13
TRANSPORTATION EQUIPMENT.....	55.5	55.2	54.1	53.3	51.9	51.1	50.9	50.4	49.9	50.2	49.5	54.8	54.5	51.1
% CHG SAME QTR LAST YR.....	3.03	0.85	-1.58	-3.97	-6.60	-7.49	-5.92	-5.32	-3.86	-1.76	-2.69	2.43	-0.44	-6.34
INSTRUMENTS.....	10.8	10.8	10.9	11.0	11.1	11.1	11.1	11.2	11.3	11.3	11.3	10.8	10.9	11.1
% CHG SAME QTR LAST YR.....	0.00	0.00	0.62	3.76	2.46	3.09	2.45	1.81	1.50	1.50	1.20	-3.65	1.08	2.45
MISCELLANEOUS.....	10.7	10.7	10.7	10.6	10.1	10.0	9.6	9.5	9.7	9.7	9.5	10.8	10.7	9.8
% CHG SAME QTR LAST YR.....	-0.93	-3.60	-1.53	0.00	-5.31	-6.85	-10.56	-10.09	-4.29	-3.01	-0.69	-0.84	-1.54	-8.20

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TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
 TABLE 7: TENNESSEE NONDURABLE GOODS MANUFACTURING EMPLOYMENT  
 THOUSANDS OF JOBS

	HISTORICAL - DATA											ANNUAL		
	200001	200002	200003	200004	200101	200102	200103	200104	200201	200202	200203	1999	2000	2001
TOTAL NONDURABLE GOODS.....	206.1	206.7	206.7	204.2	200.2	196.7	196.6	195.0	192.8	192.8	193.2	210.9	205.9	197.1
% CHG SAME QTR LAST YR.....	-2.49	-2.21	-2.24	-2.53	-2.85	-4.85	-4.87	-4.49	-3.71	-2.00	-1.76	-4.98	-2.37	-4.27
FOOD.....	38.9	39.5	40.2	40.3	40.0	40.5	41.3	41.4	41.0	41.0	40.7	38.4	39.7	40.8
% CHG SAME QTR LAST YR.....	3.09	3.86	3.52	3.51	2.83	2.70	2.90	2.65	2.59	1.15	-1.45	2.70	3.50	2.77
TOBACCO.....	1.2	1.1	1.0	1.0	1.2	1.0	1.0	1.0	1.1	1.1	1.1	1.1	1.1	1.0
% CHG SAME QTR LAST YR.....	-5.26	6.45	0.00	0.00	-2.78	-9.09	-3.33	0.00	-5.71	10.00	13.79	-7.14	0.00	-3.85
TEXTILES.....	15.7	15.8	15.6	15.1	14.3	13.9	13.7	13.2	12.9	12.7	12.5	16.2	15.6	13.8
% CHG SAME QTR LAST YR.....	-4.67	-4.05	-2.50	-4.42	-8.72	-12.03	-12.18	-13.00	-10.02	-8.39	-8.76	-7.83	-3.91	-11.47
APPAREL.....	23.0	22.3	21.7	21.0	20.4	19.1	18.3	17.9	17.3	17.1	17.1	26.1	22.0	18.9
% CHG SAME QTR LAST YR.....	-17.29	-16.08	-14.77	-14.40	-11.32	-14.22	-15.64	-14.76	-14.89	-10.47	-6.73	-21.26	-15.69	-13.94
PAPER.....	21.4	21.7	22.6	21.8	21.8	21.9	22.2	22.2	22.2	22.6	22.8	22.1	21.9	22.0
% CHG SAME QTR LAST YR.....	-1.54	-2.11	0.15	-0.91	2.03	0.92	-1.77	1.99	1.68	3.35	2.55	0.99	-1.09	0.76
PRINTING AND PUBLISHING.....	38.0	38.0	37.5	37.1	36.7	36.0	36.1	35.7	34.8	34.6	34.9	38.6	37.7	36.1
% CHG SAME QTR LAST YR.....	-0.61	-1.30	-3.76	-4.06	-3.42	-5.26	-3.73	-3.78	-5.26	-3.80	-3.32	-1.93	-2.44	-4.05
CHEMICALS.....	28.5	28.6	28.5	28.4	28.3	27.4	27.3	27.3	27.2	27.0	27.5	29.7	28.5	27.6
% CHG SAME QTR LAST YR.....	-4.89	-4.13	-3.93	-2.96	-0.82	-4.42	-4.33	-3.76	-3.66	-1.22	0.73	-8.97	-3.99	-3.33
PETROLEUM REFINING.....	1.1	1.3	1.2	1.2	1.1	1.3	1.3	1.3	1.2	1.2	1.3	1.0	1.2	1.2
% CHG SAME QTR LAST YR.....	13.79	18.18	12.12	16.13	0.00	0.00	5.41	5.56	9.09	-7.69	-2.56	0.00	15.08	2.76
RUBBER AND PLASTICS.....	35.3	35.4	35.3	35.5	34.1	33.4	33.3	33.1	33.2	33.4	33.5	34.6	35.4	33.5
% CHG SAME QTR LAST YR.....	3.22	2.22	1.83	1.43	-3.31	-5.56	-5.66	-6.85	-2.54	0.10	0.60	0.31	2.17	-5.35
LEATHER.....	3.1	3.1	3.0	2.7	2.4	2.2	2.1	1.9	1.9	1.9	1.8	3.1	3.0	2.2
% CHG SAME QTR LAST YR.....	0.00	-1.06	-3.19	-14.74	-22.34	-29.03	-30.77	-28.40	-23.29	-13.64	-14.29	-6.22	-4.77	-27.58

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TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
 TABLE 8: TENNESSEE NONAGRICULTURAL EMPLOYMENT BY SECTOR  
 THOUSANDS OF SEASONALLY ADJUSTED JOBS

	HISTORICAL - DATA										ANNUAL			
	200001	200002	200003	200004	200101	200102	200103	200104	200201	200202	200203	1999	2000	2001
TOTAL NONAGRICULTURAL.....	2725.8	2732.5	2733.8	2724.5	2728.4	2709.3	2706.6	2705.8	2718.8	2703.7	2701.6	2684.4	2729.2	2712.5
% CHG PREV QTR SAAR.....	2.81	1.00	0.19	-1.36	0.57	-2.77	-0.39	-0.12	1.93	-2.21	-0.30	1.78	1.67	-0.61
% CHG SAME QTR LAST YR....	2.41	2.13	1.49	0.65	0.10	-0.85	-0.99	-0.69	-0.35	-0.21	-0.18	1.78	1.67	-0.61
MINING.....	4.3	4.1	4.1	4.0	4.0	4.1	4.0	3.9	3.7	3.7	3.7	4.3	4.1	4.0
% CHG PREV QTR SAAR.....	3.19	-11.93	-3.19	-12.39	0.00	10.47	-3.24	-12.58	-21.87	0.00	7.47	-1.15	-3.89	-3.04
% CHG SAME QTR LAST YR....	-0.78	-3.88	-4.65	-6.30	7.03	-1.61	-1.63	-1.68	-7.56	-9.84	-7.44	-1.15	-3.89	-3.04
CONSTRUCTION.....	128.0	124.6	124.1	123.5	123.6	121.2	120.0	120.0	122.4	118.7	117.9	123.7	125.0	121.2
% CHG PREV QTR SAAR.....	8.90	-10.12	-1.49	-2.13	0.54	-7.54	-3.90	0.00	8.24	-11.55	-2.89	2.27	1.07	-3.05
% CHG SAME QTR LAST YR....	5.38	0.48	-0.03	-1.44	-3.39	-2.70	-3.30	-2.78	-0.97	-2.06	-1.81	2.27	1.07	-3.05
MANUFACTURING.....	510.6	510.2	508.0	499.2	491.0	479.1	474.8	470.1	468.0	466.0	465.4	510.9	507.0	478.7
% CHG PREV QTR SAAR.....	-1.04	-0.29	-1.74	-6.75	-6.39	-9.32	-3.60	-3.90	-1.72	-1.73	-0.51	-0.66	-0.77	-5.57
% CHG SAME QTR LAST YR....	0.29	0.21	-1.08	-2.49	-3.83	-6.09	-6.54	-5.83	-4.68	-2.74	-1.97	-0.66	-0.77	-5.57
DURABLE GOODS.....	303.3	303.2	301.6	295.5	289.4	282.1	278.5	275.4	274.5	273.0	272.6	300.1	300.9	281.3
% CHG PREV QTR SAAR.....	0.53	-0.22	-2.05	-7.81	-8.05	-9.76	-5.01	-4.29	-1.35	-2.12	-0.68	2.58	0.28	-6.50
% CHG SAME QTR LAST YR....	2.29	1.67	-0.32	-2.44	-4.59	-6.96	-7.67	-6.80	-5.15	-3.20	-2.12	2.58	0.28	-6.50
NONDURABLE GOODS.....	207.2	207.0	206.4	203.6	201.6	197.1	196.3	194.6	193.5	193.0	192.8	210.9	206.1	197.4
% CHG PREV QTR SAAR.....	-3.28	-0.39	-1.28	-5.19	-3.93	-8.70	-1.55	-3.35	-2.24	-1.17	-0.28	-4.94	-2.27	-4.21
% CHG SAME QTR LAST YR....	-2.51	-1.85	-2.18	-2.55	-2.72	-4.81	-4.88	-4.42	-4.00	-2.08	-1.77	-4.94	-2.27	-4.21
TRADE.....	639.2	642.9	643.9	641.2	641.9	637.8	635.3	637.7	639.7	635.3	632.1	630.5	641.8	638.2
% CHG PREV QTR SAAR.....	1.52	2.34	0.62	-1.67	0.44	-2.53	-1.58	1.52	1.28	-2.76	-1.96	1.66	1.79	-0.57
% CHG SAME QTR LAST YR....	2.07	2.51	1.92	0.69	0.42	-0.79	-1.34	-0.55	-0.34	-0.40	-0.50	1.66	1.79	-0.57
SERVICES.....	737.4	740.9	744.2	748.2	754.1	751.8	756.4	759.3	772.5	769.4	771.9	721.6	742.7	755.4
% CHG PREV QTR SAAR.....	2.80	1.88	1.81	2.17	3.17	-1.20	2.45	1.56	7.14	-1.60	1.31	2.63	2.92	1.71
% CHG SAME QTR LAST YR....	3.77	3.19	2.58	2.16	2.26	1.48	1.63	1.48	2.44	2.34	2.05	2.63	2.92	1.71
FIN, INS, REAL EST.....	131.3	130.6	130.8	131.1	131.5	132.1	132.7	133.0	133.4	132.2	131.8	131.2	130.9	132.3
% CHG PREV QTR SAAR.....	1.23	-2.11	0.41	0.92	1.33	1.84	1.73	1.11	1.21	-3.74	-1.01	3.54	-0.16	1.05
% CHG SAME QTR LAST YR....	0.46	-0.58	-0.61	0.10	0.13	1.12	1.45	1.50	1.47	0.05	-0.63	3.54	-0.16	1.05
TRANS, COMM, PUB UTIL.....	176.2	178.5	179.2	179.8	181.4	179.9	179.6	179.8	175.4	173.6	173.6	172.6	178.4	180.2
% CHG PREV QTR SAAR.....	3.72	5.32	1.50	1.27	3.68	-3.27	-0.67	0.52	-9.43	-4.19	0.00	6.30	3.37	0.98
% CHG SAME QTR LAST YR....	3.61	3.56	3.40	2.94	2.93	0.77	0.22	0.04	-3.29	-3.52	-3.36	6.30	3.37	0.98
GOVERNMENT.....	398.7	400.6	399.5	397.6	400.9	403.2	403.9	402.0	403.6	404.9	405.2	389.6	399.1	402.5
% CHG PREV QTR SAAR.....	8.41	1.92	-1.09	-1.89	3.29	2.35	0.66	-1.87	1.60	1.29	0.33	1.09	2.45	0.84
% CHG SAME QTR LAST YR....	2.48	2.97	2.59	1.76	0.54	0.64	1.08	1.09	0.67	0.41	0.33	1.09	2.45	0.84
FEDERAL, CIVILIAN.....	52.0	57.3	54.2	50.9	51.4	51.4	51.2	50.4	50.5	50.0	49.4	51.2	53.6	51.1
% CHG PREV QTR SAAR.....	6.68	47.09	-19.56	-22.21	3.72	-0.26	-1.55	-5.61	0.26	-3.65	-4.46	0.72	4.70	-4.69
% CHG SAME QTR LAST YR....	1.36	11.49	6.41	-0.46	-1.15	-10.30	-5.65	-0.98	-1.82	-2.66	-3.39	0.72	4.70	-4.69
STATE AND LOCAL.....	346.7	343.4	345.3	346.7	349.5	351.8	352.7	351.5	353.1	354.9	355.8	338.4	345.5	351.4
% CHG PREV QTR SAAR.....	8.67	-3.83	2.27	1.63	3.23	2.74	0.99	-1.32	1.79	2.02	1.02	1.15	2.11	1.70
% CHG SAME QTR LAST YR....	2.64	1.68	2.02	2.09	0.79	2.47	2.14	1.39	1.04	0.86	0.87	1.15	2.11	1.70
STATISTICAL DISCREPANCY.....	1.6	1.7	-0.7	-1.9	1.5	1.7	-0.3	-1.9	1.7	1.8	-0.6	-0.7	0.2	0.2

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TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
 TABLE 9: TENNESSEE DURABLE GOODS MANUFACTURING EMPLOYMENT  
 THOUSANDS OF SEASONALLY ADJUSTED JOBS

	HISTORICAL - DATA											ANNUAL		
	200001	200002	200003	200004	200101	200102	200103	200104	200201	200202	200203	1999	2000	2001
TOTAL DURABLE GOODS.....	303.3	303.2	301.6	295.5	289.4	282.1	278.5	275.4	274.5	273.0	272.6	300.1	300.9	281.3
% CHG PREV QTR SAAR.....	0.53	-0.22	-2.05	-7.81	-8.05	-9.76	-5.01	-4.29	-1.35	-2.12	-0.68	2.58	0.28	-6.50
% CHG SAME QTR LAST YR.....	2.29	1.67	-0.32	-2.44	-4.59	-6.96	-7.67	-6.80	-5.15	-3.20	-2.12	2.58	0.28	-6.50
LUMBER AND WOOD.....	24.1	24.2	23.9	23.4	22.5	22.2	22.0	22.0	22.3	22.2	22.5	23.7	23.9	22.2
% CHG PREV QTR SAAR.....	6.92	1.67	-4.87	-8.63	-14.54	-5.24	-2.38	0.00	5.56	-2.37	5.52	2.30	0.88	-7.19
% CHG SAME QTR LAST YR.....	0.70	3.71	0.56	-1.41	-6.78	-8.40	-7.81	-5.71	-0.59	0.15	2.12	2.30	0.88	-7.19
FURNITURE AND FIXTURES.....	27.4	27.2	27.1	26.2	25.4	23.8	22.9	22.5	22.7	22.6	23.0	27.4	27.0	23.7
% CHG PREV QTR SAAR.....	-1.45	-1.93	-1.94	-13.08	-10.75	-22.89	-14.77	-6.25	2.39	-1.75	8.53	1.39	-1.67	-12.21
% CHG SAME QTR LAST YR.....	1.23	-0.37	-2.75	-4.73	-7.06	-12.48	-15.50	-13.89	-10.88	-5.31	0.58	1.39	-1.67	-12.21
STONE, CLAY AND GLASS.....	17.1	17.0	16.8	16.8	16.7	16.5	16.6	16.6	16.4	16.2	16.0	16.6	16.9	16.6
% CHG PREV QTR SAAR.....	3.19	-1.55	-4.62	0.80	-3.90	-3.16	1.62	-0.80	-4.74	-4.80	-4.86	2.72	1.65	-1.97
% CHG SAME QTR LAST YR.....	4.92	2.62	-0.20	-0.59	-2.34	-2.75	-1.19	-1.58	-1.80	-2.22	-3.82	2.72	1.65	-1.97
PRIMARY METALS.....	17.9	18.0	17.9	17.6	17.2	16.5	16.2	15.8	15.2	14.5	14.5	18.0	17.8	16.4
% CHG PREV QTR SAAR.....	-1.48	2.26	-2.21	-5.84	-9.49	-13.96	-7.82	-9.52	-13.59	-17.15	-1.82	1.55	-0.88	-7.85
% CHG SAME QTR LAST YR.....	-0.19	0.00	-1.47	-1.86	-3.92	-7.98	-9.33	-10.23	-11.26	-12.10	-10.70	1.55	-0.88	-7.85
FABRICATED METALS.....	47.7	48.0	47.9	46.7	46.1	45.1	44.7	43.9	43.9	44.0	43.6	47.0	47.6	45.0
% CHG PREV QTR SAAR.....	1.13	1.97	-0.83	-9.66	-4.49	-8.66	-3.79	-6.69	0.30	0.61	-3.88	3.68	1.17	-5.48
% CHG SAME QTR LAST YR.....	2.73	2.79	1.20	-1.96	-3.35	-5.98	-6.69	-5.93	-4.77	-2.44	-2.46	3.68	1.17	-5.48
NONELECTRICAL MACHINERY.....	51.0	51.4	51.7	50.9	50.2	49.9	49.2	48.1	47.8	47.7	48.1	49.6	51.2	49.4
% CHG PREV QTR SAAR.....	-0.52	2.91	2.36	-5.56	-5.64	-2.11	-5.75	-8.39	-2.74	-0.83	3.68	4.89	3.40	-3.66
% CHG SAME QTR LAST YR.....	6.18	5.48	2.45	-0.26	-1.57	-2.79	-4.77	-5.50	-4.78	-4.47	-2.17	4.89	3.40	-3.66
ELECTRICAL MACHINERY.....	41.0	41.2	40.3	38.8	37.9	36.4	35.5	35.3	35.2	34.8	34.9	41.4	40.3	36.3
% CHG PREV QTR SAAR.....	-1.93	1.97	-8.46	-13.78	-9.27	-14.92	-9.53	-1.86	-1.87	-4.11	0.77	2.43	-2.60	-10.04
% CHG SAME QTR LAST YR.....	-0.81	-0.88	-2.97	-5.74	-7.56	-11.65	-11.91	-9.01	-7.21	-4.40	-1.78	2.43	-2.60	-10.04
TRANSPORTATION EQUIPMENT.....	55.6	54.9	54.4	53.4	52.2	50.6	50.7	50.3	50.0	50.2	49.3	54.8	54.6	51.0
% CHG PREV QTR SAAR.....	-0.61	-5.13	-3.18	-7.12	-9.17	-11.25	0.26	-2.61	-2.62	1.34	-6.99	2.67	-0.30	-6.66
% CHG SAME QTR LAST YR.....	3.19	0.90	-1.13	-4.04	-6.18	-7.73	-6.92	-5.81	-4.15	-0.92	-2.76	2.67	-0.30	-6.66
INSTRUMENTS.....	10.9	10.7	10.9	11.1	11.1	11.0	11.1	11.3	11.3	11.3	11.2	10.8	10.9	11.1
% CHG PREV QTR SAAR.....	5.78	-5.03	6.67	7.40	1.33	-3.54	1.21	7.43	1.19	0.00	-3.49	-3.44	1.23	2.09
% CHG SAME QTR LAST YR.....	0.15	0.09	1.14	3.58	2.47	2.87	1.53	1.53	1.50	2.42	1.20	-3.44	1.23	2.09
MISCELLANEOUS.....	10.7	10.6	10.8	10.6	10.1	9.9	9.6	9.5	9.7	9.6	9.6	10.8	10.7	9.8
% CHG PREV QTR SAAR.....	3.82	-3.67	5.11	-6.05	-16.48	-8.90	-10.35	-4.09	7.18	-4.06	-1.38	-0.76	-1.31	-8.27
% CHG SAME QTR LAST YR.....	-0.92	-3.04	-0.92	-0.31	-5.59	-6.90	-10.53	-10.06	-4.28	-3.03	-0.69	-0.76	-1.31	-8.27
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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TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
 TABLE 10: TENNESSEE NONDURABLE GOODS MANUFACTURING EMPLOYMENT  
 THOUSANDS OF SEASONALLY ADJUSTED JOBS

