THE UNIVERSITY of TENNESSEE
Center for Business and Economic Research

The Long Road to Recovery

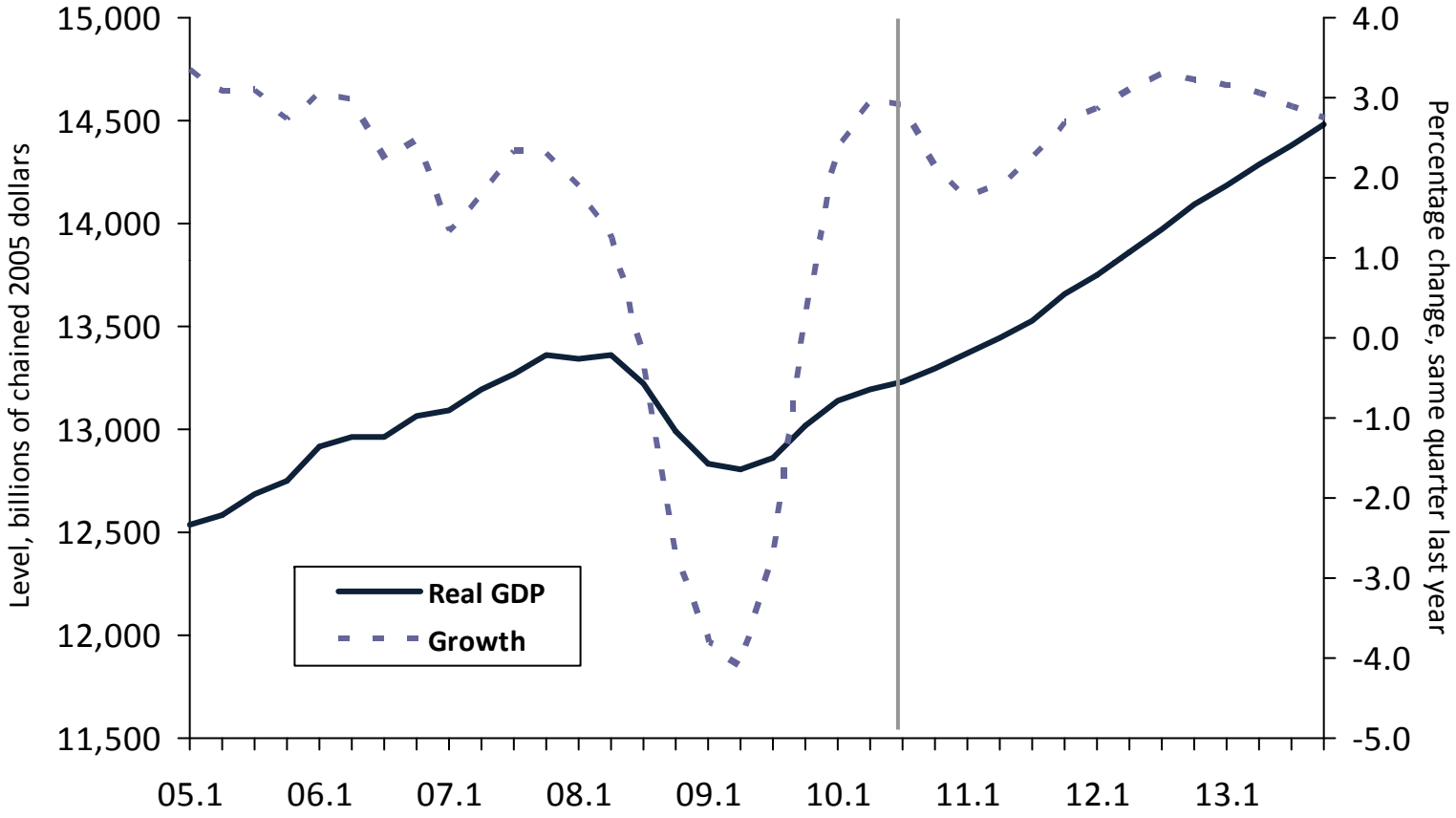
Matthew N. Murray

September 10, 2010

THE UNIVERSITY of TENNESSEE
