

## **Economic Recovery and Growth in Middle Tennessee**

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### *Abstract*

*Middle Tennessee is growing rapidly: two Midstate counties rank among the top 100 counties nationally for population growth, and Rutherford County ranks at the top nationally among other large counties for payroll employment growth. Middle Tennessee is growing, but what are the implications for long-term economic development, especially the demand for public services? This study reviews the performance of the Middle Tennessee economy since the recent recession and examines the implications of rapid growth for the demand for public services.*

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# Economic Recovery and Growth in Middle Tennessee

## 1. Introduction

Middle Tennessee is growing rapidly: two Midstate counties (Rutherford and Williamson) rank among the top 100 counties nationally for population growth, and Rutherford County ranks at the top nationally among other large counties for payroll employment growth. Middle Tennessee is growing, but what are the implications for long-term economic development, especially the demand for public services?

This study reviews the performance of the Middle Tennessee economy since the recent recession and examines the implications of rapid growth for the demand for public services. The first section briefly describes population and employment characteristics of Middle Tennessee. The next section examines recent trends in employment and housing construction, followed with a discussion of the impact of growth on the demand for public services and the need for new revenue sources for local governments. The final section offers conclusions.

## 2. Characteristics of Middle Tennessee

Middle Tennessee consists of forty-one counties stretching from the Tennessee River in the west to the Cumberland Plateau in the east (Figure 1). The Midstate<sup>1</sup> population is 2,235,000 as of July 1, 2004; if it were a separate state, Middle Tennessee would rank 36<sup>th</sup> in size, smaller than Nevada but larger than New Mexico. The six largest counties account for more than half of the Midstate's population:

- Davidson County (572,000),
- Rutherford County (210,000),
- Williamson County (146,000),
- Montgomery County (142,000),
- Sumner County (141,000), and
- Wilson County (97,000).

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<sup>1</sup> This paper uses the terms 'Midstate' and 'Middle Tennessee' interchangeably.

Approximately two-thirds of the Midstate's population reside in the Nashville MSA. The recently redefined Nashville-Davidson-Murfreesboro Metropolitan Statistical Area (Nashville MSA) comprises thirteen counties with Davidson County at the center. Population growth is relatively vigorous in the Nashville MSA, rising by 6.0 percent from 2000 to 2004, compared with 4.0 percent for the remaining Midstate counties, 2.4 percent for the rest of Tennessee (Figure 2), and 4.1 percent nationally.

### *Industry structure*

Compared with the nation's economy, Tennessee is much more reliant on manufacturing as a source of payroll and employment. In fact, Tennessee has the 9th largest proportion of payroll from manufacturing among the fifty states. In the Midstate counties, manufacturing accounts for 16.5 percent of payroll employment and 19.5 percent of total payroll, much higher than nationally with 11.1 percent of payroll employment and 13.6 percent of total payroll. These figures nonetheless understate the importance of manufacturing for the typical Midstate county. Excluding Davidson County, manufacturing accounts for 22.8 percent of employment and 29.2 percent of payroll in the Midstate. In fact, manufacturing generates at least one-third of total payroll for 17 of the 41 Midstate counties.

The relative importance of individual industries for a local economy can be assessed with location quotients (LQ). A location quotient is the share of employment (or payroll) for a particular sector divided by its national share. Thus, a Midstate industrial sector with an LQ of more than one indicates that the industry is a more important source of jobs locally than nationally. Table 1 shows location quotients for both employment and total wages by major sector for the Midstate. With an LQ of 1.4, manufacturing clearly is much more important for the Midstate economy than nationally. Two other major sectors, education and health services and leisure and hospitality, are more important sources of wages in the Midstate than nationally. The high LQ for education and health services can be explained by the concentration of health care providers, headquarters for health care companies, and private universities in the Nashville MSA. The relatively large LQ for

leisure and hospitality is due to country music, entertainment, and convention-related employers in the Nashville area.

Three manufacturing industries are particularly important in the Nashville MSA: transportation equipment manufacturing, electrical equipment and appliance manufacturing, and printing and related support activities; more than one in three manufacturing workers are employed in these industries. The transportation equipment sector includes large employers such as Nissan North America, Saturn, Bridgestone-Firestone, Visteon, and Peterbilt Motors. Dozens automotive parts manufacturers are also located in the Midstate. As for the printing industry, Nashville is well-known for its concentration of religious-oriented printing and publishing establishments.

### **3. Recent Economic Performance**

The effects of the 2001 recession on job growth were about the same for the Midstate and national economies: payroll employment peaked in the first quarter of 2001, reaching a trough about one year later. From peak to trough, payroll employment fell 1.8 percent for the national economy and 1.5 percent for the Midstate. By contrast, payroll employment dropped by much more for Tennessee, falling by 2.4 percent during the same interval.