	HISTORICAL - DATA											ANNUAL		
	200001	200002	200003	200004	200101	200102	200103	200104	200201	200202	200203	1999	2000	2001
TOTAL NONDURABLE GOODS.....	207.2	207.0	206.4	203.6	201.6	197.1	196.3	194.6	193.5	193.0	192.8	210.9	206.1	197.4
% CHG PREV QTR SAAR.....	-3.28	-0.39	-1.28	-5.19	-3.93	-8.70	-1.55	-3.35	-2.24	-1.17	-0.28	-4.94	-2.27	-4.21
% CHG SAME QTR LAST YR.....	-2.51	-1.85	-2.18	-2.55	-2.72	-4.81	-4.88	-4.42	-4.00	-2.08	-1.77	-4.94	-2.27	-4.21
FOOD.....	39.2	39.5	39.8	40.2	40.4	40.6	41.2	41.3	41.3	41.0	40.6	38.3	39.7	40.9
% CHG PREV QTR SAAR.....	4.91	3.44	3.07	3.39	2.01	2.67	6.04	0.65	-0.32	-2.88	-3.22	2.73	3.54	3.02
% CHG SAME QTR LAST YR.....	3.07	3.76	3.64	3.70	2.98	2.78	3.51	2.82	2.23	0.82	-1.46	2.73	3.54	3.02
TOBACCO.....	1.1	1.2	1.1	1.1	1.0	1.0	1.0	1.0	1.1	1.1	1.2	1.1	1.1	1.0
% CHG PREV QTR SAAR.....	13.54	43.11	-20.97	0.00	-31.70	14.01	0.00	0.00	13.54	27.44	12.29	-5.71	0.76	-7.52
% CHG SAME QTR LAST YR.....	-8.57	6.06	0.00	6.45	-6.25	-11.43	-6.06	-6.06	6.67	9.68	12.90	-5.71	0.76	-7.52
TEXTILES.....	15.8	15.7	15.6	15.1	14.3	13.8	13.7	13.2	12.9	12.7	12.5	16.2	15.5	13.8
% CHG PREV QTR SAAR.....	-1.67	-1.68	-2.52	-12.22	-18.81	-13.24	-3.80	-14.69	-6.90	-7.02	-6.15	-8.15	-3.82	-11.47
% CHG SAME QTR LAST YR.....	-4.44	-3.88	-2.30	-4.63	-9.09	-11.89	-12.18	-12.80	-9.77	-8.19	-8.76	-8.15	-3.82	-11.47
APPAREL.....	23.1	22.3	21.7	20.9	20.5	19.1	18.4	17.8	17.4	17.0	17.1	26.1	22.0	18.9
% CHG PREV QTR SAAR.....	-21.83	-13.67	-9.80	-13.40	-8.62	-24.15	-14.50	-11.78	-7.99	-9.58	2.37	-21.13	-15.68	-13.94
% CHG SAME QTR LAST YR.....	-17.11	-15.76	-14.90	-14.79	-11.40	-14.22	-15.36	-14.97	-14.82	-10.99	-6.90	-21.13	-15.68	-13.94
PAPER.....	21.7	21.9	22.0	21.9	22.1	22.1	22.0	22.2	22.4	22.8	22.5	22.1	21.9	22.1
% CHG PREV QTR SAAR.....	-5.34	2.48	3.08	-1.80	3.70	-1.20	-1.80	4.94	3.65	6.70	-4.60	0.95	-0.98	0.95
% CHG SAME QTR LAST YR.....	-2.10	-1.50	0.15	-0.45	1.84	0.91	-0.30	1.37	1.36	3.32	2.58	0.95	-0.98	0.95
PRINTING AND PUBLISHING.....	38.2	38.2	37.4	36.9	36.9	36.1	36.1	35.6	34.8	34.8	34.9	38.6	37.7	36.2
% CHG PREV QTR SAAR.....	-3.75	0.00	-7.80	-4.90	-0.72	-7.72	-0.74	-5.43	-8.35	0.00	1.15	-1.95	-2.35	-4.00
% CHG SAME QTR LAST YR.....	-0.61	-1.04	-3.61	-4.15	-3.41	-5.33	-3.57	-3.70	-5.61	-3.69	-3.23	-1.95	-2.35	-4.00
CHEMICALS.....	28.5	28.6	28.7	28.3	28.4	27.5	27.3	27.3	27.2	27.1	27.5	29.7	28.5	27.6
% CHG PREV QTR SAAR.....	-9.14	1.16	1.64	-5.33	0.92	-12.51	-2.88	0.00	-1.46	-1.46	6.56	-8.84	-3.80	-3.32
% CHG SAME QTR LAST YR.....	-4.90	-3.42	-3.82	-3.02	-0.44	-3.99	-5.08	-3.77	-4.34	-1.46	0.86	-8.84	-3.80	-3.32
PETROLEUM REFINING.....	1.2	1.2	1.2	1.2	1.2	1.2	1.3	1.3	1.2	1.2	1.3	1.1	1.2	1.2
% CHG PREV QTR SAAR.....	60.18	11.58	-10.38	0.00	-10.66	11.93	37.74	0.00	-18.99	-10.38	24.14	0.78	11.54	2.76
% CHG SAME QTR LAST YR.....	12.50	12.12	9.09	12.50	-2.78	-2.70	8.33	8.33	5.71	0.00	-2.56	0.78	11.54	2.76
RUBBER AND PLASTICS.....	35.3	35.4	35.7	35.3	34.4	33.4	33.3	33.0	33.3	33.4	33.5	34.6	35.4	33.5
% CHG PREV QTR SAAR.....	5.88	0.47	4.47	-5.30	-9.42	-11.13	-1.19	-3.16	3.27	0.80	1.61	0.46	2.37	-5.33
% CHG SAME QTR LAST YR.....	3.34	2.98	1.92	1.28	-2.59	-5.54	-6.84	-6.32	-3.20	-0.10	0.60	0.46	2.37	-5.33
LEATHER.....	3.2	3.1	3.0	2.7	2.5	2.2	2.1	1.9	1.9	1.9	1.8	3.1	3.0	2.2
% CHG PREV QTR SAAR.....	3.14	-2.96	-12.71	-39.64	-27.15	-32.80	-26.67	-23.41	-6.72	7.20	-30.27	-6.10	-4.57	-27.44
% CHG SAME QTR LAST YR.....	-0.13	-0.31	-3.12	-14.78	-21.88	-28.74	-31.77	-27.59	-22.97	-13.43	-14.52	-6.10	-4.57	-27.44
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

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TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
 TABLE 11: TENNESSEE AVERAGE ANNUAL WAGE AND SALARY RATE BY SECTOR  
 1996 DOLLARS

	HISTORICAL - DATA											ANNUAL		
	200001	200002	200003	200004	200101	200102	200103	200104	200201	200202	200203	1999	2000	2001
TOTAL NONAGRICULTURAL.....	29259	28620	28871	28581	29046	28818	29010	28516	29504	29361	29675	28582	28833	28848
% CHG SAME QTR LAST YR....	1.44	0.30	1.22	0.55	-0.73	0.69	0.48	-0.23	1.57	1.88	2.29	2.01	0.88	0.05
MINING.....	40332	42571	40469	40519	43694	40487	39160	44120	42875	44603	44190	42537	40973	41865
% CHG SAME QTR LAST YR....	-9.78	3.58	-5.09	-2.84	8.34	-4.90	-3.24	8.89	-1.88	10.17	12.85	-6.37	-3.68	2.18
CONSTRUCTION.....	34803	32798	31475	32397	34185	32280	31496	31454	33504	31044	30392	32388	32868	32354
% CHG SAME QTR LAST YR....	1.55	2.84	1.65	-0.09	-1.77	-1.58	0.07	-2.91	-1.99	-3.83	-3.50	3.76	1.48	-1.57
MANUFACTURING.....	34213	33527	33530	32970	33149	33326	33400	32956	33481	33948	34732	33283	33560	33208
% CHG SAME QTR LAST YR....	3.68	1.44	0.05	-1.77	-3.11	-0.60	-0.39	-0.04	1.00	1.87	3.99	2.97	0.83	-1.05
DURABLE GOODS.....	34974	33863	33941	33028	32917	33361	33264	32908	33395	33930	35099	33895	33951	33112
% CHG SAME QTR LAST YR....	3.85	0.83	-0.76	-3.19	-5.88	-1.48	-2.00	-0.36	1.45	1.71	5.52	2.81	0.17	-2.47
NONDURABLE GOODS.....	33094	33034	32933	32887	33484	33274	33593	33022	33605	33973	34215	32412	32987	33343
% CHG SAME QTR LAST YR....	3.26	2.28	1.24	0.36	1.18	0.73	2.01	0.41	0.36	2.10	1.85	2.96	1.77	1.08
TRADE.....	22783	22008	22272	21709	22303	21886	21940	21357	22491	22397	22296	22254	22193	21871
% CHG SAME QTR LAST YR....	0.43	-2.79	1.28	0.03	-2.11	-0.56	-1.49	-1.62	0.84	2.34	1.62	3.22	-0.27	-1.45
SERVICES.....	28061	27243	27097	27415	28312	27860	28104	27902	28779	28540	28662	27126	27454	28045
% CHG SAME QTR LAST YR....	1.07	0.76	1.81	1.23	0.89	2.26	3.72	1.78	1.65	2.44	1.99	0.98	1.21	2.15
FIN,INS,REAL EST.....	39969	39883	41959	42152	42543	42361	41013	41817	43433	42465	43060	38698	40991	41933
% CHG SAME QTR LAST YR....	2.84	2.72	9.32	8.88	6.44	6.21	-2.25	-0.79	2.09	0.25	4.99	-0.37	5.93	2.30
TRANS,COMM,PUB UTIL.....	36658	36222	36329	35803	35721	35862	35393	35036	36930	37239	37375	36026	36253	35503
% CHG SAME QTR LAST YR....	1.98	2.06	-1.51	0.07	-2.56	-0.99	-2.58	-2.14	3.39	3.84	5.60	1.94	0.63	-2.07
GOVERNMENT.....	26888	27108	28265	27360	27080	27561	29034	27579	28264	28358	29189	27287	27405	27814
% CHG SAME QTR LAST YR....	-0.28	0.03	0.87	1.09	0.71	1.67	2.72	0.80	4.37	2.89	0.53	1.29	0.43	1.49
FEDERAL,CIVILIAN.....	42995	40405	43183	44680	43564	43432	43870	43795	45523	45304	45268	42266	42816	43665
% CHG SAME QTR LAST YR....	1.18	-3.44	1.65	5.77	1.32	7.49	1.59	-1.98	4.50	4.31	3.19	-0.05	1.30	1.98
STATE AND LOCAL.....	24503	24880	25850	24865	24684	25231	26802	25312	25834	25949	26869	25019	25024	25507
% CHG SAME QTR LAST YR....	-0.53	0.16	0.28	0.17	0.74	1.41	3.68	1.80	4.66	2.85	0.25	1.68	0.02	1.93

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TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
 TABLE 12: TENNESSEE AVERAGE ANNUAL WAGE AND SALARY RATE BY SECTOR  
 SEASONALLY ADJUSTED 1996 DOLLARS

	HISTORICAL - DATA										ANNUAL			
	200001	200002	200003	200004	200101	200102	200103	200104	200201	200202	200203	1999	2000	2001
TOTAL NONAGRICULTURAL.....	28917	28685	28877	28841	28702	28881	29019	28753	29181	29437	29683	28582	28830	28839
% CHG PREV QTR SAAR.....	3.59	-3.17	2.70	-0.49	-1.91	2.51	1.93	-3.62	6.10	3.55	3.38	1.99	0.87	0.03
% CHG SAME QTR LAST YR....	1.49	0.24	1.11	0.62	-0.74	0.68	0.49	-0.31	1.67	1.93	2.29	1.99	0.87	0.03
MINING.....	39387	42915	41457	40519	42960	40819	39807	44120	42095	45009	44979	42523	41069	41927
% CHG PREV QTR SAAR.....	-17.88	40.93	-12.92	-8.74	26.36	-18.49	-9.56	50.91	-17.13	30.69	-0.26	-6.31	-3.42	2.09
% CHG SAME QTR LAST YR....	-9.80	3.62	-4.99	-2.07	9.07	-4.88	-3.98	8.89	-2.01	10.26	12.99	-6.31	-3.42	2.09
CONSTRUCTION.....	33198	33088	32481	32537	32591	32546	32528	31681	31643	31384	31389	32295	32826	32336
% CHG PREV QTR SAAR.....	9.28	-1.32	-7.14	0.69	0.67	-0.55	-0.22	-10.01	-0.48	-3.24	0.06	3.58	1.64	-1.49
% CHG SAME QTR LAST YR....	1.97	2.76	1.65	0.21	-1.83	-1.64	0.14	-2.63	-2.91	-3.57	-3.50	3.58	1.64	-1.49
MANUFACTURING.....	34110	33578	33458	33041	33003	33372	33381	33005	33415	33975	34717	33294	33546	33190
% CHG PREV QTR SAAR.....	6.06	-6.10	-1.42	-4.89	-0.46	4.55	0.11	-4.44	5.06	6.87	9.03	2.92	0.76	-1.06
% CHG SAME QTR LAST YR....	3.59	1.28	-0.07	-1.70	-3.25	-0.61	-0.23	-0.11	1.25	1.81	4.00	2.92	0.76	-1.06
DURABLE GOODS.....	34928	33982	33780	33087	32826	33483	33192	32948	33370	34000	35031	33908	33944	33112
% CHG PREV QTR SAAR.....	9.57	-10.40	-2.35	-7.95	-3.12	8.26	-3.44	-2.91	5.22	7.77	12.68	2.77	0.11	-2.45
% CHG SAME QTR LAST YR....	3.68	0.81	-0.93	-3.08	-6.02	-1.47	-1.74	-0.42	1.66	1.54	5.54	2.77	0.11	-2.45
NONDURABLE GOODS.....	32913	32986	32986	32973	33257	33212	33650	33085	33478	33938	34274	32422	32965	33301
% CHG PREV QTR SAAR.....	0.79	0.89	0.00	-0.16	3.48	-0.53	5.38	-6.56	4.84	5.62	4.01	2.90	1.67	1.02
% CHG SAME QTR LAST YR....	3.28	1.90	1.17	0.38	1.04	0.69	2.01	0.34	0.66	2.19	1.85	2.90	1.67	1.02
TRADE.....	22374	21957	22307	22113	21896	21828	22027	21766	22075	22336	22384	22258	22188	21879
% CHG PREV QTR SAAR.....	4.75	-7.25	6.53	-3.42	-3.87	-1.23	3.69	-4.66	5.80	4.81	0.86	3.21	-0.32	-1.39
% CHG SAME QTR LAST YR....	0.50	-2.85	1.15	-0.01	-2.14	-0.58	-1.25	-1.57	0.82	2.32	1.62	3.21	-0.32	-1.39
SERVICES.....	27488	27384	27379	27559	27740	27996	28341	28016	28290	28684	28901	27129	27452	28023
% CHG PREV QTR SAAR.....	4.46	-1.50	-0.07	2.67	2.65	3.73	5.02	-4.50	3.97	5.68	3.06	0.97	1.19	2.08
% CHG SAME QTR LAST YR....	1.11	0.64	1.65	1.36	0.92	2.23	3.51	1.66	1.98	2.46	1.98	0.97	1.19	2.08
FIN, INS, REAL EST.....	39696	39914	42183	42173	42262	42393	41209	41848	43140	42530	43267	38699	40991	41928
% CHG PREV QTR SAAR.....	10.85	2.22	24.76	-0.10	0.85	1.25	-10.71	6.35	12.93	-5.54	7.11	-0.42	5.92	2.29
% CHG SAME QTR LAST YR....	2.89	2.59	9.21	9.01	6.47	6.21	-2.31	-0.77	2.08	0.32	4.99	-0.42	5.92	2.29
TRANS, COMM, PUB UTIL.....	36193	36134	36504	36195	35334	35788	35504	35114	36600	37332	37504	35984	36257	35435
% CHG PREV QTR SAAR.....	1.20	-0.66	4.17	-3.35	-9.18	5.25	-3.14	-4.33	18.04	8.23	1.86	1.93	0.76	-2.27
% CHG SAME QTR LAST YR....	2.02	2.25	-1.43	0.30	-2.37	-0.96	-2.74	-2.99	3.58	4.31	5.63	1.93	0.76	-2.27
GOVERNMENT.....	27145	27161	27408	27847	27355	27621	28122	28051	28538	28420	28278	27315	27390	27787
% CHG PREV QTR SAAR.....	-6.08	0.23	3.69	6.57	-6.89	3.95	7.45	-1.01	7.14	-1.65	-1.98	1.39	0.27	1.45
% CHG SAME QTR LAST YR....	-0.26	-0.28	0.64	0.99	0.77	1.70	2.61	0.73	4.33	2.89	0.55	1.39	0.27	1.45
FEDERAL, CIVILIAN.....	43078	40805	42918	44505	43705	43911	43841	43361	45553	45938	45268	42284	42827	43704
% CHG PREV QTR SAAR.....	9.85	-19.49	22.38	15.63	-7.00	1.90	-0.64	-4.31	21.81	3.43	-5.71	-0.01	1.28	2.05
% CHG SAME QTR LAST YR....	1.37	-3.61	1.63	5.77	1.46	7.61	2.15	-2.57	4.23	4.62	3.26	-0.01	1.28	2.05
STATE AND LOCAL.....	24870	25006	24924	25260	25057	25366	25818	25715	26235	26083	25871	24999	25015	25489
% CHG PREV QTR SAAR.....	-5.52	2.21	-1.30	5.50	-3.17	5.02	7.32	-1.59	8.35	-2.30	-3.21	1.67	0.07	1.89
% CHG SAME QTR LAST YR....	-0.36	0.28	0.20	0.14	0.75	1.44	3.59	1.80	4.70	2.83	0.21	1.67	0.07	1.89

TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
 TABLE 13: TENNESSEE AVERAGE ANNUAL WAGE AND SALARY RATE BY SECTOR  
 CURRENT DOLLARS

	HISTORICAL - DATA											ANNUAL		
	200001	200002	200003	200004	200101	200102	200103	200104	200201	200202	200203	1999	2000	2001
TOTAL NONAGRICULTURAL.....	31165	30656	31084	30941	31704	31597	31801	31322	32495	32558	33046	29932	30962	31606
% CHG SAME QTR LAST YR....	4.04	2.87	3.79	3.06	1.73	3.07	2.31	1.23	2.50	3.04	3.92	3.69	3.44	2.08
MINING.....	42960	45600	43571	43866	47692	44390	42927	48462	47222	49459	49211	44543	43999	45868
% CHG SAME QTR LAST YR....	-7.47	6.24	-2.68	-0.41	11.02	-2.65	-1.48	10.48	-0.99	11.42	14.64	-4.83	-1.22	4.25
CONSTRUCTION.....	37070	35131	33888	35073	37313	35391	34525	34549	36901	34424	33844	33915	35290	35445
% CHG SAME QTR LAST YR....	4.16	5.48	4.23	2.40	0.66	0.74	1.88	-1.49	-1.10	-2.73	-1.97	5.45	4.06	0.44
MANUFACTURING.....	36442	35912	36100	35693	36182	36538	36613	36198	36876	37644	38678	34858	36037	36383
% CHG SAME QTR LAST YR....	6.33	4.04	2.59	0.68	-0.71	1.74	1.42	1.41	1.92	3.03	5.64	4.66	3.38	0.96
DURABLE GOODS.....	37252	36272	36543	35755	35929	36577	36464	36147	36781	37624	39087	35499	36456	36279
% CHG SAME QTR LAST YR....	6.51	3.41	1.76	-0.77	-3.55	0.84	-0.22	1.09	2.37	2.86	7.20	4.51	2.69	-0.48
NONDURABLE GOODS.....	35250	35384	35457	35603	36547	36482	36825	36272	37012	37672	38102	33946	35424	36532
% CHG SAME QTR LAST YR....	5.91	4.90	3.81	2.86	3.68	3.10	3.86	1.88	1.27	3.26	3.47	4.66	4.35	3.13
TRADE.....	24267	23574	23979	23502	24343	23995	24050	23459	24771	24835	24829	23304	23831	23962
% CHG SAME QTR LAST YR....	3.01	-0.30	3.85	2.53	0.31	1.79	0.30	-0.18	1.76	3.50	3.24	4.91	2.26	0.55
SERVICES.....	29889	29181	29174	29680	30903	30545	30808	30648	31697	31648	31918	28406	29481	30726
% CHG SAME QTR LAST YR....	3.66	3.34	4.39	3.75	3.39	4.68	5.60	3.26	2.57	3.61	3.60	2.64	3.78	4.22
FIN,INS,REAL EST.....	42573	42721	45175	45633	46435	46445	44959	45931	47837	47089	47952	40527	44025	45943
% CHG SAME QTR LAST YR....	5.47	5.35	12.09	11.59	9.07	8.72	-0.48	0.65	3.02	1.39	6.66	1.26	8.63	4.35
TRANS,COMM,PUB UTIL.....	39046	38798	39113	38760	38989	39319	38797	38483	40675	41293	41621	37730	38929	38897
% CHG SAME QTR LAST YR....	4.59	4.67	0.99	2.57	-0.14	1.34	-0.81	-0.71	4.32	5.02	7.28	3.62	3.18	-0.08
GOVERNMENT.....	28640	29037	30432	29619	29558	30218	31827	30293	31130	31445	32505	28578	29432	30474
% CHG SAME QTR LAST YR....	2.28	2.59	3.43	3.61	3.21	4.07	4.59	2.27	5.32	4.06	2.13	2.96	2.99	3.54
FEDERAL,CIVILIAN.....	45797	43280	46494	48371	47550	47619	48090	48104	50139	50237	50411	44264	45985	47841
% CHG SAME QTR LAST YR....	3.77	-0.96	4.23	8.41	3.83	10.03	3.43	-0.55	5.44	5.50	4.83	1.60	3.89	4.04
STATE AND LOCAL.....	26100	26650	27831	26918	26942	27663	29380	27803	28453	28774	29921	26203	26875	27947
% CHG SAME QTR LAST YR....	2.02	2.72	2.83	2.67	3.23	3.80	5.56	3.29	5.61	4.02	1.84	3.35	2.56	3.99

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TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
 TABLE 14: TENNESSEE AVERAGE ANNUAL WAGE AND SALARY RATE BY SECTOR  
 SEASONALLY ADJUSTED CURRENT DOLLARS

	HISTORICAL - DATA											ANNUAL		
	200001	200002	200003	200004	200101	200102	200103	200104	200201	200202	200203	1999	2000	2001
TOTAL NONAGRICULTURAL.....	30800	30726	31090	31223	31329	31665	31811	31582	32140	32642	33055	29934	30960	31597
% CHG PREV QTR SAAR.....	7.14	-0.97	4.83	1.72	1.36	4.37	1.85	-2.85	7.26	6.40	5.15	3.67	3.43	2.06
% CHG SAME QTR LAST YR....	4.09	2.81	3.68	3.14	1.71	3.06	2.32	1.15	2.59	3.09	3.91	3.67	3.43	2.06
MINING.....	41953	45968	44634	43866	46891	44754	43636	48462	46364	49909	50089	44530	44105	45936
% CHG PREV QTR SAAR.....	-15.06	44.13	-11.11	-6.71	30.57	-17.02	-9.62	52.12	-16.22	34.28	1.45	-4.77	-0.95	4.15
% CHG SAME QTR LAST YR....	-7.49	6.27	-2.58	0.38	11.77	-2.64	-2.24	10.48	-1.12	11.52	14.79	-4.77	-0.95	4.15
CONSTRUCTION.....	35361	35441	34970	35224	35573	35683	35657	34799	34852	34801	34955	33822	35249	35428
% CHG PREV QTR SAAR.....	13.02	0.92	-5.21	2.93	4.02	1.25	-0.30	-9.28	0.61	-0.58	1.78	5.28	4.22	0.51
% CHG SAME QTR LAST YR....	4.58	5.39	4.23	2.71	0.60	0.68	1.96	-1.21	-2.03	-2.47	-1.97	5.28	4.22	0.51
MANUFACTURING.....	36332	35966	36022	35770	36022	36589	36593	36252	36803	37674	38661	34870	36023	36364
% CHG PREV QTR SAAR.....	9.70	-3.97	0.62	-2.77	2.86	6.44	0.04	-3.67	6.22	9.81	10.90	4.62	3.30	0.95
% CHG SAME QTR LAST YR....	6.24	3.87	2.46	0.76	-0.85	1.73	1.58	1.35	2.17	2.96	5.65	4.62	3.30	0.95
DURABLE GOODS.....	37203	36399	36369	35820	35829	36711	36385	36190	36754	37702	39011	35513	36448	36279
% CHG PREV QTR SAAR.....	13.33	-8.37	-0.33	-5.91	0.10	10.21	-3.51	-2.12	6.38	10.73	14.62	4.47	2.63	-0.46
% CHG SAME QTR LAST YR....	6.33	3.39	1.59	-0.66	-3.69	0.86	0.04	1.03	2.58	2.70	7.22	4.47	2.63	-0.46
NONDURABLE GOODS.....	35057	35332	35514	35697	36300	36414	36887	36340	36872	37633	38168	33957	35400	36485
% CHG PREV QTR SAAR.....	4.25	3.18	2.08	2.07	6.93	1.27	5.30	-5.80	5.99	8.52	5.80	4.60	4.25	3.07
% CHG SAME QTR LAST YR....	5.93	4.51	3.74	2.89	3.54	3.06	3.87	1.80	1.58	3.35	3.47	4.60	4.25	3.07
TRADE.....	23832	23519	24016	23940	23900	23933	24146	23908	24313	24768	24927	23310	23827	23972
% CHG PREV QTR SAAR.....	8.34	-5.15	8.74	-1.27	-0.67	0.55	3.62	-3.89	6.96	7.69	2.60	4.90	2.22	0.61
% CHG SAME QTR LAST YR....	3.08	-0.36	3.71	2.48	0.29	1.76	0.54	-0.13	1.73	3.49	3.23	4.90	2.22	0.61
SERVICES.....	29279	29332	29477	29836	30278	30694	31067	30773	31159	31807	32184	28412	29481	30703
% CHG PREV QTR SAAR.....	8.04	0.73	2.00	4.95	6.07	5.61	4.94	-3.73	5.11	8.58	4.83	2.63	3.76	4.15
% CHG SAME QTR LAST YR....	3.70	3.22	4.23	3.89	3.42	4.65	5.39	3.14	2.91	3.62	3.60	2.63	3.76	4.15
FIN, INS, REAL EST.....	42282	42753	45417	45656	46129	46480	45173	45966	47514	47160	48182	40529	44027	45937
% CHG PREV QTR SAAR.....	14.66	4.54	27.35	2.13	4.21	3.08	-10.78	7.20	14.17	-2.95	8.95	1.22	8.63	4.34
% CHG SAME QTR LAST YR....	5.53	5.22	11.98	11.74	9.10	8.72	-0.54	0.68	3.00	1.46	6.66	1.22	8.63	4.34
TRANS, COMM, PUB UTIL.....	38551	38704	39302	39184	38567	39238	38920	38569	40312	41396	41765	37688	38936	38824
% CHG PREV QTR SAAR.....	4.67	1.60	6.33	-1.20	-6.16	7.15	-3.21	-3.56	19.33	11.20	3.61	3.62	3.31	-0.29
% CHG SAME QTR LAST YR....	4.64	4.87	1.07	2.81	0.04	1.38	-0.97	-1.57	4.52	5.50	7.31	3.62	3.31	-0.29
GOVERNMENT.....	28913	29093	29508	30147	29858	30284	30827	30811	31432	31514	31491	28608	29415	30445
% CHG PREV QTR SAAR.....	-2.86	2.50	5.84	8.95	-3.79	5.83	7.37	-0.21	8.31	1.05	-0.30	3.06	2.82	3.50
% CHG SAME QTR LAST YR....	2.29	2.27	3.20	3.51	3.27	4.09	4.47	2.20	5.27	4.06	2.15	3.06	2.82	3.50
FEDERAL, CIVILIAN.....	45885	43708	46208	48181	47704	48144	48059	47627	50172	50940	50411	44282	45995	47884
% CHG PREV QTR SAAR.....	13.62	-17.67	24.92	18.20	-3.90	3.74	-0.71	-3.54	23.14	6.27	-4.09	1.64	3.87	4.11
% CHG SAME QTR LAST YR....	3.97	-1.14	4.21	8.41	3.97	10.15	4.01	-1.15	5.17	5.81	4.90	1.64	3.87	4.11
STATE AND LOCAL.....	26490	26785	26835	27346	27350	27811	28302	28245	28896	28923	28811	26181	26864	27927
% CHG PREV QTR SAAR.....	-2.28	4.52	0.75	7.85	0.06	6.92	7.24	-0.80	9.54	0.38	-1.54	3.34	2.61	3.96
% CHG SAME QTR LAST YR....	2.20	2.85	2.74	2.64	3.25	3.83	5.47	3.29	5.65	4.00	1.80	3.34	2.61	3.96

TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
 TABLE 15: TENNESSEE CIVILIAN LABOR FORCE AND UNEMPLOYMENT RATE

	HISTORICAL - DATA											ANNUAL		
	200001	200002	200003	200004	200101	200102	200103	200104	200201	200202	200203	1999	2000	2001
CIVILIAN LABOR FORCE (THOUS)....	2772	2792	2820	2809	2776	2804	2844	2847	2867	2877	2897	2816	2798	2818
% CHG SAME QTR LAST YR.....	-0.13	-0.60	-1.00	-0.70	0.12	0.43	0.84	1.36	3.28	2.59	1.87	2.03	-0.61	0.69
EMPLOYED PERSONS (THOUS).....	2659	2687	2705	2701	2653	2686	2713	2715	2701	2736	2758	2702	2688	2692
% CHG SAME QTR LAST YR.....	0.27	-0.54	-0.96	-0.82	-0.24	-0.05	0.30	0.51	1.80	1.86	1.65	2.21	-0.52	0.13
UNEMPLOYED PERSONS (THOUS)....	113	104	115	108	123	118	131	132	166	141	139	113	110	126
% CHG SAME QTR LAST YR.....	-8.65	-2.06	-2.01	2.38	8.58	12.93	13.44	22.75	35.13	19.29	6.44	-2.04	-2.82	14.34
PARTICIPATION RATE (PERCENT)....	64.2	64.5	65.1	64.7	63.9	64.5	65.4	65.4	65.8	66.0	66.4	65.5	64.6	64.8
% CHG SAME QTR LAST YR.....	-1.06	-1.49	-1.72	-1.35	-0.39	0.08	0.49	1.08	3.00	2.31	1.59	0.99	-1.40	0.32
UNEMPLOYMENT RATE (PERCENT).....	4.1	3.7	4.1	3.8	4.4	4.2	4.6	4.6	5.8	4.9	4.8	4.0	3.9	4.5

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TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
 TABLE 16: TENNESSEE CIVILIAN LABOR FORCE AND UNEMPLOYMENT RATE  
 SEASONALLY ADJUSTED