Since the end of the recession, however, Midstate job growth has greatly outperformed the nation and state, rising 3.4 percent 2002 to 2004 first quarter compared with 0.2 percent nationally and 1.4 percent for Tennessee (Table 2). The much stronger job growth in the Midstate relative to the nation can be attributed to two factors: 1) employment in services-providing industries increased much more rapidly, particularly in the non-Nashville MSA counties, and 2) job losses in the Midstate goods producing sectors were much less, thus exerting much less of a negative drag on net job growth. In fact, the Nashville MSA actually produced a modest job gain for the goods-producing sectors during the period.

As shown in Table 3, the strength of Midstate services-providing job growth is due to substantial gains in education and health services (+9.6 percent), leisure and hospitality

(+6.6 percent), and trade, transportation, and utilities (+6.3 percent) from 2002 to 2004. The information and manufacturing sectors lost jobs, while jobs were added in the construction sector.

The paths of employment growth since 2002 underscore the superior performance of the Midstate compared with the nation and the state. Figure 3 shows indexed payroll employment trends for the Midstate, Nashville MSA, Tennessee, and the U.S. Midstate employment rose rapidly from the first quarter of 2002 when compared with the U.S. and state.

The trends for manufacturing employment are similar, except that Midstate and Tennessee peaked about one quarter before the U.S. Manufacturing employment gains are strongest in the Nashville MSA (Figure 4); since the third quarter 2003, employment in the sector rose 2.7 percent, a gain of 1,700 jobs, compared with a rise of 0.7 for the other Midstate counties, 0.6 percent for the rest of Tennessee, and -0.4 percent for the U.S.

Midstate employment growth is much stronger in the services-providing industries than for the state and nation (Figure 5). Midstate private sector employment in the services-providing sectors increased 5.6 percent 2002-2004 first quarter, compared with percent for Tennessee and 1.4 percent nationally.

#### *Midstate Growth in Comparison*

The Nashville MSA dominates the Midstate in terms of both the number of employees and growth. The Nashville MSA generated eight of every ten net new jobs in the Midstate since 2002Q1 and six of ten net new jobs in Tennessee.

Employment and wage growth varies considerably among the Midstate counties (Table 4). Although some counties experienced very rapid growth during the past two years, others suffered job losses. In fact, of the forty-one counties comprising the Midstate, 13 counties experienced employment losses from the third quarter 2002 to third quarter

2004. On the other hand, employment grew in nine counties from between 3.0 percent to 9.9 percent and ten counties experienced employment growth rates of 10.0 percent or more during the two-year period.

Each quarter the Bureau of Labor Statistics produces a report of employment and wage growth among the 317 largest counties in the U.S. The most recent report shows that Rutherford County ranks #1 in terms of payroll employment growth from September 2003 to September 2004. Rutherford County's payroll employment grew 9.2 percent over the year, easily outdistancing second-ranking Clark County, Nevada (+7.4 percent) and third-ranking Riverside County, California (+7.2 percent).<sup>2</sup>

Examining the data more closely, we find that the Professional and Business sector generated a very large share of the county's recent job growth, about 42 percent of total employment growth during the past two years and 62 percent over the previous year. Average pay in this sector is very low, just \$22,400 compared with the cross-industry average of \$33,600. Virtually all the job growth in this sector appears to originate from either temporary help agencies or companies that provide business support services. Similar job growth patterns are evident among several other of the fastest growing Midstate counties.

Very rapid employment growth in temporary help agencies and support services could be a sign that employers wish to hire but choose to proceed with caution; consequently, they hire temporary workers who can be easily laid off if business conditions suddenly turn sour. If businesses become convinced that growth is sustainable, they may choose to hire more permanent workers and fewer temporary workers over the long-run.

An alternative interpretation is that the temporary employment gains are not temporary but permanent. According to this interpretation, employers are out-sourcing certain needed skills and functions; growth of businesses that provide temporary employment

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<sup>2</sup> "County Employment and Wages: Third Quarter 2004," U.S. Department of Labor, Bureau of Labor Statistics, April 14, 2005.

services and support services for businesses could be tapping into a strong and growing demand for outsourced services, a demand that will likely continue as the national and worldwide economies become more and more competitive and pressures to improve productivity and minimize cost become even more intense.

### *Housing Construction*

Construction of new homes, both single-family units and multi-family units, facilitates the movement of population into the Midstate area particularly to the counties that form the outer ring of the Nashville MSA including Rutherford, Wilson, Sumner, and Williamson. By the first quarter of 2005 Nashville MSA single-family construction had reached 3,300 units, a full forty-nine percent higher than the first quarter of 2000. From 2003 to 2004 first quarter, the number of single-family units jumped 24 percent in the Nashville MSA but moderated from 2004 to 2005, rising by just 3.5 percent.

Spurred by population growth, housing construction in the Nashville MSA is rising much faster than for the state and nation (Figure 6). As of the first quarter of 2005, Nashville MSA permit-authorized single family home construction had reached 149 percent of its level for the first quarter of 2000, compared with a 129 percent gain for Tennessee and 128 percent increase for the nation.

Housing construction creates jobs for a number of specialized occupations including carpenters, floor layers, roofers, plumbers, electricians, and so on. Construction also creates additional demand for building materials such as brick, concrete, stone, lumber, and steel; many building materials are purchased locally by construction contractors. From 2000 to 2004 third quarter, employment in the Residential Building Construction sector (NAICS 2361) increased 31.2 percent in the Nashville MSA, rising from 3,000 in 2000 to 3,900 in 2004. Total wages paid in this industry jumped by 47.8 percent during the same period. By 2004, the average employee in the industry earned \$40,100 during the first quarter (annualized), far higher than the average across industry pay for the Nashville MSA.

#### **4. Growing Demand for Public Services**

Rapid population and job growth creates opportunities for businesses and workers, but also can create challenges for local governments that must provide services to a growing population. Population and job growth at a higher than anticipated rate can create increased traffic congestion, diminution of air quality due to increased motor fuel consumption and industrial energy consumption, and put greater pressure on local governments to provide necessary public services.

##### *Public Schools*

Rising demand for local government services in high growth areas is particularly an issue regarding public education services. To appreciate the relative growth of school enrollment in the Midstate, in the fall of 2000 public schools in the Nashville MSA enrolled about one-fifth of Tennessee's schoolchildren and approximately 36 percent were enrolled in the Midstate. During the 2000-2004 period, the vast majority of Tennessee's net enrollment growth occurred in the Midstate counties. Average daily attendance (ADA) in Tennessee public schools in Tennessee rose by a total of 1.7 percent during the four year period; in the Midstate counties, ADA increased 4.1 percent and rose 6.1 percent in the thirteen counties comprising the Nashville MSA. Put another way, of the net new 14,314 children in Tennessee public schools, 77 percent were in the Nashville MSA and 89 percent in the Midstate counties.

Rutherford County experienced the highest enrollment growth in the state, both in absolute terms and growth rate: the county school system added 4,100 students 2000-2004, rising at an annual average rate of 4.2 percent. Other Midstate counties with enrollment growth of 1,000 or more include Williamson County, Wilson County, Sumner County, and Montgomery County. Taken together, these five counties experienced an aggregate enrollment increase of 11,000 students, about three-quarters of Tennessee's net increase during the four-year period.

The demand for classroom space, teachers, and all the materials and supplies needed to operate schools caused a large increase in spending for operations. From 2000 to 2004,



Midstate city and county schools increased spending from \$1.728 billion to \$2.175 billion, a 25.8 percent increase. Interestingly, the revenue stream required to pay for this increase relied mostly on local sources; in fact, total revenue received from the state increased far slower, just 11.5 percent from 2000 to 2004. By contrast, total local revenue rose by 35.8 percent during the four years, mostly from increased property tax collections.

Capital expenditures are also on the rise. The Rutherford County Schools, for example, estimates that if present enrollment trends continue the county school will need to build two to three new schools each year for the next decade, an estimated expenditure of more than \$500 million for additional plus millions more for annual operating expenses to hire new teachers and staff.

### *Higher Education*

Population growth in the Midstate also creates additional demands on institutions of higher education, particularly Middle Tennessee State University (MTSU). Established in 1911 as a regional college for teacher training, MTSU currently has the state's second largest undergraduate enrollment. MTSU enrollment increased 13.7% from fall 2000 to fall 2003, compared with a 3.5 percent rise for all four-year public institutions in Tennessee. Presently at 22,322 students (fall 2004), MTSU will reach 25,000 total students within a few years, assuming trends continue.<sup>3</sup> The institution strains to provide the level of service demanded; the number of general education class sections in demand is constrained by the available number of classrooms and professors.

### *Law Enforcement*

County and city law enforcement agencies are showing signs of stress in keeping up with growth. The issue of proper funding for law enforcement created an impasse in Rutherford County, where the county sheriff has filed a lawsuit against the county's governing authority, the county commission, in June 2004. The sheriff contends that the

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<sup>3</sup>“ Enrollment Forecasts for Middle Tennessee State University,” Business and Economic Research Center, Jennings A. Jones College of Business, Middle Tennessee State University, February 2005.

budget allocation for FY2005 is not sufficient to provide law enforcement services to the county and fund the operations of the jail. The county commission allocated \$12.3 million for the sheriff's department and \$7.7 million for the jail, while the sheriff wants \$20.2 million and \$10.4 million, respectively. The lawsuit will go to trial during the summer of 2005. The sheriff won a similar lawsuit against the county commission in 1987.<sup>4</sup>

Sheriffs also complain about the condition of county jails. According to the Tennessee Corrections Institute, the state agency charged with inspecting local jails, one in four jails in the Midstate area do not meet minimum standards of space, health care, sanitation, and other factors. Many jails are holding twice the number of prisoners they were designed to hold. Other than the obvious impact of population growth, sheriffs point to two factors that create overcrowding. First, the backlog of court cases means that defendants are spending more time in jail waiting for trial, sometimes one to two years. Second, some prisoners sentenced to serve time in state prison spend months in county jails waiting for space in the state's prison system.<sup>5</sup>