	HISTORICAL - DATA											ANNUAL		
	200001	200002	200003	200004	200101	200102	200103	200104	200201	200202	200203	1999	2000	2001
CIVILIAN LABOR FORCE (THOUS)....	2804	2799	2795	2796	2807	2811	2819	2834	2898	2883	2874	2816	2798	2818
% CHG PREV QTR SAAR.....	-1.63	-0.74	-0.54	0.14	1.59	0.54	1.13	2.26	9.27	-2.00	-1.23	2.03	-0.61	0.69
% CHG SAME QTR LAST YR.....	-0.13	-0.60	-1.01	-0.70	0.11	0.43	0.85	1.38	3.24	2.58	1.98	2.03	-0.61	0.69
EMPLOYED PERSONS (THOUS).....	2698	2689	2684	2683	2691	2688	2692	2697	2738	2738	2737	2702	2688	2692
% CHG PREV QTR SAAR.....	-1.03	-1.30	-0.71	-0.21	1.22	-0.47	0.66	0.68	6.35	-0.12	-0.03	2.21	-0.52	0.13
% CHG SAME QTR LAST YR.....	0.25	-0.54	-0.97	-0.81	-0.25	-0.05	0.30	0.52	1.77	1.86	1.69	2.21	-0.52	0.13
UNEMPLOYED PERSONS (THOUS)....	106	110	111	113	116	123	127	138	160	146	137	113	110	126
% CHG PREV QTR SAAR.....	-15.49	14.19	3.84	8.87	10.64	26.05	11.60	40.50	79.32	-30.31	-21.82	-2.00	-2.79	14.37
% CHG SAME QTR LAST YR.....	-8.91	-2.14	-2.03	2.20	9.32	12.05	14.09	21.61	37.21	18.32	8.24	-2.00	-2.79	14.37
PARTICIPATION RATE (PERCENT)....	64.9	64.6	64.5	64.4	64.6	64.7	64.8	65.1	66.6	66.2	65.9	65.5	64.6	64.8
% CHG PREV QTR SAAR.....	-2.49	-1.61	-0.82	-0.43	1.31	0.26	0.85	1.98	8.97	-2.26	-1.49	0.99	-1.40	0.32
% CHG SAME QTR LAST YR.....	-1.06	-1.49	-1.73	-1.34	-0.39	0.08	0.50	1.10	2.96	2.31	1.71	0.99	-1.40	0.32
UNEMPLOYMENT RATE (PERCENT)....	3.8	3.9	4.0	4.1	4.1	4.4	4.5	4.9	5.5	5.1	4.8	4.0	3.9	4.5

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TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
 TABLE 17: TENNESSEE TAXABLE SALES  
 MILLIONS OF 1996 DOLLARS

	HISTORICAL - DATA											ANNUAL		
	200001	200002	200003	200004	200101	200102	200103	200104	200201	200202	200203	1999	2000	2001
TOTAL.....	16338	17569	17517	18025	15739	17293	16855	18078	15767	17215	16502	69051	69449	67966
% CHG SAME QTR LAST YR.....	4.39	1.00	-0.29	-2.23	-3.66	-1.57	-3.78	0.29	0.18	-0.45	-2.09	7.19	0.58	-2.14
AUTO DEALERS.....	1988	2056	2055	1712	1857	1963	1967	2078	1904	2028	1947	7748	7811	7865
% CHG SAME QTR LAST YR.....	7.43	0.91	-2.00	-2.88	-6.62	-4.49	-4.29	21.35	2.55	3.31	-1.03	12.02	0.82	0.69
PURCHASES FROM MANUFACTURERS..	885	1032	1014	978	850	962	897	896	733	889	858	4038	3908	3605
% CHG SAME QTR LAST YR.....	-4.10	-4.52	0.33	-4.55	-3.94	-6.79	-11.51	-8.37	-13.83	-7.63	-4.30	-2.64	-3.22	-7.77
MISC DURABLE GOODS.....	2963	3130	3059	2934	2616	3024	2765	2873	2538	2927	2805	12250	12087	11278
% CHG SAME QTR LAST YR.....	8.91	-2.97	-3.21	-6.62	-11.73	-3.38	-9.63	-2.07	-2.96	-3.23	1.47	11.53	-1.33	-6.69
EATING AND DRINKING PLACES....	1371	1493	1494	1418	1382	1498	1521	1481	1424	1544	1485	5595	5776	5882
% CHG SAME QTR LAST YR.....	4.09	3.93	3.44	1.52	0.78	0.34	1.79	4.46	3.02	3.07	-2.37	5.23	3.24	1.83
FOOD STORES.....	1768	1893	1884	2027	1748	1836	1834	1966	1703	1778	1700	7538	7572	7384
% CHG SAME QTR LAST YR.....	-0.12	3.03	-0.10	-0.86	-1.16	-3.02	-2.63	-2.99	-2.54	-3.16	-7.31	2.33	0.45	-2.48
LIQUOR STORES.....	81	86	84	107	83	86	82	111	86	88	83	350	358	362
% CHG SAME QTR LAST YR.....	3.99	6.24	4.20	-3.69	2.76	0.64	-2.04	3.25	2.64	2.33	0.76	6.49	2.12	1.28
HOTELS AND MOTELS.....	350	450	467	433	337	437	448	405	321	431	412	1672	1700	1627
% CHG SAME QTR LAST YR.....	4.42	3.40	-1.52	1.20	-3.81	-2.90	-3.96	-6.51	-4.65	-1.41	-8.02	3.09	1.65	-4.29
OTHER RETAIL AND SERVICE.....	4525	4913	4892	5652	4435	4799	4671	5613	4505	4862	4653	19719	19982	19518
% CHG SAME QTR LAST YR.....	3.95	2.10	1.84	-1.69	-2.00	-2.32	-4.51	-0.69	1.58	1.32	-0.39	5.87	1.34	-2.32
MISC NONDURABLE GOODS.....	1324	1430	1441	1699	1364	1413	1344	1623	1296	1364	1304	5884	5893	5745
% CHG SAME QTR LAST YR.....	-0.09	-1.22	2.43	-0.34	3.07	-1.14	-6.74	-4.42	-5.02	-3.47	-3.01	11.04	0.16	-2.51
TRANSPORTATION, COMMUNICATION..	1081	1086	1128	1067	1068	1274	1325	1033	1258	1303	1254	4257	4362	4699
% CHG SAME QTR LAST YR.....	10.70	8.44	-6.46	-0.60	-1.25	17.29	17.49	-3.17	17.77	2.32	-5.31	11.75	2.46	7.74
PER CAPITA (\$).....	2877	3085	3071	3153	2749	3015	2934	3142	2735	2982	2854	12245	12187	11840
% CHG SAME QTR LAST YR.....	3.19	-0.14	-1.29	-3.15	-4.46	-2.27	-4.47	-0.37	-0.49	-1.11	-2.74	5.91	-0.47	-2.85

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TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
 TABLE 18: TENNESSEE TAXABLE SALES  
 MILLIONS OF SEASONALLY ADJUSTED 1996 DOLLARS

	HISTORICAL - DATA											ANNUAL		
	200001	200002	200003	200004	200101	200102	200103	200104	200201	200202	200203	1999	2000	2001
TOTAL.....	17787	17280	17400	17060	17078	17005	16794	17138	17054	16932	16471	69065	69527	68015
% CHG PREV QTR SAAR.....	7.23	-10.92	2.80	-7.59	0.42	-1.68	-4.89	8.46	-1.94	-2.85	-10.44	7.40	0.67	-2.17
% CHG SAME QTR LAST YR.....	3.83	1.02	0.29	-2.40	-3.99	-1.59	-3.48	0.46	-0.14	-0.43	-1.92	7.40	0.67	-2.17
AUTO DEALERS.....	2016	1960	1974	1851	1882	1870	1909	2223	1929	1934	1897	7742	7800	7883
% CHG PREV QTR SAAR.....	20.45	-10.76	2.90	-22.71	6.90	-2.50	8.64	83.77	-43.23	0.95	-7.44	11.95	0.75	1.06
% CHG SAME QTR LAST YR.....	7.17	0.83	-0.97	-3.84	-6.67	-4.58	-3.28	20.10	2.53	3.42	-0.64	11.95	0.75	1.06
PURCHASES FROM MANUFACTURERS..	1003	977	987	947	961	910	876	867	827	840	840	4047	3914	3614
% CHG PREV QTR SAAR.....	4.25	-9.77	3.88	-15.22	6.04	-19.68	-13.90	-4.03	-17.49	6.71	-0.19	-2.47	-3.30	-7.66
% CHG SAME QTR LAST YR.....	-4.62	-4.71	0.91	-4.60	-4.19	-6.94	-11.20	-8.41	-13.98	-7.65	-4.17	-2.47	-3.30	-7.66
MISC DURABLE GOODS.....	3277	2946	3000	2902	2870	2854	2727	2833	2774	2768	2772	12257	12124	11284
% CHG PREV QTR SAAR.....	21.74	-34.67	7.53	-12.45	-4.24	-2.24	-16.65	16.39	-8.00	-0.90	0.64	11.91	-1.08	-6.92
% CHG SAME QTR LAST YR.....	7.86	-2.66	-2.39	-6.98	-12.40	-3.11	-9.09	-2.38	-3.35	-3.03	1.66	11.91	-1.08	-6.92
EATING AND DRINKING PLACES....	1446	1445	1448	1439	1454	1450	1477	1502	1495	1496	1443	5598	5778	5883
% CHG PREV QTR SAAR.....	8.05	-0.43	0.95	-2.48	4.15	-0.95	7.57	7.06	-1.86	0.10	-13.39	5.32	3.20	1.82
% CHG SAME QTR LAST YR.....	3.55	4.11	3.72	1.45	0.52	0.39	1.99	4.40	2.86	3.13	-2.31	5.32	3.20	1.82
FOOD STORES.....	1893	1904	1893	1882	1870	1847	1844	1826	1821	1789	1709	7535	7572	7388
% CHG PREV QTR SAAR.....	-1.57	2.45	-2.25	-2.31	-2.61	-4.72	-0.70	-3.85	-1.04	-6.88	-16.68	2.50	0.50	-2.44
% CHG SAME QTR LAST YR.....	-0.09	3.15	-0.05	-0.94	-1.20	-2.98	-2.60	-2.98	-2.59	-3.15	-7.31	2.50	0.50	-2.44
LIQUOR STORES.....	89	90	92	88	91	91	90	91	93	93	90	349	358	362
% CHG PREV QTR SAAR.....	-11.29	7.18	6.73	-14.97	14.30	-1.77	-3.59	5.97	9.99	-2.81	-9.03	6.41	2.59	1.12
% CHG SAME QTR LAST YR.....	3.99	5.93	4.46	-3.62	2.69	0.47	-2.05	3.49	2.50	2.23	0.75	6.41	2.59	1.12
HOTELS AND MOTELS.....	437	421	418	427	418	410	404	398	397	404	372	1674	1703	1629
% CHG PREV QTR SAAR.....	11.81	-13.64	-2.62	9.12	-8.87	-7.51	-5.64	-5.16	-1.37	7.53	-28.34	3.31	1.77	-4.35
% CHG SAME QTR LAST YR.....	3.48	3.76	-0.73	0.65	-4.37	-2.71	-3.48	-6.80	-4.94	-1.30	-7.86	3.31	1.77	-4.35
OTHER RETAIL AND SERVICE.....	5043	4999	5041	4929	4923	4876	4826	4900	4989	4938	4812	19719	20012	19526
% CHG PREV QTR SAAR.....	3.04	-3.47	3.45	-8.64	-0.43	-3.79	-4.01	6.28	7.44	-4.02	-9.84	6.11	1.48	-2.43
% CHG SAME QTR LAST YR.....	3.40	1.92	2.22	-1.53	-2.37	-2.46	-4.26	-0.57	1.34	1.27	-0.30	6.11	1.48	-2.43
MISC NONDURABLE GOODS.....	1470	1466	1491	1473	1505	1446	1401	1407	1424	1395	1363	5891	5899	5758
% CHG PREV QTR SAAR.....	-2.36	-1.03	6.88	-4.66	9.00	-14.81	-11.91	1.85	4.79	-7.89	-8.87	11.80	0.13	-2.38
% CHG SAME QTR LAST YR.....	-1.00	-1.48	3.48	-0.38	2.39	-1.37	-6.03	-4.46	-5.40	-3.53	-2.71	11.80	0.13	-2.38
TRANSPORTATION, COMMUNICATION..	1115	1073	1057	1123	1104	1252	1240	1091	1305	1275	1173	4252	4367	4687
% CHG PREV QTR SAAR.....	-3.41	-14.20	-5.84	27.30	-6.32	65.36	-3.88	-40.17	104.95	-8.73	-28.39	11.36	2.70	7.34
% CHG SAME QTR LAST YR.....	11.50	7.98	-6.83	-0.16	-0.92	16.73	17.33	-2.85	18.15	1.84	-5.39	11.36	2.70	7.34
PER CAPITA (\$)	3133	3035	3051	2984	2983	2965	2923	2978	2959	2933	2848	12250	12202	11849
% CHG PREV QTR SAAR.....	6.04	-11.91	2.12	-8.41	-0.25	-2.33	-5.52	7.74	-2.59	-3.49	-11.04	6.12	-0.39	-2.89
% CHG SAME QTR LAST YR.....	2.64	-0.12	-0.71	-3.32	-4.79	-2.30	-4.18	-0.20	-0.80	-1.09	-2.57	6.12	-0.39	-2.89

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TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
 TABLE 19: TENNESSEE TAXABLE SALES  
 MILLIONS OF CURRENT DOLLARS

	HISTORICAL - DATA											ANNUAL		
	200001	200002	200003	200004	200101	200102	200103	200104	200201	200202	200203	1999	2000	2001
TOTAL.....	17402	18818	18860	19514	17180	18960	18476	19857	17366	19089	18377	72341	74595	74473
% CHG SAME QTR LAST YR.....	7.06	3.58	2.24	0.22	-1.28	0.76	-2.04	1.76	1.08	0.68	-0.54	8.96	3.12	-0.16
AUTO DEALERS.....	2118	2202	2213	1854	2027	2153	2156	2282	2097	2249	2168	8114	8386	8618
% CHG SAME QTR LAST YR.....	10.18	3.50	0.49	-0.46	-4.31	-2.23	-2.55	23.13	3.48	4.49	0.54	13.85	3.36	2.76
PURCHASES FROM MANUFACTURERS..	943	1105	1091	1058	928	1055	983	984	807	985	956	4230	4198	3950
% CHG SAME QTR LAST YR.....	-1.65	-2.08	2.88	-2.16	-1.56	-4.59	-9.91	-7.03	-13.05	-6.58	-2.78	-1.04	-0.76	-5.91
MISC DURABLE GOODS.....	3156	3353	3294	3177	2855	3316	3031	3156	2796	3245	3124	12833	12980	12358
% CHG SAME QTR LAST YR.....	11.70	-0.49	-0.76	-4.29	-9.55	-1.11	-7.99	-0.64	-2.08	-2.13	3.08	13.36	1.14	-4.79
EATING AND DRINKING PLACES....	1461	1599	1609	1535	1508	1642	1668	1626	1568	1712	1654	5860	6203	6445
% CHG SAME QTR LAST YR.....	6.76	6.59	6.07	4.06	3.27	2.70	3.64	5.99	3.95	4.25	-0.81	6.96	5.86	3.89
FOOD STORES.....	1883	2028	2028	2194	1908	2013	2010	2159	1876	1972	1893	7897	8133	8091
% CHG SAME QTR LAST YR.....	2.44	5.67	2.43	1.61	1.29	-0.73	-0.86	-1.57	-1.65	-2.06	-5.84	4.03	3.00	-0.52
LIQUOR STORES.....	86	92	90	116	91	95	90	122	94	98	92	367	384	397
% CHG SAME QTR LAST YR.....	6.65	8.96	6.85	-1.28	5.30	3.02	-0.26	4.76	3.57	3.49	2.36	8.28	4.69	3.29
HOTELS AND MOTELS.....	373	482	502	468	368	479	491	444	354	478	459	1752	1826	1783
% CHG SAME QTR LAST YR.....	7.09	6.05	0.98	3.73	-1.43	-0.61	-2.22	-5.14	-3.79	-0.29	-6.56	4.80	4.22	-2.38
OTHER RETAIL AND SERVICE.....	4820	5263	5267	6119	4841	5262	5121	6165	4962	5392	5182	20663	21468	21389
% CHG SAME QTR LAST YR.....	6.61	4.71	4.42	0.76	0.42	-0.01	-2.78	0.76	2.50	2.47	1.20	7.63	3.90	-0.37
MISC NONDURABLE GOODS.....	1410	1531	1552	1839	1489	1550	1474	1783	1427	1513	1452	6165	6332	6295
% CHG SAME QTR LAST YR.....	2.46	1.31	5.03	2.15	5.62	1.20	-5.05	-3.03	-4.15	-2.37	-1.47	12.87	2.70	-0.58
TRANSPORTATION, COMMUNICATION..	1152	1163	1214	1155	1166	1396	1452	1135	1385	1445	1397	4460	4684	5149
% CHG SAME QTR LAST YR.....	13.53	11.22	-4.09	1.88	1.19	20.05	19.63	-1.76	18.83	3.49	-3.80	13.61	5.03	9.93
PER CAPITA (\$).....	3065	3305	3307	3414	3000	3306	3216	3451	3013	3306	3178	12828	13090	12973
% CHG SAME QTR LAST YR.....	5.83	2.42	1.22	-0.73	-2.10	0.03	-2.74	1.09	0.41	0.01	-1.19	7.66	2.04	-0.89

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TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
 TABLE 20: TENNESSEE TAXABLE SALES  
 MILLIONS OF SEASONALLY ADJUSTED CURRENT DOLLARS