### *Environmental Quality*

Maintaining air quality and water quality are mounting concerns in Middle Tennessee, as growth of population and consumption of motor fuel place greater demands on these renewable natural resources. First, the Nashville Area is currently designated by the EPA as a nonattainment area regarding current standards for ozone. Ozone results from a chemical reaction between vehicle emissions (nitrogen oxides and volatile organic compounds), heat, and sunlight. Hot, stagnant days typical of Tennessee summers provide the perfect playground for the production of ozone. In high concentrations,

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<sup>4</sup> "Time, money being spent on sheriff's lawsuit," by Clay Carey, *The Tennessean*, April 6, 2005, p. 1R.

<sup>5</sup> "14 Midstate jails fail key review, post safety risk," by Leon Alligood, *The Tennessean*, March 29, 2005, p. 1A.

ozone can impair respiration particularly among at-risk persons with asthma and lung disease, causing a reduction of activity levels and lost productivity for workers.<sup>6</sup>

Nashville must develop and implement a plan to reduce ozone emissions and improve air quality. State government air quality officials are working with local governments, businesses, and schools to develop alternatives that may slow the growth of commuter traffic; these alternatives include enhanced incentives for car pooling, greater reliance on public transportation, a metropolitan light rail system, and possibly designing new neighborhoods that include mixed commercial and residential development, thereby encouraging more walking and bicycling and less driving.

The Tennessee Department of Transportation (TDOT) may soon reduce the speed limit for trucks in Davidson County to 55 mph for trucks from the current speed limit of 65-70 mph. TDOT recently announced similar truck speed limit reductions for Shelby County (Memphis) and Hamilton County (Chattanooga). State environmental agency officials estimate that the reduction of 10 mph could reduce harmful emissions from trucks by 18 percent or more, thus helping to reduce overall emissions and air quality degradation in the Nashville MSA. TDOT estimates that trucks will experience an increased travel time of about 3 minutes resulting from the lower speed limit.<sup>7</sup> Simultaneously, the state environmental quality agency announced the extension of emissions testing requirements to more types of vehicles, including those fueled by diesel and the largest pickup trucks and SUVs.

### *Water quality*

In some communities, the capacities of local wastewater have been pushed to the limit. The town of Fairview (Dickson County), for example, is under a state-imposed moratorium on new connections to its wastewater treatment system, currently operating at least 90 percent of capacity. Some building projects have been delayed because of the lack of sewer connections. A plan has been developed to merge Fairview's system with

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<sup>6</sup> "Myths and Facts – Ozone Designations" and "Ozone Early Action Compacts: Clearing the Air in Tennessee," Tennessee Department of Environment and Conservation, online documents.

<sup>7</sup> "Nashville may slow down rigs with 55-mph limit," by Yvette Craig, *The Tennessean*, March 28, 2005, p. 1A.

Dickson County, but rate increases for water and sewer for Fairview residents appear inevitable.<sup>8</sup>

Other warnings have been issued by city officials in Murfreesboro (Rutherford County), where the issue is the physical capacity of the local watershed to accept additional treated wastewater. Murfreesboro wastewater officials indicate that the capacity of the Stones River watershed to accept treated water has reached its limit. As an alternative, the city is moving to a land discharge method that consists of spraying treated wastewater on purchased farmland and other public areas such as golf courses, school soccer fields, and street medians. The land discharge method is expected to accommodate future anticipated demand for wastewater disposal, but at a higher cost compared with the traditional method of stream discharge.<sup>9</sup>

## 5. Sources of Revenue for Local Governments

Rapidly rising demand for public services, especially classroom space, has generated considerable discussion about how to pay for growth and who should pay for the impacts of growth. Options for local governments to increase revenue streams, especially county governments, are not numerous.<sup>10</sup> Revenues available to county governments arise from three primary sources: state revenue, local property taxes, and local option sales taxes. Other revenue sources exist, such as development fees, wheel taxes, and adequate facilities taxes, but these generate much smaller revenue streams. Development fees and adequate facilities taxes recover at least part of the additional costs to local governments associated with providing public services to new residents. A development fee is a flat fee charged on each new housing unit; the development fee is currently \$1,500 in Rutherford County. By contrast, the adequate facilities tax is a charge levied per square foot of new home, \$1.00 per square foot, for example; the adequate facilities tax will vary from home to home depending on square footage; larger homes pay more, smaller homes

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<sup>8</sup> "Fairview residents fretting over high water, sewer bills," by Richard Edmondson, *The Tennessean*, March 25, 2005.

<sup>9</sup> Joe Kirchner, Director Wastewater Department, City of Murfreesboro, personal communication, May 25, 2005.

<sup>10</sup> A detailed view of revenue options for Rutherford County can be found in David A. Penn, "Potential Sources of New Revenue," *State Tax Notes*, March 2004, pp. 1071-1088.

pay less. Of the two, the development fee is more regressive; a high-priced new home pays a smaller percentage of sales price to the development fee than does a low-priced new home.

The wheel tax is an annual fee collected by some county governments for each vehicle owned. The wheel tax ranges from \$25 to \$50 per vehicle in Midstate counties. In Rutherford County, a \$40 wheel tax generated \$6.6 million in revenue in fiscal year 2002, making the tax the third largest source of local revenue for the county government.

Not surprisingly, local residents are reluctant to raise taxes at the polling booth; a recent exception is Dickson County, where voters approved a \$20 increase in the wheel tax in January 2005. By contrast, voters in Williamson County recently defeated a tax increase proposal.

The local option sales tax is an important source of funds for cities, schools, and county government. Some counties, such as Rutherford County, currently levy the maximum sales tax rate allowed by state law, a combined state and local rate of 9.75 percent on most items. Interestingly, the spending base for the state sales tax and the base for the local option sales tax are not the same, the most important difference is that spending subject to the local option tax has a single article limit; the local portion of the sales tax applies only to the first \$1,600 of the sales price for a single article. For example, the entire value of a \$2,000 plasma television is subject to the 7% state sales tax rate, but the local option sales tax is limited to the first \$1,600 of the transaction. When the article is a \$35,000 vehicle, it is easy to see that the state treasury collects much more per penny tax than does the local government. When the economy is growing and big-ticket item such as vehicles, furniture, and large appliances are selling well, local governments receive less of a revenue boost from the tax on sales due to the single article cap compared with the state government.

Perhaps the biggest hurdle facing local governments, particularly county governments, in fast growing areas is how to expand the portfolio of revenue options available to pay for

rising costs of service and growth-related costs and avoid future property tax increases. Explicit approval from the state legislature is necessary to implement new kinds of taxes or to increase certain fees or taxes. For example, a county cannot on its own authority levy a development tax or adequate facilities tax without the specific permission of the state legislature; increases for some existing taxes and fees typically must also pass muster with the legislature. This requirement creates obvious opportunities for lobbying efforts from opponents of growth-related taxes and fees that must be approved by the legislature. For example, local real estate transaction tax proposed in the legislature several years ago was defeated in the legislature after intensive lobbying efforts by the real estate industry.

The housing construction and real estate industries argue that increasing the development tax or levying new adequate facilities taxes places too much of the burden on a relatively narrow portion the housing market, new housing. The Rutherford County home building industry has stated that it would consider supporting a broad based tax, such as a local real estate transaction tax, since it would apply to sales of both new and existing homes. The real estate brokerage industry, however, remains opposed to any new taxes.<sup>11</sup>

Some communities have considered placing limits on growth. For example, city leaders in Franklin (Williamson County) recently considered a temporary moratorium on any new zoning changes that would allow additional housing growth. Interestingly, the Franklin City Administrator warned that limiting the annual growth of housing below 600 single-family units could have very significant impacts on the city's budget. The city has substantial debt service obligations related to new wastewater treatment capacity; if fees and tax revenue from new housing construction are not sufficient to cover the annual debt service, other city services must be cut to make up difference.<sup>12</sup>

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<sup>11</sup> "Some upset but note need for more school, road funds," by Michelle E. Shaw, *The Tennessean*, December 13, 2004, p. 1B.

## 5. Summary

The Midstate economy creates numerous jobs in a variety of industries. The low average pay of some of the new jobs, however, is a concern. The rapid growth of population hand in hand with employment growth creates considerable stress on the ability of local governments to provide services. Local revenue sources are not sufficiently elastic to generate revenue that keeps pace with growth; counties frequently have relied on the property tax to generate funds that are not forthcoming from other sources. Voters, however, voicing more and more concern about steadily rising property taxes have forced local governments to pursue revenue sources that are tied to growth. Growth creates opportunities for personal advancement but also problems for communities that will require innovative solutions.