	HISTORICAL - DATA											ANNUAL		
	200001	200002	200003	200004	200101	200102	200103	200104	200201	200202	200203	1999	2000	2001
TOTAL.....	18946	18509	18734	18469	18640	18645	18409	18825	18784	18775	18342	72335	74658	74519
% CHG PREV QTR SAAR.....	10.91	-8.90	4.94	-5.54	3.77	0.10	-4.96	9.34	-0.87	-0.18	-8.91	9.16	3.21	-0.19
% CHG SAME QTR LAST YR.....	6.49	3.61	2.84	0.04	-1.61	0.73	-1.73	1.93	0.77	0.70	-0.36	9.16	3.21	-0.19
AUTO DEALERS.....	2147	2099	2125	2003	2054	2050	2093	2441	2125	2144	2112	8109	8375	8638
% CHG PREV QTR SAAR.....	24.58	-8.74	5.04	-20.99	10.46	-0.74	8.56	85.24	-42.60	3.72	-5.85	13.79	3.28	3.14
% CHG SAME QTR LAST YR.....	9.91	3.41	1.55	-1.44	-4.36	-2.33	-1.52	21.86	3.46	4.60	0.94	13.79	3.28	3.14
PURCHASES FROM MANUFACTURERS..	1068	1047	1062	1025	1049	997	960	953	910	932	935	4238	4202	3959
% CHG PREV QTR SAAR.....	7.82	-7.72	6.03	-13.33	9.57	-18.23	-13.97	-3.26	-16.58	9.63	1.52	-0.88	-0.84	-5.79
% CHG SAME QTR LAST YR.....	-2.18	-2.27	3.47	-2.21	-1.82	-4.74	-9.59	-7.07	-13.20	-6.59	-2.65	-0.88	-0.84	-5.79
MISC DURABLE GOODS.....	3490	3155	3230	3141	3133	3129	2990	3111	3055	3069	3087	12837	13017	12363
% CHG PREV QTR SAAR.....	25.91	-33.19	9.76	-10.50	-1.05	-0.47	-16.72	17.33	-7.00	1.82	2.37	13.74	1.40	-5.02
% CHG SAME QTR LAST YR.....	10.63	-0.17	0.09	-4.66	-10.23	-0.82	-7.44	-0.96	-2.48	-1.92	3.27	13.74	1.40	-5.02
EATING AND DRINKING PLACES....	1540	1547	1559	1558	1587	1590	1619	1650	1647	1658	1607	5863	6204	6446
% CHG PREV QTR SAAR.....	11.76	1.83	3.05	-0.31	7.62	0.84	7.49	7.92	-0.78	2.85	-11.90	7.04	5.82	3.89
% CHG SAME QTR LAST YR.....	6.21	6.78	6.35	3.98	3.01	2.76	3.85	5.93	3.80	4.31	-0.75	7.04	5.82	3.89
FOOD STORES.....	2016	2040	2038	2038	2041	2025	2022	2006	2006	1984	1904	7891	8132	8094
% CHG PREV QTR SAAR.....	1.80	4.77	-0.22	-0.14	0.64	-3.00	-0.77	-3.08	0.05	-4.32	-15.25	4.18	3.05	-0.47
% CHG SAME QTR LAST YR.....	2.47	5.79	2.49	1.53	1.24	-0.69	-0.83	-1.57	-1.71	-2.05	-5.83	4.18	3.05	-0.47
LIQUOR STORES.....	94	97	99	95	99	99	98	100	103	103	101	366	385	397
% CHG PREV QTR SAAR.....	-8.25	9.61	8.95	-13.07	18.11	0.01	-3.66	6.82	11.20	-0.14	-7.47	8.17	5.18	3.16
% CHG SAME QTR LAST YR.....	6.65	8.64	7.12	-1.21	5.23	2.84	-0.27	5.00	3.43	3.39	2.35	8.17	5.18	3.16
HOTELS AND MOTELS.....	465	451	450	463	456	449	443	438	437	448	414	1753	1829	1785
% CHG PREV QTR SAAR.....	15.65	-11.68	-0.60	11.55	-5.83	-5.84	-5.70	-4.40	-0.29	10.48	-27.11	5.01	4.35	-2.41
% CHG SAME QTR LAST YR.....	6.13	6.42	1.79	3.16	-2.00	-0.42	-1.73	-5.44	-4.08	-0.17	-6.40	5.01	4.35	-2.41
OTHER RETAIL AND SERVICE.....	5372	5354	5428	5336	5374	5346	5291	5383	5495	5476	5359	20653	21490	21393
% CHG PREV QTR SAAR.....	6.57	-1.28	5.59	-6.61	2.88	-2.05	-4.08	7.13	8.61	-1.39	-8.29	7.85	4.05	-0.45
% CHG SAME QTR LAST YR.....	6.04	4.53	4.82	0.93	0.04	-0.16	-2.52	0.88	2.25	2.43	1.28	7.85	4.05	-0.45
MISC NONDURABLE GOODS.....	1565	1570	1605	1594	1643	1585	1535	1546	1568	1547	1517	6170	6335	6309
% CHG PREV QTR SAAR.....	0.99	1.21	9.10	-2.54	12.63	-13.27	-11.98	2.67	5.94	-5.36	-7.31	13.61	2.68	-0.41
% CHG SAME QTR LAST YR.....	1.53	1.05	6.11	2.10	4.93	0.95	-4.32	-3.07	-4.54	-2.43	-1.17	13.61	2.68	-0.41
TRANSPORTATION, COMMUNICATION..	1187	1149	1138	1215	1205	1373	1359	1198	1437	1414	1306	4454	4689	5135
% CHG PREV QTR SAAR.....	-0.10	-12.25	-3.88	30.14	-3.20	68.35	-3.95	-39.69	107.20	-6.23	-27.16	13.22	5.28	9.51
% CHG SAME QTR LAST YR.....	14.36	10.75	-4.47	2.33	1.53	19.49	19.47	-1.43	19.22	3.00	-3.88	13.22	5.28	9.51
PER CAPITA (\$)	3337	3251	3285	3231	3256	3251	3205	3271	3259	3252	3172	12829	13103	12982
% CHG PREV QTR SAAR.....	9.68	-9.92	4.24	-6.37	3.08	-0.57	-5.59	8.61	-1.52	-0.84	-9.51	7.85	2.13	-0.92
% CHG SAME QTR LAST YR.....	5.27	2.44	1.81	-0.91	-2.43	0.01	-2.44	1.25	0.10	0.03	-1.02	7.85	2.13	-0.92

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TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
 TABLE 1: SELECTED U.S. AND TENNESSEE ECONOMIC INDICATORS

	H I S T O R I C A L - D A T A									
	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
US GDP (BIL96\$).....	6880.0	7062.4	7347.7	7543.7	7813.2	8159.5	8508.9	8859.0	9191.1	9214.1
PERCENTAGE CHANGE.....	3.05	2.65	4.04	2.67	3.57	4.43	4.28	4.11	3.75	0.25
TN GSP (MIL96\$).....	121959.0	127108.0	134440.0	138632.0	142051.0	149239.0	156836.0	162302.0	166618.0	168518.0
PERCENTAGE CHANGE.....	6.68	4.22	5.77	3.12	2.47	5.06	5.09	3.49	2.66	1.14
US GDP (BIL\$).....	6319.0	6642.3	7054.3	7400.5	7813.2	8318.4	8781.5	9274.3	9824.7	10082.2
PERCENTAGE CHANGE.....	5.56	5.12	6.20	4.91	5.58	6.47	5.57	5.61	5.93	2.62
TN GSP (MIL\$).....	111844.0	119758.0	129671.0	136821.0	142051.0	151738.0	162228.0	170402.0	178362.0	182745.8
PERCENTAGE CHANGE.....	9.60	7.08	8.28	5.51	3.82	6.82	6.91	5.04	4.67	2.46
CHAINED PRICE INDEX, GDP (1996=100)..	91.8	94.1	96.0	98.1	100.0	101.9	103.2	104.7	106.9	109.4
PERCENTAGE CHANGE.....	2.43	2.40	2.08	2.18	1.93	1.95	1.23	1.44	2.11	2.36
CHAINED QUANTITY INDEX,GSP(1996=100)	91.7	94.2	96.5	98.7	100.0	101.7	103.4	105.0	107.0	108.4
PERCENTAGE CHANGE.....	2.73	2.74	2.37	2.32	1.32	1.67	1.73	1.50	1.96	1.30
US PERS CONS DEFL (1996=100).....	91.6	93.8	95.7	97.9	100.0	101.9	103.0	104.7	107.4	109.6
PERCENTAGE CHANGE.....	3.05	2.38	2.02	2.29	2.15	1.94	1.07	1.65	2.54	2.02
TN PERSONAL INCOME (MIL\$).....	94465	100401	106855	114260	119287	125456	134242	141118	150344	154910
PERCENTAGE CHANGE.....	9.11	6.28	6.43	6.93	4.40	5.17	7.00	5.12	6.54	3.04
US PERSONAL INCOME (BIL\$).....	5390.4	5610.0	5888.0	6200.9	6547.4	6937.0	7426.0	7786.5	8406.6	8685.3
PERCENTAGE CHANGE.....	6.00	4.07	4.96	5.31	5.59	5.95	7.05	4.85	7.96	3.32
TN PERSONAL INCOME (MIL96\$).....	103100	107032	111652	116712	119288	123065	130292	134746	140001	141390
PERCENTAGE CHANGE.....	5.87	3.81	4.32	4.53	2.21	3.17	5.87	3.42	3.90	0.99
US PERSONAL INCOME (BIL96\$).....	5883.1	5980.5	6152.4	6334.0	6547.4	6804.8	7207.5	7434.9	7828.2	7927.3
PERCENTAGE CHANGE.....	2.86	1.65	2.88	2.95	3.37	3.93	5.92	3.16	5.29	1.27
TN NONAGRIC JOBS (THOUS).....	2245.0	2328.5	2422.9	2499.2	2533.3	2584.3	2638.2	2684.7	2729.1	2711.7
PERCENTAGE CHANGE.....	2.81	3.72	4.06	3.15	1.37	2.01	2.08	1.76	1.65	-0.63
US NONAGRIC JOBS (MIL).....	108.6	110.7	114.1	117.2	119.6	122.7	125.9	128.9	131.7	131.9
PERCENTAGE CHANGE.....	0.31	1.94	3.11	2.67	2.05	2.58	2.59	2.43	2.18	0.16
TN UNEMPLOYMENT RATE (%).....	6.4	5.7	4.8	5.2	5.2	5.4	4.2	4.0	3.9	4.5
US UNEMPLOYMENT RATE (%).....	7.5	6.9	6.1	5.6	5.4	4.9	4.5	4.2	4.0	4.8
BANK PRIME INTEREST RATE (%).....	6.3	6.0	7.1	8.8	8.3	8.4	8.4	8.0	9.2	6.9
TN MFG JOBS (THOUS).....	514.5	528.4	538.9	538.9	519.3	517.6	514.7	511.1	506.8	478.5
PERCENTAGE CHANGE.....	2.35	2.71	1.98	0.00	-3.64	-0.33	-0.55	-0.71	-0.84	-5.58

(CONTINUED ON NEXT PAGE)



TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE

TABLE 1: SELECTED U.S. AND TENNESSEE ECONOMIC INDICATORS (CONT.)

	H I S T O R I C A L - D A T A									
	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
TN TAXABLE SALES (MIL\$) .....	45473	49112	53778	57943	60689	66079	66389	72341	74595	74473
PERCENTAGE CHANGE.....	6.62	8.00	9.50	7.75	4.74	8.88	0.47	8.96	3.12	-0.16
TN TAXABLE SALES (MIL96\$).....	49630	52355	56193	59187	60689	64819	64435	69074	69463	67973
PERCENTAGE CHANGE.....	3.46	5.49	7.33	5.33	2.54	6.80	-0.59	7.20	0.56	-2.14
TN MFG OUTPUT/EMPLOYEE (THOUS96\$)...	55.3	56.9	59.1	60.5	59.4	63.5	65.9	69.4	70.8	74.5
PERCENTAGE CHANGE.....	5.30	2.88	3.80	2.44	-1.93	6.93	3.90	5.25	1.97	5.21
TN AVERAGE ANNUAL WAGE, NONAG (\$)....	23425	23895	24635	25521	26366	27643	28866	29926	30962	31607
PERCENTAGE CHANGE.....	5.45	2.01	3.10	3.59	3.31	4.84	4.42	3.67	3.46	2.08
TN AVERAGE ANNUAL WAGE, NONAG (96\$)..	25566	25473	25742	26068	26366	27116	28016	28575	28832	28849
PERCENTAGE CHANGE.....	2.33	-0.36	1.05	1.27	1.14	2.84	3.32	1.99	0.90	0.06
TN TOTAL POPULATION (THOUS).....	5050	5138	5231	5326	5416	5498	5570	5638	5699	5740
PERCENTAGE CHANGE.....	1.67	1.74	1.82	1.82	1.68	1.52	1.30	1.23	1.07	0.72

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TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
 TABLE 2: SELECTED PER CAPITA U.S. AND TENNESSEE ECONOMIC INDICATORS

	H I S T O R I C A L - D A T A									
	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
TN GSP (96 \$).....	24150	24739	25698	26027	26227	27142	28158	28785	29237	29358
PERCENTAGE CHANGE.....	4.93	2.44	3.88	1.28	0.77	3.49	3.74	2.23	1.57	0.41
TN GSP (\$).....	22147	23309	24787	25687	26227	27597	29126	30222	31298	31837
PERCENTAGE CHANGE.....	7.80	5.24	6.34	3.63	2.10	5.22	5.54	3.76	3.56	1.72
US GDP (96 \$).....	26681	27042	27800	28205	28876	29795	30718	31616	32470	32251
PERCENTAGE CHANGE.....	1.68	1.35	2.80	1.46	2.38	3.18	3.10	2.93	2.70	-0.68
US GDP (\$).....	24505	25434	26690	27670	28876	30375	31702	33099	34709	35290
PERCENTAGE CHANGE.....	4.16	3.79	4.94	3.67	4.36	5.19	4.37	4.41	4.86	1.67
TN PERSONAL INCOME (96 \$).....	20416	20832	21342	21912	22024	22382	23392	23898	24567	24632
PERCENTAGE CHANGE.....	4.14	2.04	2.45	2.67	0.52	1.62	4.52	2.16	2.80	0.27
TN PERSONAL INCOME (\$).....	18706	19541	20425	21451	22024	22817	24102	25028	26382	26988
PERCENTAGE CHANGE.....	7.32	4.47	4.52	5.02	2.67	3.60	5.63	3.85	5.41	2.30
US PERSONAL INCOME (96 \$).....	22815	22899	23278	23682	24197	24848	26020	26534	27656	27747
PERCENTAGE CHANGE.....	1.49	0.37	1.65	1.74	2.17	2.69	4.71	1.98	4.23	0.33
US PERSONAL INCOME (\$).....	20904	21481	22278	23185	24197	25331	26808	27789	29699	30400
PERCENTAGE CHANGE.....	4.59	2.76	3.71	4.07	4.37	4.69	5.83	3.66	6.87	2.36
TN TAXABLE SALES (96 \$).....	9828	10190	10741	11112	11205	11789	11569	12251	12189	11842
PERCENTAGE CHANGE.....	1.76	3.69	5.41	3.45	0.84	5.21	-1.87	5.90	-0.51	-2.85
TN TAXABLE SALES (\$).....	9005	9559	10280	10878	11205	12018	11919	12830	13089	12974
PERCENTAGE CHANGE.....	4.87	6.15	7.54	5.82	3.01	7.25	-0.82	7.64	2.02	-0.88

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TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
 TABLE 3: TENNESSEE PERSONAL INCOME BY COMPONENTS  
 MILLIONS OF 1996 DOLLARS

	H I S T O R I C A L - D A T A									
	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
TOTAL PERSONAL INCOME.....	103100	107032	111652	116712	119288	123065	130292	134746	140001	141390
PERCENTAGE CHANGE.....	5.87	3.81	4.32	4.53	2.21	3.17	5.87	3.42	3.90	0.99
WAGES AND SALARIES.....	58188	60095	63172	65939	67568	70749	74627	77477	79475	79080
PERCENTAGE CHANGE.....	5.08	3.28	5.12	4.38	2.47	4.71	5.48	3.82	2.58	-0.50
OTHER LABOR INCOME.....	8633	9326	9978	9885	8931	8279	8355	8633	8842	9055
PERCENTAGE CHANGE.....	8.27	8.03	6.99	-0.93	-9.65	-7.30	0.92	3.32	2.42	2.41
PROPRIETORS INCOME.....	9102	9838	10011	10695	11391	11815	12673	14167	14729	14784
PERCENTAGE CHANGE.....	15.23	8.09	1.76	6.83	6.51	3.72	7.26	11.79	3.97	0.37
RENT INTEREST DIVIDENDS.....	16099	16102	16884	17688	18395	19079	21135	20951	22506	22576
PERCENTAGE CHANGE.....	-2.18	0.02	4.85	4.76	4.00	3.72	10.78	-0.87	7.42	0.31
TRANSFER PAYMENTS.....	16039	16976	17314	18527	19031	19512	20239	20576	21669	23137
PERCENTAGE CHANGE.....	9.66	5.84	1.99	7.01	2.72	2.53	3.73	1.66	5.31	6.77
LESS: PERS CONT FOR SOC INS.....	4479	4706	5042	5292	5366	5585	5845	6086	6149	6230
PERCENTAGE CHANGE.....	4.19	5.08	7.15	4.95	1.39	4.09	4.66	4.12	1.03	1.32
RESIDENCE ADJUSTMENT.....	-482	-600	-664	-731	-662	-784	-892	-971	-1071	-1012
PERCENTAGE CHANGE.....	-26.01	24.56	10.68	9.98	-9.36	18.35	13.77	8.87	10.35	-5.54
PER CAPITA PERSONAL INCOME (\$)	20416	20832	21342	21912	22024	22382	23392	23898	24567	24632
PERCENTAGE CHANGE.....	4.14	2.04	2.45	2.67	0.52	1.62	4.52	2.16	2.80	0.27