Figure 1: Midstate Tennessee

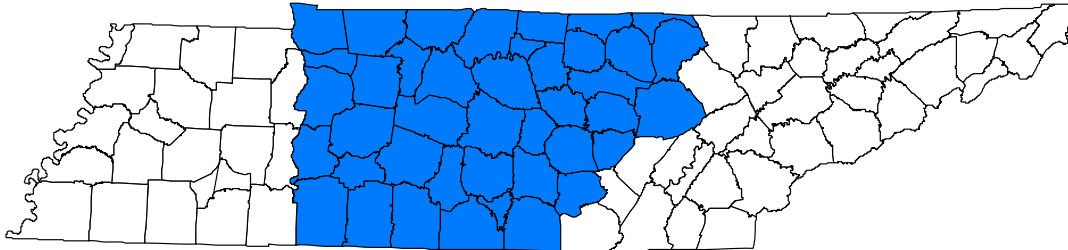


Figure 2: Population Growth 2000-2004

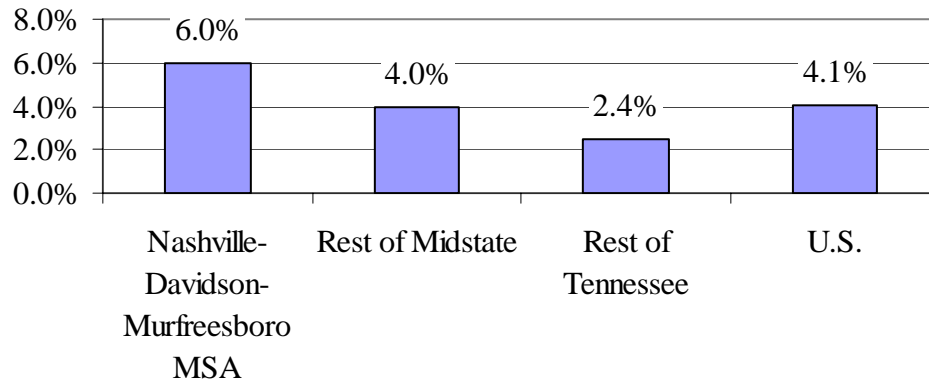




Table 1: Midstate Location Quotients for the Third Quarter 2004

Supersector	Employment	Total wages	Counties
Construction	0.408	0.500	31
Manufacturing	1.419	1.375	39
Trade, Transportation, and Utilities	1.010	1.043	41
Information	0.951	0.800	31
Financial Activities	0.874	0.822	40
Professional and Business Services	0.929	0.814	39
Education and Health Services	1.007	1.194	40
Leisure and Hospitality	1.004	1.132	40
Other Services	0.804	0.885	36

Note: calculated from QCEW employment and payroll series.

**Table 2: Payroll Employment Growth First Quarter 2002-2004**

Area	Goods-Producing	Services-Providing	Private sector	Total nonfarm
Midstate	-2.2%	5.6%	3.6%	3.4%
Nashville MSA	0.4%	4.7%	3.9%	3.8%
Tennessee	-3.7%	3.0%	1.3%	1.4%
U.S.	-4.7%	1.4%	0.1%	0.2%

Note: Calculated from QCEW payroll employment series.

**Table 3: Midstate Employment Growth 2002-2004 First Quarter, Private Sector**

Sector	Employment Growth
Construction	3.1%
Manufacturing	-3.6%
Trade, Transportation, and Utilities	6.3%
Information	-8.6%
Financial Activities	3.2%
Professional and Business Services	4.4%
Education and Health Services	9.6%
Leisure and Hospitality	6.6%
Other Services	1.8%

Note: Calculated from QCEW payroll employment series.

Figure 3: Payroll Employment Trends for the Midstate, Nashville MSA, Tennessee, and U.S. (Index of seasonally adjusted figures, 2000=100.0)

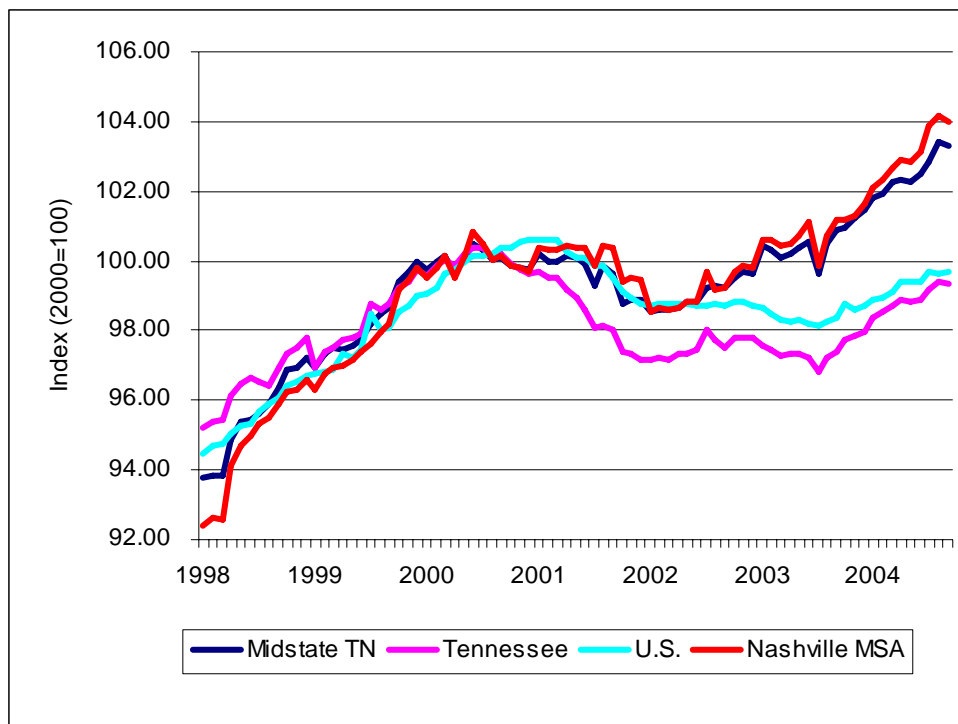


Figure 4: Manufacturing Employment Trends for the Midstate, Nashville MSA, Tennessee, and U.S. (Index of seasonally adjusted figures, 2000=100.0)

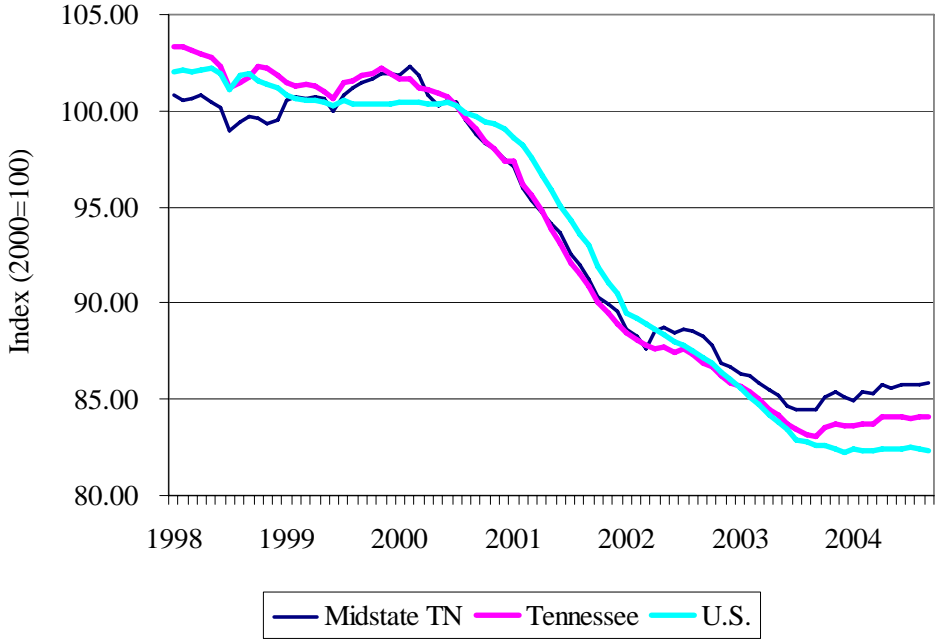


Figure 5: Services-Providing Industries Employment Trends for the Midstate, Nashville MSA, Tennessee, and U.S. (Index of seasonally adjusted figures, 2000=100.0)

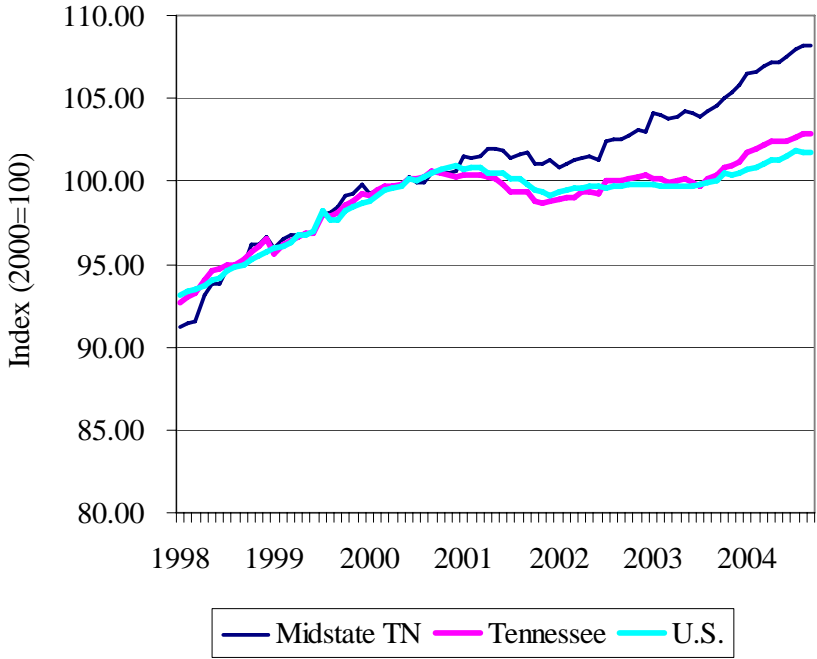


Table 4: Employment and Total Wages for Midstate Counties  
Third Quarter 2002 and 2004