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TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
 TABLE 4: TENNESSEE PERSONAL INCOME BY COMPONENTS  
 MILLIONS OF CURRENT DOLLARS

	H I S T O R I C A L - D A T A										
	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	
TOTAL PERSONAL INCOME .....	94465	100401	106855	114260	119287	125456	134242	141118	150344	154910	
PERCENTAGE CHANGE.....	9.11	6.28	6.43	6.93	4.40	5.17	7.00	5.12	6.54	3.04	
WAGES AND SALARIES.....	53315	56372	60458	64554	67568	72124	76890	81141	85347	86642	
PERCENTAGE CHANGE.....	8.29	5.73	7.25	6.77	4.67	6.74	6.61	5.53	5.18	1.52	
OTHER LABOR INCOME.....	7910	8749	9550	9678	8931	8440	8609	9041	9495	9921	
PERCENTAGE CHANGE.....	11.58	10.60	9.16	1.34	-7.71	-5.50	1.99	5.02	5.02	4.48	
PROPRIETORS INCOME.....	8339	9229	9581	10470	11391	12045	13057	14837	15818	16198	
PERCENTAGE CHANGE.....	18.75	10.67	3.82	9.28	8.79	5.74	8.40	13.63	6.61	2.40	
RENT INTEREST DIVIDENDS.....	14750	15105	16158	17316	18395	19449	21776	21942	24169	24735	
PERCENTAGE CHANGE.....	0.81	2.40	6.97	7.17	6.23	5.73	11.96	0.76	10.15	2.34	
TRANSFER PAYMENTS.....	14696	15925	16570	18138	19031	19891	20853	21549	23270	25349	
PERCENTAGE CHANGE.....	13.01	8.36	4.05	9.46	4.92	4.52	4.83	3.34	7.99	8.94	
LESS: PERS CONT FOR SOC INS.....	4104	4415	4826	5181	5366	5694	6023	6374	6604	6826	
PERCENTAGE CHANGE.....	7.37	7.58	9.32	7.36	3.56	6.11	5.78	5.84	3.60	3.37	
RESIDENCE ADJUSTMENT.....	-442	-563	-636	-715	-662	-799	-919	-1017	-1151	-1109	
PERCENTAGE CHANGE.....	-23.75	27.52	12.92	12.50	-7.41	20.65	14.99	10.67	13.15	-3.63	
PER CAPITA PERSONAL INCOME (\$)	18706	19541	20425	21451	22024	22817	24102	25028	26382	26988	
PERCENTAGE CHANGE.....	7.32	4.47	4.52	5.02	2.67	3.60	5.63	3.85	5.41	2.30	

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TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
 TABLE 5: TENNESSEE WAGE AND SALARY EMPLOYMENT BY SECTOR  
 THOUSANDS OF JOBS

	H I S T O R I C A L - D A T A									
	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
TOTAL NONAGRICULTURAL.....	2245.0	2328.5	2422.9	2499.2	2533.3	2584.3	2638.2	2684.7	2729.1	2711.7
PERCENTAGE CHANGE.....	2.81	3.72	4.06	3.15	1.37	2.01	2.08	1.76	1.65	-0.63
MINING.....	5.0	4.7	4.6	4.6	4.6	4.6	4.3	4.3	4.1	4.0
PERCENTAGE CHANGE.....	-10.12	-5.55	-1.78	-0.36	0.73	-1.44	-4.76	-1.15	-3.70	-3.03
CONSTRUCTION.....	88.3	94.3	101.0	108.8	113.1	118.1	120.9	123.5	125.0	121.2
PERCENTAGE CHANGE.....	2.13	6.74	7.15	7.74	3.93	4.38	2.42	2.14	1.16	-2.98
MANUFACTURING.....	514.5	528.4	538.9	538.9	519.3	517.6	514.7	511.1	506.8	478.5
PERCENTAGE CHANGE.....	2.35	2.71	1.98	0.00	-3.64	-0.33	-0.55	-0.71	-0.84	-5.58
DURABLE GOODS.....	257.3	269.6	281.7	288.0	284.8	288.3	292.7	300.2	300.9	281.3
PERCENTAGE CHANGE.....	3.51	4.78	4.48	2.23	-1.11	1.24	1.53	2.54	0.22	-6.49
NONDURABLE GOODS.....	257.2	258.8	257.2	250.9	234.5	229.3	222.0	210.9	205.9	197.1
PERCENTAGE CHANGE.....	1.21	0.64	-0.61	-2.45	-6.55	-2.23	-3.18	-4.98	-2.37	-4.27
TRADE.....	517.7	535.9	562.1	585.5	594.4	610.2	620.5	630.8	641.8	638.5
PERCENTAGE CHANGE.....	1.19	3.53	4.89	4.15	1.53	2.66	1.69	1.67	1.74	-0.51
SERVICES.....	541.1	572.4	603.8	638.0	658.7	682.4	703.4	721.9	742.8	754.9
PERCENTAGE CHANGE.....	7.10	5.78	5.48	5.66	3.25	3.59	3.08	2.63	2.89	1.63
FIN, INS, REAL EST.....	101.0	104.1	108.3	111.6	116.5	120.1	126.7	131.2	130.9	132.3
PERCENTAGE CHANGE.....	-0.56	3.08	4.04	2.97	4.42	3.14	5.50	3.49	-0.17	1.05
TRANS, COMM, PUB UTIL.....	120.6	126.8	133.6	138.6	145.2	150.8	162.3	172.4	178.5	179.8
PERCENTAGE CHANGE.....	2.77	5.10	5.36	3.74	4.80	3.86	7.60	6.26	3.51	0.77
GOVERNMENT.....	356.8	361.9	370.6	373.3	381.5	380.6	385.2	389.5	399.2	402.5
PERCENTAGE CHANGE.....	1.05	1.43	2.40	0.72	2.19	-0.24	1.23	1.10	2.50	0.83
FEDERAL, CIVILIAN.....	58.4	55.7	55.3	54.4	54.1	51.8	50.8	51.2	53.6	51.1
PERCENTAGE CHANGE.....	-5.38	-4.58	-0.76	-1.57	-0.47	-4.31	-1.87	0.77	4.72	-4.66
STATE AND LOCAL.....	298.5	306.3	315.4	318.9	327.3	328.8	334.4	338.2	345.5	351.3
PERCENTAGE CHANGE.....	2.41	2.60	2.98	1.12	2.64	0.44	1.72	1.14	2.16	1.68
FARM.....	14.6	12.9	10.4	12.6	11.3	14.1	11.8	12.3	11.9	12.3
PERCENTAGE CHANGE.....	10.83	-11.96	-19.24	20.73	-10.45	25.29	-16.62	4.40	-3.38	3.75

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TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
 TABLE 6: TENNESSEE DURABLE GOODS MANUFACTURING EMPLOYMENT  
 THOUSANDS OF JOBS

	H I S T O R I C A L - D A T A									
	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
TOTAL DURABLE GOODS.....	257.3	269.6	281.7	288.0	284.8	288.3	292.7	300.2	300.9	281.3
PERCENTAGE CHANGE.....	3.51	4.78	4.48	2.23	-1.11	1.24	1.53	2.54	0.22	-6.49
LUMBER AND WOOD.....	18.5	19.6	20.5	21.7	22.0	22.5	23.2	23.7	23.9	22.1
PERCENTAGE CHANGE.....	0.91	6.13	4.59	5.77	1.19	2.32	3.19	2.23	0.77	-7.23
FURNITURE AND FIXTURES.....	27.4	28.9	29.8	29.5	28.5	27.4	27.1	27.4	27.0	23.6
PERCENTAGE CHANGE.....	4.88	5.56	2.97	-1.12	-3.37	-3.92	-1.10	1.42	-1.67	-12.35
STONE, CLAY AND GLASS.....	14.1	15.2	16.1	16.2	16.5	16.4	16.2	16.7	16.9	16.6
PERCENTAGE CHANGE.....	4.76	7.62	6.37	0.41	1.59	-0.20	-1.37	2.77	1.45	-1.77
PRIMARY METALS.....	15.2	15.5	16.2	16.2	16.4	17.1	17.7	18.0	17.8	16.4
PERCENTAGE CHANGE.....	0.33	2.30	3.97	0.36	1.18	4.01	3.90	1.50	-1.11	-7.81
FABRICATED METALS.....	42.0	44.2	45.6	45.6	43.7	43.8	45.4	47.1	47.5	44.9
PERCENTAGE CHANGE.....	0.86	5.25	3.15	0.04	-4.38	0.25	3.73	3.75	0.96	-5.49
NONELECTRICAL MACHINERY.....	37.3	38.8	41.1	43.4	43.0	45.4	47.2	49.5	51.3	49.3
PERCENTAGE CHANGE.....	5.40	4.18	5.99	5.59	-0.90	5.36	3.99	4.96	3.72	-3.91
ELECTRICAL MACHINERY.....	35.8	37.4	39.3	40.3	40.3	40.2	40.4	41.4	40.3	36.2
PERCENTAGE CHANGE.....	0.70	4.64	5.14	2.48	-0.06	-0.37	0.73	2.39	-2.64	-10.13
TRANSPORTATION EQUIPMENT.....	45.3	48.0	51.0	52.5	52.2	53.4	53.5	54.8	54.5	51.1
PERCENTAGE CHANGE.....	9.67	6.09	6.21	2.96	-0.68	2.40	0.09	2.43	-0.44	-6.34
INSTRUMENTS.....	10.3	9.9	10.1	10.5	10.5	11.0	11.2	10.8	10.9	11.1
PERCENTAGE CHANGE.....	-4.80	-3.25	1.76	4.46	-0.08	4.19	1.82	-3.65	1.08	2.45
MISCELLANEOUS.....	11.5	11.9	11.8	11.9	11.8	11.3	10.9	10.8	10.7	9.8
PERCENTAGE CHANGE.....	5.57	3.25	-0.56	0.56	-1.12	-3.68	-3.67	-0.84	-1.54	-8.20

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TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
 TABLE 7: TENNESSEE NONDURABLE GOODS MANUFACTURING EMPLOYMENT  
 THOUSANDS OF JOBS

	H I S T O R I C A L - D A T A									
	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
TOTAL NONDURABLE GOODS.....	257.2	258.8	257.2	250.9	234.5	229.3	222.0	210.9	205.9	197.1
PERCENTAGE CHANGE.....	1.21	0.64	-0.61	-2.45	-6.55	-2.23	-3.18	-4.98	-2.37	-4.27
FOOD.....	36.5	37.4	37.3	36.8	35.5	35.9	37.4	38.4	39.7	40.8
PERCENTAGE CHANGE.....	-1.92	2.35	-0.25	-1.32	-3.53	0.99	4.14	2.70	3.50	2.77
TOBACCO.....	1.2	1.2	1.2	1.2	1.1	1.1	1.2	1.1	1.1	1.0
PERCENTAGE CHANGE.....	-5.13	-0.68	0.68	-4.05	-2.82	-2.90	4.48	-7.14	0.00	-3.85
TEXTILES.....	20.7	21.9	22.2	20.8	19.4	18.6	17.6	16.2	15.6	13.8
PERCENTAGE CHANGE.....	2.64	5.63	1.29	-6.09	-7.08	-4.13	-5.39	-7.83	-3.91	-11.47
APPAREL.....	60.9	59.7	56.8	52.2	41.9	38.2	33.1	26.1	22.0	18.9
PERCENTAGE CHANGE.....	0.37	-1.90	-4.91	-8.06	-19.81	-8.74	-13.29	-21.26	-15.69	-13.94
PAPER.....	22.2	22.7	22.5	22.1	21.6	22.0	21.9	22.1	21.9	22.0
PERCENTAGE CHANGE.....	2.78	2.14	-0.88	-1.52	-2.41	2.05	-0.64	0.99	-1.09	0.76
PRINTING AND PUBLISHING.....	36.5	37.1	38.5	39.5	38.8	38.7	39.3	38.6	37.7	36.1
PERCENTAGE CHANGE.....	-1.26	1.51	3.82	2.75	-1.79	-0.47	1.81	-1.93	-2.44	-4.05
CHEMICALS.....	39.6	38.9	38.0	37.6	37.1	35.7	32.6	29.7	28.5	27.6
PERCENTAGE CHANGE.....	0.98	-1.77	-2.25	-0.92	-1.35	-3.77	-8.70	-8.97	-3.99	-3.33
PETROLEUM REFINING.....	0.7	0.8	0.8	0.9	1.0	1.0	1.0	1.0	1.2	1.2
PERCENTAGE CHANGE.....	-15.24	4.49	9.68	8.82	10.81	1.63	0.80	0.00	15.08	2.76
RUBBER AND PLASTICS.....	30.2	30.9	32.9	33.8	33.6	34.3	34.5	34.6	35.4	33.5
PERCENTAGE CHANGE.....	9.00	2.21	6.67	2.61	-0.39	1.83	0.75	0.31	2.17	-5.35
LEATHER.....	8.6	8.4	7.0	5.9	4.4	3.8	3.3	3.1	3.0	2.2
PERCENTAGE CHANGE.....	2.79	-2.90	-15.95	-16.13	-25.46	-13.28	-12.04	-6.22	-4.77	-27.58

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TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
 TABLE 8: TENNESSEE AVERAGE ANNUAL WAGE AND SALARY RATE BY SECTOR  
 1996 DOLLARS

	H I S T O R I C A L - D A T A									
	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
TOTAL NONAGRICULTURAL.....	25566	25473	25742	26068	26366	27116	28016	28575	28832	28849
PERCENTAGE CHANGE.....	2.33	-0.36	1.05	1.27	1.14	2.84	3.32	1.99	0.90	0.06
MINING.....	32962	34257	35436	36160	37960	42903	45412	42522	40973	41814
PERCENTAGE CHANGE.....	3.14	3.93	3.44	2.04	4.98	13.02	5.85	-6.36	-3.64	2.05
CONSTRUCTION.....	27492	27408	27929	28401	28754	30134	31194	32344	32845	32335
PERCENTAGE CHANGE.....	1.17	-0.30	1.90	1.69	1.24	4.80	3.52	3.69	1.55	-1.55
MANUFACTURING.....	29666	29492	29805	30024	31024	31680	32322	33286	33559	33207
PERCENTAGE CHANGE.....	3.51	-0.59	1.06	0.74	3.33	2.11	2.03	2.98	0.82	-1.05
DURABLE GOODS.....	30722	30711	31064	30988	31608	32613	32967	33900	33951	33111
PERCENTAGE CHANGE.....	3.04	-0.04	1.15	-0.25	2.00	3.18	1.09	2.83	0.15	-2.47
NONDURABLE GOODS.....	28610	28223	28425	28919	30314	30506	31472	32412	32986	33344
PERCENTAGE CHANGE.....	3.93	-1.35	0.72	1.74	4.82	0.64	3.16	2.99	1.77	1.08
TRADE.....	19489	19268	19503	19821	20086	20597	21560	22247	22188	21867
PERCENTAGE CHANGE.....	4.25	-1.13	1.22	1.63	1.34	2.54	4.67	3.19	-0.27	-1.44
SERVICES.....	24600	24288	24262	24989	25068	25888	26859	27119	27450	28043
PERCENTAGE CHANGE.....	1.82	-1.27	-0.11	3.00	0.32	3.27	3.75	0.97	1.22	2.16
FIN, INS, REAL EST.....	31611	32153	32215	32720	34368	36369	38854	38697	41000	41930
PERCENTAGE CHANGE.....	6.44	1.72	0.19	1.57	5.04	5.82	6.83	-0.40	5.95	2.27
TRANS, COMM, PUB UTIL.....	33898	33133	33698	33648	33110	34949	35335	36032	36250	35502
PERCENTAGE CHANGE.....	0.60	-2.26	1.70	-0.15	-1.60	5.56	1.10	1.97	0.61	-2.06
GOVERNMENT.....	24827	25445	26230	26395	26195	26415	26933	27280	27397	27802
PERCENTAGE CHANGE.....	-1.28	2.49	3.09	0.63	-0.76	0.84	1.96	1.29	0.43	1.48
FEDERAL, CIVILIAN.....	38844	41238	42934	41832	42451	41174	42282	42262	42744	43662
PERCENTAGE CHANGE.....	1.66	6.16	4.11	-2.57	1.48	-3.01	2.69	-0.05	1.14	2.15
STATE AND LOCAL.....	22087	22573	23304	23762	23507	24089	24600	25011	25015	25494
PERCENTAGE CHANGE.....	-1.34	2.20	3.23	1.97	-1.07	2.48	2.12	1.67	0.01	1.92
AGRICULTURE.....	8107	9656	11494	10018	10974	8957	11930	11573	10111	11759
PERCENTAGE CHANGE.....	-17.92	19.11	19.03	-12.84	9.54	-18.38	33.19	-2.99	-12.63	16.30