Area	2002			2004			Percent Change		
	Payroll Employment	Total wages (Million \$, annualized)	Average Pay	Payroll Employment	Total wages (Million \$, annualized)	Average Pay	Payroll Employment	Total wages (Million \$, annualized)	Average Pay
Bedford County	14,693	377.3	25,677	16,381	464.2	28,335	11.5%	23.0%	10.4%
Cannon County	1,781	37.6	21,108	1,740	42.5	24,429	-2.3%	13.0%	15.7%
Cheatham County	6,594	180.9	27,429	7,737	218.4	28,235	17.3%	20.8%	2.9%
Clay County	1,702	38.4	22,555	1,651	39.3	23,793	-3.0%	2.3%	5.5%
Coffee County	23,484	661.1	28,150	24,731	802.2	32,436	5.3%	21.3%	15.2%
Cumberland County	16,121	389.4	24,153	15,969	402.4	25,198	-0.9%	3.3%	4.3%
Davidson County	422,700	15,029.2	35,555	430,940	16,428.9	38,123	1.9%	9.3%	7.2%
De Kalb County	5,017	114.2	22,762	5,818	149.6	25,707	16.0%	31.0%	12.9%
Dickson County	13,760	349.9	25,427	14,054	394.4	28,066	2.1%	12.7%	10.4%
Fentress County	3,770	72.7	19,273	4,140	90.5	21,857	9.8%	24.5%	13.4%
Franklin County	9,798	229.5	23,427	9,981	260.3	26,078	1.9%	13.4%	11.3%
Giles County	9,634	257.5	26,724	9,074	256.8	28,306	-5.8%	-0.2%	5.9%
Grundy County	1,897	33.5	17,643	1,867	40.9	21,895	-1.6%	22.1%	24.1%
Hickman County	3,175	67.6	21,280	3,140	74.0	23,581	-1.1%	9.6%	10.8%
Houston County	1,444	25.8	17,871	1,465	27.4	18,703	1.4%	6.2%	4.7%
Humphreys County	5,218	169.7	32,517	5,395	181.4	33,627	3.4%	6.9%	3.4%
Jackson County	1,887	41.5	21,985	2,161	52.4	24,245	14.5%	26.3%	10.3%
Lawrence County	11,282	267.3	23,695	11,415	303.2	26,557	1.2%	13.4%	12.1%
Lewis County	2,559	50.4	19,703	2,426	46.6	19,209	-5.2%	-7.6%	-2.5%
Lincoln County	8,493	193.0	22,726	8,650	219.1	25,333	1.8%	13.5%	11.5%
Macon County	4,171	82.4	19,766	4,365	92.4	21,174	4.7%	12.1%	7.1%
Marshall County	11,746	348.8	29,697	9,509	273.6	28,774	-19.0%	-21.6%	-3.1%
Maury County	31,602	1,238.6	39,193	30,357	1,210.7	39,881	-3.9%	-2.3%	1.8%
Montgomery County	39,988	1,030.8	25,779	42,109	1,132.1	26,886	5.3%	9.8%	4.3%
Moore County	1,382	38.4	27,757	1,308	39.7	30,367	-5.4%	3.5%	9.4%
Overton County	4,266	96.6	22,643	4,189	117.9	28,144	-1.8%	22.0%	24.3%
Perry County	2,311	54.3	23,490	2,110	55.2	26,179	-8.7%	1.8%	11.5%
Pickett County	919	17.0	18,461	927	17.6	18,999	0.9%	3.9%	2.9%
Putnam County	29,633	773.1	26,090	31,305	892.7	28,517	5.6%	15.5%	9.3%
Robertson County	15,205	392.3	25,800	17,053	483.0	28,325	12.2%	23.1%	9.8%
Rutherford County	79,897	2,503.0	31,327	88,938	2,991.4	33,634	11.3%	19.5%	7.4%
Smith County	5,215	139.2	26,698	5,349	152.6	28,535	2.6%	9.6%	6.9%
Stewart County	2,467	65.7	26,646	2,464	79.2	32,153	-0.1%	20.5%	20.7%
Sumner County	35,660	1,021.1	28,634	36,854	1,129.9	30,660	3.3%	10.7%	7.1%
Trousdale County	1,357	28.8	21,227	1,475	33.6	22,794	8.7%	16.7%	7.4%
Van Buren County	761	23.7	31,174	852	27.0	31,698	11.9%	13.7%	1.7%
Warren County	13,967	418.8	29,983	14,567	476.3	32,695	4.3%	13.7%	9.0%
Wayne County	3,907	74.9	19,169	3,941	86.4	21,913	0.9%	15.3%	14.3%
White County	6,141	150.9	24,565	6,908	171.3	24,792	12.5%	13.5%	0.9%
Williamson County	63,642	2,186.7	34,359	70,198	2,660.7	37,902	10.3%	21.7%	10.3%
Wilson County	27,934	889.1	31,830	31,012	1,059.0	34,149	11.0%	19.1%	7.3%
Midstate Total	947,182	30,160.5	31,842	984,523.7	33,676.9	34,206	3.9%	11.7%	7.4%

Source: QCEW series, Bureau of Labor Statistics.

**Figure 6: Single Family Permits 1999-2005 First Quarter**