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TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
**TABLE 9: TENNESSEE AVERAGE ANNUAL WAGE AND SALARY RATE BY SECTOR**  
 CURRENT DOLLARS

	H I S T O R I C A L - D A T A									
	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
TOTAL NONAGRICULTURAL.....	23425	23895	24635	25521	26366	27643	28866	29926	30962	31607
PERCENTAGE CHANGE.....	5.45	2.01	3.10	3.59	3.31	4.84	4.42	3.67	3.46	2.08
MINING.....	30202	32135	33913	35400	37960	43736	46788	44533	44000	45813
PERCENTAGE CHANGE.....	6.29	6.40	5.53	4.38	7.23	15.22	6.98	-4.82	-1.20	4.12
CONSTRUCTION.....	25189	25710	26729	27804	28754	30720	32139	33873	35271	35427
PERCENTAGE CHANGE.....	4.26	2.07	3.96	4.02	3.41	6.84	4.62	5.40	4.13	0.44
MANUFACTURING.....	27182	27665	28524	29394	31024	32295	33302	34860	36038	36382
PERCENTAGE CHANGE.....	6.68	1.78	3.10	3.05	5.54	4.10	3.12	4.68	3.38	0.95
DURABLE GOODS.....	28149	28808	29729	30337	31608	33246	33967	35503	36459	36277
PERCENTAGE CHANGE.....	6.19	2.34	3.20	2.04	4.19	5.18	2.17	4.52	2.69	-0.50
NONDURABLE GOODS.....	26214	26474	27204	28311	30313	31099	32426	33945	35423	36532
PERCENTAGE CHANGE.....	7.10	0.99	2.76	4.07	7.07	2.59	4.27	4.68	4.36	3.13
TRADE.....	17856	18074	18665	19405	20086	20997	22213	23299	23827	23958
PERCENTAGE CHANGE.....	7.43	1.22	3.27	3.96	3.51	4.54	5.79	4.89	2.27	0.55
SERVICES.....	22540	22783	23219	24464	25068	26391	27673	28401	29478	30725
PERCENTAGE CHANGE.....	4.93	1.08	1.92	5.36	2.47	5.28	4.86	2.63	3.79	4.23
FIN, INS, REAL EST.....	28963	30161	30831	32033	34368	37075	40032	40527	44029	45939
PERCENTAGE CHANGE.....	9.69	4.14	2.22	3.90	7.29	7.88	7.97	1.24	8.64	4.34
TRANS, COMM, PUB UTIL.....	31059	31081	32250	32941	33110	35628	36406	37736	38928	38897
PERCENTAGE CHANGE.....	3.68	0.07	3.76	2.14	0.51	7.61	2.18	3.65	3.16	-0.08
GOVERNMENT.....	22748	23869	25103	25840	26195	26928	27750	28570	29421	30461
PERCENTAGE CHANGE.....	1.73	4.93	5.17	2.94	1.37	2.80	3.05	2.96	2.98	3.53
FEDERAL, CIVILIAN.....	35590	38683	41089	40953	42451	41974	43564	44261	45902	47838
PERCENTAGE CHANGE.....	4.76	8.69	6.22	-0.33	3.66	-1.12	3.79	1.60	3.71	4.22
STATE AND LOCAL.....	20237	21175	22302	23263	23507	24558	25346	26194	26863	27932
PERCENTAGE CHANGE.....	1.68	4.64	5.32	4.31	1.05	4.47	3.21	3.34	2.55	3.98
AGRICULTURE.....	7428	9058	11000	9807	10974	9131	12292	12120	10858	12883
PERCENTAGE CHANGE.....	-15.41	21.94	21.44	-10.84	11.89	-16.79	34.61	-1.40	-10.42	18.65

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TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
 TABLE 10: TENNESSEE CIVILIAN LABOR FORCE AND UNEMPLOYMENT RATE

	H I S T O R I C A L - D A T A									
	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
CIVILIAN LABOR FORCE (THOUS).....	2455	2500	2665	2701	2744	2711	2760	2816	2798	2818
PERCENTAGE CHANGE.....	1.42	1.83	6.56	1.36	1.60	-1.20	1.79	2.03	-0.61	0.69
EMPLOYED PERSONS (THOUS).....	2298	2357	2537	2561	2603	2565	2644	2702	2688	2692
PERCENTAGE CHANGE.....	1.76	2.57	7.66	0.93	1.64	-1.46	3.08	2.21	-0.52	0.13
UNEMPLOYED PERSONS (THOUS).....	158	144	127	140	141	146	116	113	110	126
PERCENTAGE CHANGE.....	-3.20	-8.84	-11.33	9.94	0.87	3.46	-20.87	-2.04	-2.82	14.34
PARTICIPATION RATE (PERCENT).....	62.8	63.1	66.2	66.1	66.1	64.5	64.9	65.5	64.6	64.8
PERCENTAGE CHANGE.....	0.16	0.42	4.88	-0.11	0.03	-2.48	0.65	0.98	-1.41	0.34
UNEMPLOYMENT RATE (PERCENT).....	6.4	5.7	4.8	5.2	5.2	5.4	4.2	4.0	3.9	4.5

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TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
 TABLE 11: TENNESSEE TAXABLE SALES  
 MILLIONS OF 1996 DOLLARS

	H I S T O R I C A L - D A T A									
	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
TOTAL.....	49630	52355	56193	59187	60689	64819	64435	69074	69463	67973
PERCENTAGE CHANGE.....	3.46	5.49	7.33	5.33	2.54	6.80	-0.59	7.20	0.56	-2.14
AUTO DEALERS.....	5038	5800	6359	6710	6606	6529	6917	7747	7809	7866
PERCENTAGE CHANGE.....	9.96	15.12	9.65	5.51	-1.55	-1.16	5.94	12.01	0.80	0.72
PURCHASES FROM MANUFACTURERS.....	3265	3309	3671	3903	4158	4288	4149	4039	3909	3605
PERCENTAGE CHANGE.....	-0.09	1.35	10.94	6.33	6.52	3.14	-3.25	-2.64	-3.22	-7.78
MISC DURABLE GOODS.....	7515	8089	9420	10135	10382	11688	10988	12253	12087	11279
PERCENTAGE CHANGE.....	6.00	7.64	16.45	7.59	2.44	12.58	-5.99	11.52	-1.36	-6.68
EATING AND DRINKING PLACES.....	4114	4186	4578	4790	4944	5116	5318	5596	5777	5882
PERCENTAGE CHANGE.....	3.81	1.76	9.35	4.64	3.21	3.48	3.95	5.22	3.23	1.83
FOOD STORES.....	6980	6692	7158	7232	7308	7342	7368	7540	7574	7385
PERCENTAGE CHANGE.....	-0.61	-4.12	6.96	1.04	1.06	0.47	0.34	2.34	0.45	-2.50
LIQUOR STORES.....	306	285	302	307	321	328	329	351	358	362
PERCENTAGE CHANGE.....	-0.95	-6.93	5.76	1.95	4.49	2.27	0.21	6.53	2.10	1.24
HOTELS AND MOTELS.....	1328	1539	1418	1438	1491	1599	1623	1673	1700	1627
PERCENTAGE CHANGE.....	9.65	15.95	-7.86	1.41	3.68	7.20	1.50	3.10	1.64	-4.32
OTHER RETAIL AND SERVICE.....	13809	14656	15622	16592	17233	18033	18634	19730	19991	19522
PERCENTAGE CHANGE.....	4.17	6.13	6.59	6.21	3.86	4.64	3.33	5.89	1.32	-2.35
MISC NONDURABLE GOODS.....	4515	4445	4740	4904	4922	5399	5302	5887	5896	5746
PERCENTAGE CHANGE.....	2.92	-1.56	6.64	3.45	0.38	9.68	-1.81	11.04	0.16	-2.55
TRANSPORTATION, COMMUNICATION.....	2759	3353	2925	3175	3325	4497	3810	4258	4362	4699
PERCENTAGE CHANGE.....	-4.25	21.54	-12.78	8.56	4.70	35.26	-15.28	11.77	2.43	7.75
PER CAPITA TOTAL TAXABLE SALES (\$)..	9828	10190	10741	11112	11205	11789	11569	12251	12189	11842
PERCENTAGE CHANGE.....	1.76	3.69	5.41	3.45	0.84	5.21	-1.87	5.90	-0.51	-2.85

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TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
 TABLE 12: TENNESSEE TAXABLE SALES  
 MILLIONS OF CURRENT DOLLARS

	H I S T O R I C A L - D A T A									
	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
TOTAL .....	45473	49112	53778	57943	60689	66079	66389	72341	74595	74473
PERCENTAGE CHANGE.....	6.62	8.00	9.50	7.75	4.74	8.88	0.47	8.96	3.12	-0.16
AUTO DEALERS.....	4616	5440	6086	6569	6606	6656	7127	8114	8386	8618
PERCENTAGE CHANGE.....	13.32	17.86	11.87	7.93	0.56	0.76	7.07	13.85	3.36	2.76
PURCHASES FROM MANUFACTURERS.....	2991	3104	3513	3821	4158	4371	4274	4230	4198	3950
PERCENTAGE CHANGE.....	2.96	3.76	13.18	8.77	8.80	5.15	-2.22	-1.04	-0.76	-5.91
MISC DURABLE GOODS.....	6886	7588	9015	9922	10381	11915	11321	12833	12980	12358
PERCENTAGE CHANGE.....	9.24	10.20	18.81	10.05	4.63	14.77	-4.99	13.36	1.14	-4.79
EATING AND DRINKING PLACES.....	3769	3927	4381	4689	4944	5215	5479	5860	6203	6445
PERCENTAGE CHANGE.....	6.98	4.18	11.56	7.04	5.42	5.49	5.06	6.96	5.86	3.89
FOOD STORES.....	6395	6278	6850	7080	7308	7485	7591	7897	8133	8091
PERCENTAGE CHANGE.....	2.43	-1.84	9.12	3.35	3.22	2.42	1.41	4.03	3.00	-0.52
LIQUOR STORES.....	281	267	289	301	321	335	339	367	384	397
PERCENTAGE CHANGE.....	2.08	-4.72	7.90	4.29	6.73	4.26	1.28	8.28	4.69	3.29
HOTELS AND MOTELS.....	1216	1444	1357	1408	1491	1630	1672	1752	1826	1783
PERCENTAGE CHANGE.....	13.00	18.71	-6.00	3.73	5.91	9.29	2.59	4.80	4.22	-2.38
OTHER RETAIL AND SERVICE.....	12653	13748	14951	16244	17233	18383	19199	20663	21468	21389
PERCENTAGE CHANGE.....	7.35	8.66	8.75	8.65	6.09	6.68	4.44	7.63	3.90	-0.37
MISC NONDURABLE GOODS.....	4137	4170	4537	4801	4922	5504	5462	6165	6332	6295
PERCENTAGE CHANGE.....	6.06	0.79	8.80	5.82	2.53	11.82	-0.76	12.87	2.70	-0.58
TRANSPORTATION, COMMUNICATION.....	2528	3146	2799	3109	3325	4584	3925	4460	4684	5149
PERCENTAGE CHANGE.....	-1.32	24.43	-11.01	11.05	6.95	37.89	-14.37	13.61	5.03	9.93
PER CAPITA TOTAL TAXABLE SALES (\$)..	9005	9559	10280	10878	11205	12018	11919	12830	13089	12974
PERCENTAGE CHANGE.....	4.87	6.15	7.54	5.82	3.01	7.25	-0.82	7.64	2.02	-0.88

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TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
 TABLE 13: TENNESSEE GROSS STATE PRODUCT BY SECTOR  
 MILLIONS OF 1996 DOLLARS

	H I S T O R I C A L - D A T A									
	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
GROSS STATE PRODUCT.....	121959.0	127108.0	134440.0	138632.0	142051.0	149239.0	156836.0	162302.0	166618.0	168518.0
PERCENTAGE CHANGE.....	6.68	4.22	5.77	3.12	2.47	5.06	5.09	3.49	2.66	1.14
MINING.....	382.0	347.0	359.0	383.0	427.0	471.0	491.0	531.0	563.0	595.7
PERCENTAGE CHANGE.....	2.14	-9.16	3.46	6.69	11.49	10.30	4.25	8.15	6.03	5.81
CONSTRUCTION.....	4492.0	4904.0	5298.0	5654.0	5921.0	6134.0	6554.0	6798.0	6743.0	6574.4
PERCENTAGE CHANGE.....	9.19	9.17	8.03	6.72	4.72	3.60	6.85	3.72	-0.81	-2.50
MANUFACTURING.....	28468.0	30081.0	31842.0	32617.0	30822.0	32852.0	33946.0	35477.0	35870.0	35631.9
PERCENTAGE CHANGE.....	7.78	5.67	5.85	2.43	-5.50	6.59	3.33	4.51	1.11	-0.66
DURABLE GOODS.....	14037.0	15468.0	16429.0	17647.0	17541.0	18808.0	20365.0	21904.0	22547.0	22234.2
PERCENTAGE CHANGE.....	13.39	10.19	6.21	7.41	-0.60	7.22	8.28	7.56	2.94	-1.39
NONDURABLE GOODS.....	14518.0	14659.0	15457.0	14979.0	13281.0	14045.0	13640.0	13708.0	13522.0	13397.7
PERCENTAGE CHANGE.....	2.52	0.97	5.44	-3.09	-11.34	5.75	-2.88	0.50	-1.36	-0.92
TRADE.....	20783.0	21565.0	23374.0	24244.0	26266.0	28871.0	31526.0	33040.0	34184.0	34662.5
PERCENTAGE CHANGE.....	8.12	3.76	8.39	3.72	8.34	9.92	9.20	4.80	3.46	1.40
SERVICES.....	24163.0	25482.0	26391.0	27924.0	28986.0	30046.0	31002.0	31480.0	32348.0	32777.3
PERCENTAGE CHANGE.....	7.91	5.46	3.57	5.81	3.80	3.66	3.18	1.54	2.76	1.33
FINANCE, INSURANCE AND REAL ESTATE.....	16237.0	16849.0	17514.0	18554.0	19436.0	20405.0	21993.0	22361.0	23143.0	23487.8
PERCENTAGE CHANGE.....	3.88	3.77	3.95	5.94	4.75	4.99	7.78	1.67	3.50	1.49
TRANS., COMM., AND PUBLIC UTIL.....	9216.0	9891.0	10677.0	10653.0	11427.0	11586.0	11774.0	12837.0	13626.0	14102.9
PERCENTAGE CHANGE.....	10.25	7.32	7.95	-0.22	7.27	1.39	1.62	9.03	6.15	3.50
GOVERNMENT.....	16478.0	16300.0	17064.0	16857.0	17194.0	17110.0	17873.0	18152.0	18246.0	18350.4
PERCENTAGE CHANGE.....	0.91	-1.08	4.69	-1.21	2.00	-0.49	4.46	1.56	0.52	0.57
FEDERAL CIVILIAN.....	5348.0	4977.0	5054.0	4619.0	4797.0	4741.0	5280.0	5242.0	5171.0	5119.3
PERCENTAGE CHANGE.....	0.75	-6.94	1.55	-8.61	3.85	-1.17	11.37	-0.72	-1.35	-1.00
FEDERAL MILITARY.....	910.0	880.0	889.0	833.0	778.0	560.0	562.0	599.0	652.0	675.5
PERCENTAGE CHANGE.....	-6.47	-3.30	1.02	-6.30	-6.60	-28.02	0.36	6.58	8.85	3.61
STATE AND LOCAL.....	10249.0	10459.0	11131.0	11405.0	11619.0	11807.0	12034.0	12312.0	12423.0	12555.6
PERCENTAGE CHANGE.....	1.71	2.05	6.43	2.46	1.88	1.62	1.92	2.31	0.90	1.07
AGRICULTURE.....	1857.0	1753.0	1925.0	1772.0	1571.0	1815.0	1808.0	1809.0	2132.0	2335.0
PERCENTAGE CHANGE.....	9.56	-5.60	9.81	-7.95	-11.34	15.53	-0.39	0.06	17.86	9.52
FARM.....	1414.0	1274.0	1448.0	1249.0	1020.0	1239.0	1139.0	1099.0	1491.0	1602.3
PERCENTAGE CHANGE.....	12.04	-9.90	13.66	-13.74	-18.33	21.47	-8.07	-3.51	35.67	7.47
AG SERVICES, FORESTRY, FISHERIES..	460.0	491.0	496.0	529.0	551.0	581.0	654.0	682.0	690.0	732.7
PERCENTAGE CHANGE.....	2.68	6.74	1.02	6.65	4.16	5.44	12.56	4.28	1.17	6.19
PER CAPITA GROSS STATE PRODUCT (\$)..	24150.5	24739.4	25698.4	26026.9	26227.4	27142.0	28157.9	28785.4	29237.2	29358.4
PERCENTAGE CHANGE.....	4.93	2.44	3.88	1.28	0.77	3.49	3.74	2.23	1.57	0.41

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TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
 TABLE 14: TENNESSEE DURABLE GOODS MANUFACTURING GROSS PRODUCT  
 MILLIONS OF 1996 DOLLARS

	H I S T O R I C A L - D A T A									
	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
TOTAL DURABLE GOODS.....	14037.0	15468.0	16429.0	17647.0	17541.0	18808.0	20365.0	21904.0	22547.0	22234.2
PERCENTAGE CHANGE.....	13.39	10.19	6.21	7.41	-0.60	7.22	8.28	7.56	2.94	-1.39
LUMBER AND WOOD PRODUCTS.....	785.0	751.0	922.0	1067.0	1088.0	967.0	1069.0	1047.0	1044.0	991.7
PERCENTAGE CHANGE.....	-1.88	-4.33	22.77	15.73	1.97	-11.12	10.55	-2.06	-0.29	-5.01
FURNITURE AND FIXTURES.....	967.0	1023.0	1008.0	949.0	979.0	938.0	937.0	959.0	948.0	835.5
PERCENTAGE CHANGE.....	10.01	5.79	-1.47	-5.85	3.16	-4.19	-0.11	2.35	-1.15	-11.86
STONE, CLAY AND GLASS.....	759.0	817.0	918.0	993.0	995.0	1041.0	1069.0	1087.0	1082.0	1071.2
PERCENTAGE CHANGE.....	15.35	7.64	12.36	8.17	0.20	4.62	2.69	1.68	-0.46	-1.00
PRIMARY METALS.....	1079.0	1351.0	1258.0	1259.0	1192.0	1418.0	1570.0	2062.0	1965.0	1828.9
PERCENTAGE CHANGE.....	-14.50	25.21	-6.88	0.08	-5.32	18.96	10.72	31.34	-4.70	-6.93
FABRICATED METAL PRODUCTS.....	2439.0	2583.0	2734.0	2846.0	2785.0	2948.0	2781.0	2904.0	2885.0	2740.7
PERCENTAGE CHANGE.....	6.74	5.90	5.85	4.10	-2.14	5.85	-5.66	4.42	-0.65	-5.00
NONELECTRICAL MACHINERY.....	1982.0	2049.0	2048.0	2092.0	2386.0	2779.0	3758.0	4124.0	4537.0	4662.9
PERCENTAGE CHANGE.....	43.73	3.38	-0.05	2.15	14.05	16.47	35.23	9.74	10.01	2.77
ELECTRICAL MACHINERY.....	1253.0	1276.0	1545.0	1854.0	2050.0	2527.0	2708.0	3262.0	3866.0	3649.8
PERCENTAGE CHANGE.....	1.62	1.84	21.08	20.00	10.57	23.27	7.16	20.46	18.52	-5.59
TRANSPORTATION EQUIPMENT.....	3336.0	4434.0	4895.0	5335.0	4691.0	5116.0	5511.0	5628.0	5692.0	5299.1
PERCENTAGE CHANGE.....	31.60	32.91	10.40	8.99	-12.07	9.06	7.72	2.12	1.14	-6.90
INSTRUMENTS.....	776.0	625.0	483.0	525.0	553.0	274.0	350.0	299.0	297.0	300.0
PERCENTAGE CHANGE.....	-5.13	-19.46	-22.72	8.70	5.33	-50.45	27.74	-14.57	-0.67	1.01
MISCELLANEOUS DURABLE GOODS.....	691.0	711.0	692.0	761.0	822.0	844.0	781.0	904.0	912.0	854.4
PERCENTAGE CHANGE.....	18.32	2.89	-2.67	9.97	8.02	2.68	-7.46	15.75	0.88	-6.31

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TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
 TABLE 15: TENNESSEE NONDURABLE GOODS MANUFACTURING GROSS PRODUCT  
 MILLIONS OF 1996 DOLLARS

	H I S T O R I C A L - D A T A									
	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
TOTAL NONDURABLE GOODS.....	14518.0	14659.0	15457.0	14979.0	13281.0	14045.0	13640.0	13708.0	13522.0	13397.7
PERCENTAGE CHANGE.....	2.52	0.97	5.44	-3.09	-11.34	5.75	-2.88	0.50	-1.36	-0.92
FOOD.....	3091.0	3090.0	3282.0	3755.0	2700.0	2837.0	2909.0	3061.0	3127.0	3189.2
PERCENTAGE CHANGE.....	-5.27	-0.03	6.21	14.41	-28.10	5.07	2.54	5.23	2.16	1.99
TOBACCO.....	82.0	89.0	139.0	166.0	173.0	184.0	157.0	103.0	79.0	68.7
PERCENTAGE CHANGE.....	-14.58	8.54	56.18	19.42	4.22	6.36	-14.67	-34.39	-23.30	-13.05
TEXTILES.....	717.0	701.0	670.0	592.0	728.0	724.0	742.0	710.0	732.0	668.1
PERCENTAGE CHANGE.....	22.77	-2.23	-4.42	-11.64	22.97	-0.55	2.49	-4.31	3.10	-8.72
APPAREL.....	1502.0	1451.0	1430.0	1292.0	1019.0	1097.0	982.0	619.0	565.0	496.3
PERCENTAGE CHANGE.....	1.97	-3.40	-1.45	-9.65	-21.13	7.65	-10.48	-36.97	-8.72	-12.16
PAPER.....	1690.0	1871.0	1655.0	1377.0	1454.0	1467.0	1497.0	1546.0	1352.0	1385.8
PERCENTAGE CHANGE.....	3.81	10.71	-11.54	-16.80	5.59	0.89	2.04	3.27	-12.55	2.50
PRINTING AND PUBLISHING.....	1824.0	1670.0	1636.0	1620.0	1533.0	1535.0	1478.0	1440.0	1383.0	1337.0
PERCENTAGE CHANGE.....	-1.35	-8.44	-2.04	-0.98	-5.37	0.13	-3.71	-2.57	-3.96	-3.33
CHEMICALS.....	3887.0	3927.0	4566.0	4172.0	3854.0	4107.0	3772.0	4060.0	4108.0	4049.4
PERCENTAGE CHANGE.....	4.38	1.03	16.27	-8.63	-7.62	6.56	-8.16	7.64	1.18	-1.43
PETROLEUM REFINING.....	105.0	103.0	96.0	97.0	137.0	111.0	149.0	160.0	146.0	148.9
PERCENTAGE CHANGE.....	14.13	-1.90	-6.80	1.04	41.24	-18.98	34.23	7.38	-8.75	1.99
RUBBER AND PLASTICS.....	1418.0	1597.0	1793.0	1771.0	1584.0	1896.0	1874.0	1998.0	2076.0	1992.8
PERCENTAGE CHANGE.....	10.78	12.62	12.27	-1.23	-10.56	19.70	-1.16	6.62	3.90	-4.01
LEATHER.....	282.0	237.0	211.0	182.0	100.0	94.0	85.0	78.0	82.0	61.5
PERCENTAGE CHANGE.....	4.83	-15.96	-10.97	-13.74	-45.05	-6.00	-9.57	-8.24	5.13	-25.00

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TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
 TABLE 16: TENNESSEE GROSS STATE PRODUCT BY SECTOR  
 MILLIONS OF CURRENT DOLLARS

	H I S T O R I C A L - D A T A									
	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
GROSS STATE PRODUCT.....	111844	119758	129671	136821	142051	151738	162228	170402	178362	182746
PERCENTAGE CHANGE.....	9.60	7.08	8.28	5.51	3.82	6.82	6.91	5.04	4.67	2.46
MINING.....	387	330	353	390	427	477	480	516	541	575
PERCENTAGE CHANGE.....	-0.51	-14.73	6.97	10.48	9.49	11.71	0.63	7.50	4.84	6.22
CONSTRUCTION.....	3875	4372	4909	5479	5921	6390	7154	7819	8243	8527
PERCENTAGE CHANGE.....	8.79	12.83	12.28	11.61	8.07	7.92	11.96	9.30	5.42	3.44
MANUFACTURING.....	27432	29306	31510	32370	30822	32690	34053	35574	36055	34776
PERCENTAGE CHANGE.....	9.83	6.83	7.52	2.73	-4.78	6.06	4.17	4.47	1.35	-3.55
DURABLE GOODS.....	13954	15600	16778	17677	17541	18497	19529	20648	20853	19629
PERCENTAGE CHANGE.....	15.36	11.80	7.55	5.36	-0.77	5.45	5.58	5.73	0.99	-5.87
NONDURABLE GOODS.....	13479	13706	14732	14694	13281	14193	14524	14925	15202	15147
PERCENTAGE CHANGE.....	4.64	1.68	7.49	-0.26	-9.62	6.87	2.33	2.76	1.86	-0.36
TRADE.....	19813	21092	23401	24720	26266	28412	30188	31722	33244	34052
PERCENTAGE CHANGE.....	8.89	6.46	10.95	5.64	6.25	8.17	6.25	5.08	4.80	2.43
SERVICES.....	21130	23139	24744	27071	28986	31131	33380	35122	37475	39297
PERCENTAGE CHANGE.....	13.92	9.51	6.94	9.40	7.07	7.40	7.22	5.22	6.70	4.86
FINANCE, INSURANCE AND REAL ESTATE..	14109	15110	16156	17857	19436	21258	23500	24239	25678	26723
PERCENTAGE CHANGE.....	8.99	7.09	6.92	10.53	8.84	9.37	10.55	3.14	5.94	4.07
TRANS., COMM., AND PUBLIC UTIL.....	9085	10025	10862	10938	11427	12103	12979	14079	14790	15650
PERCENTAGE CHANGE.....	10.51	10.35	8.35	0.70	4.47	5.92	7.24	8.48	5.05	5.82
GOVERNMENT.....	14417	14827	16052	16410	17194	17619	18881	19788	20531	21217
PERCENTAGE CHANGE.....	4.75	2.84	8.26	2.23	4.78	2.47	7.16	4.80	3.75	3.34
FEDERAL CIVILIAN.....	4515	4404	4637	4489	4797	4864	5514	5663	5734	5674
PERCENTAGE CHANGE.....	3.84	-2.46	5.29	-3.19	6.86	1.40	13.36	2.70	1.25	-1.05
FEDERAL MILITARY.....	834	807	822	786	778	572	581	639	723	775
PERCENTAGE CHANGE.....	0.48	-3.24	1.86	-4.38	-1.02	-26.48	1.57	9.98	13.15	7.24
STATE AND LOCAL.....	9068	9616	10593	11136	11619	12182	12786	13486	14074	14768
PERCENTAGE CHANGE.....	5.64	6.04	10.16	5.13	4.34	4.85	4.96	5.47	4.36	4.93
AGRICULTURE.....	1595	1556	1685	1586	1571	1658	1614	1544	1805	1929
PERCENTAGE CHANGE.....	10.08	-2.45	8.29	-5.88	-0.95	5.54	-2.65	-4.34	16.90	6.87
FARM.....	1190	1093	1207	1070	1020	1056	915	770	977	1050
PERCENTAGE CHANGE.....	10.29	-8.15	10.43	-11.35	-4.67	3.53	-13.35	-15.85	26.88	7.43
AG SERVICES, FORESTRY, FISHERIES..	406	463	478	516	551	603	699	774	827	879
PERCENTAGE CHANGE.....	9.73	14.04	3.24	7.95	6.78	9.44	15.92	10.73	6.85	6.33
PER CAPITA GROSS STATE PRODUCT (\$)..	22147	23309	24787	25687	26227	27597	29126	30222	31298	31837
PERCENTAGE CHANGE.....	7.80	5.24	6.34	3.63	2.10	5.22	5.54	3.76	3.56	1.72

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TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
 TABLE 17: TENNESSEE DURABLE GOODS MANUFACTURING GROSS PRODUCT  
 MILLIONS OF CURRENT DOLLARS

	H I S T O R I C A L - D A T A									
	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
TOTAL DURABLE GOODS.....	13954	15600	16778	17677	17541	18497	19529	20648	20853	19629
PERCENTAGE CHANGE.....	15.36	11.80	7.55	5.36	-0.77	5.45	5.58	5.73	0.99	-5.87
LUMBER AND WOOD PRODUCTS.....	641	726	944	1085	1088	1008	1117	1128	1052	979
PERCENTAGE CHANGE.....	9.01	13.26	30.03	14.94	0.28	-7.35	10.81	0.98	-6.74	-6.90
FURNITURE AND FIXTURES.....	867	918	944	894	979	963	994	1043	1036	910
PERCENTAGE CHANGE.....	10.45	5.88	2.83	-5.30	9.51	-1.63	3.22	4.93	-0.67	-12.12
STONE,CLAY AND GLASS.....	673	742	873	980	995	1057	1131	1204	1196	1139
PERCENTAGE CHANGE.....	15.04	10.25	17.65	12.26	1.53	6.23	7.00	6.45	-0.66	-4.76
PRIMARY METALS.....	977	1199	1185	1345	1192	1416	1530	1807	1812	1716
PERCENTAGE CHANGE.....	-16.85	22.72	-1.17	13.50	-11.38	18.79	8.05	18.10	0.28	-5.30
FABRICATED METAL PRODUCTS.....	2347	2501	2633	2733	2785	2992	2929	3174	3148	3031
PERCENTAGE CHANGE.....	8.11	6.56	5.28	3.80	1.90	7.43	-2.11	8.36	-0.82	-3.70
NONELECTRICAL MACHINERY.....	2440	2406	2322	2228	2386	2513	3042	3026	3222	3286
PERCENTAGE CHANGE.....	39.51	-1.39	-3.49	-4.05	7.09	5.32	21.05	-0.53	6.48	2.00
ELECTRICAL MACHINERY.....	1840	1817	2084	2115	2050	2301	2044	2111	2138	1819
PERCENTAGE CHANGE.....	-2.02	-1.25	14.69	1.49	-3.07	12.24	-11.17	3.28	1.28	-14.94
TRANSPORTATION EQUIPMENT.....	2881	4068	4692	5086	4691	5097	5519	5839	5896	5407
PERCENTAGE CHANGE.....	43.69	41.20	15.34	8.40	-7.77	8.65	8.28	5.80	0.98	-8.30
INSTRUMENTS.....	629	528	420	471	553	295	411	365	396	421
PERCENTAGE CHANGE.....	0.64	-16.06	-20.45	12.14	17.41	-46.65	39.32	-11.19	8.49	6.20
MISCELLANEOUS DURABLE GOODS.....	657	695	680	740	822	856	812	951	958	921
PERCENTAGE CHANGE.....	22.80	5.78	-2.16	8.82	11.08	4.14	-5.14	17.12	0.74	-3.89

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TENNESSEE ECONOMETRIC MODEL JANUARY 2003 UPDATE  
 TABLE 18: TENNESSEE NONDURABLE GOODS MANUFACTURING GROSS PRODUCT  
 MILLIONS OF CURRENT DOLLARS

	H I S T O R I C A L - D A T A									
	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
TOTAL NONDURABLE GOODS.....	13479	13706	14732	14694	13281	14193	14524	14925	15202	15147
PERCENTAGE CHANGE.....	4.64	1.68	7.49	-0.26	-9.62	6.87	2.33	2.76	1.86	-0.36
FOOD.....	2938	2901	3213	3412	2700	2959	3162	3467	3625	3620
PERCENTAGE CHANGE.....	-3.04	-1.26	10.75	6.19	-20.87	9.59	6.86	9.65	4.56	-0.14
TOBACCO.....	118	118	134	160	173	204	228	308	284	277
PERCENTAGE CHANGE.....	10.28	0.00	13.56	19.40	8.13	17.92	11.76	35.09	-7.79	-2.34
TEXTILES.....	719	695	638	566	728	747	792	768	750	678
PERCENTAGE CHANGE.....	25.26	-3.34	-8.20	-11.29	28.62	2.61	6.02	-3.03	-2.34	-9.64
APPAREL.....	1484	1455	1436	1257	1019	1101	1012	667	593	502
PERCENTAGE CHANGE.....	4.36	-1.95	-1.31	-12.47	-18.93	8.05	-8.08	-34.09	-11.09	-15.41
PAPER.....	1397	1448	1352	1554	1454	1355	1485	1563	1622	1720
PERCENTAGE CHANGE.....	3.10	3.65	-6.63	14.94	-6.44	-6.81	9.59	5.25	3.77	6.03
PRINTING AND PUBLISHING.....	1491	1449	1474	1468	1533	1619	1651	1680	1683	1721
PERCENTAGE CHANGE.....	5.22	-2.82	1.73	-0.41	4.43	5.61	1.98	1.76	0.18	2.25
CHEMICALS.....	3488	3648	4355	4251	3854	4120	4004	4214	4262	4226
PERCENTAGE CHANGE.....	6.18	4.59	19.38	-2.39	-9.34	6.90	-2.82	5.24	1.14	-0.85
PETROLEUM REFINING.....	140	149	129	105	137	136	185	141	210	220
PERCENTAGE CHANGE.....	6.06	6.43	-13.42	-18.60	30.48	-0.73	36.03	-23.78	48.94	4.81
RUBBER AND PLASTICS.....	1436	1615	1795	1739	1584	1856	1914	2035	2089	2120
PERCENTAGE CHANGE.....	9.79	12.47	11.15	-3.12	-8.91	17.17	3.13	6.32	2.65	1.50
LEATHER.....	267	228	206	182	100	95	90	83	85	64
PERCENTAGE CHANGE.....	6.37	-14.61	-9.65	-11.65	-45.05	-5.00	-5.26	-7.78	2.41	-25.00

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