Center for Business and Economic Research

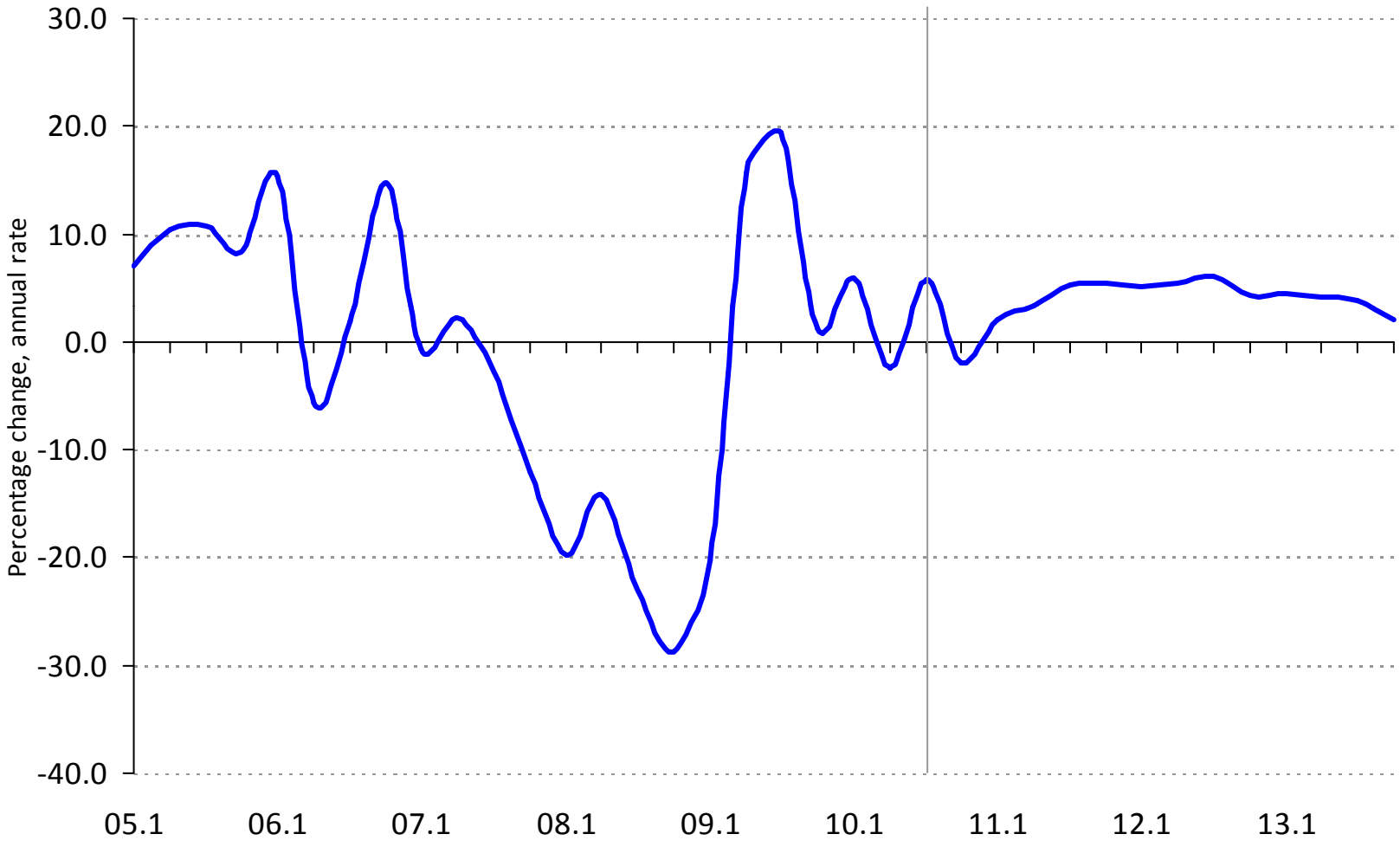
Forecasting is like trying to drive forward while looking out your rear-view mirror

Real GDP: 2005 to 2013



Source: IHS Global Insight, Inc.

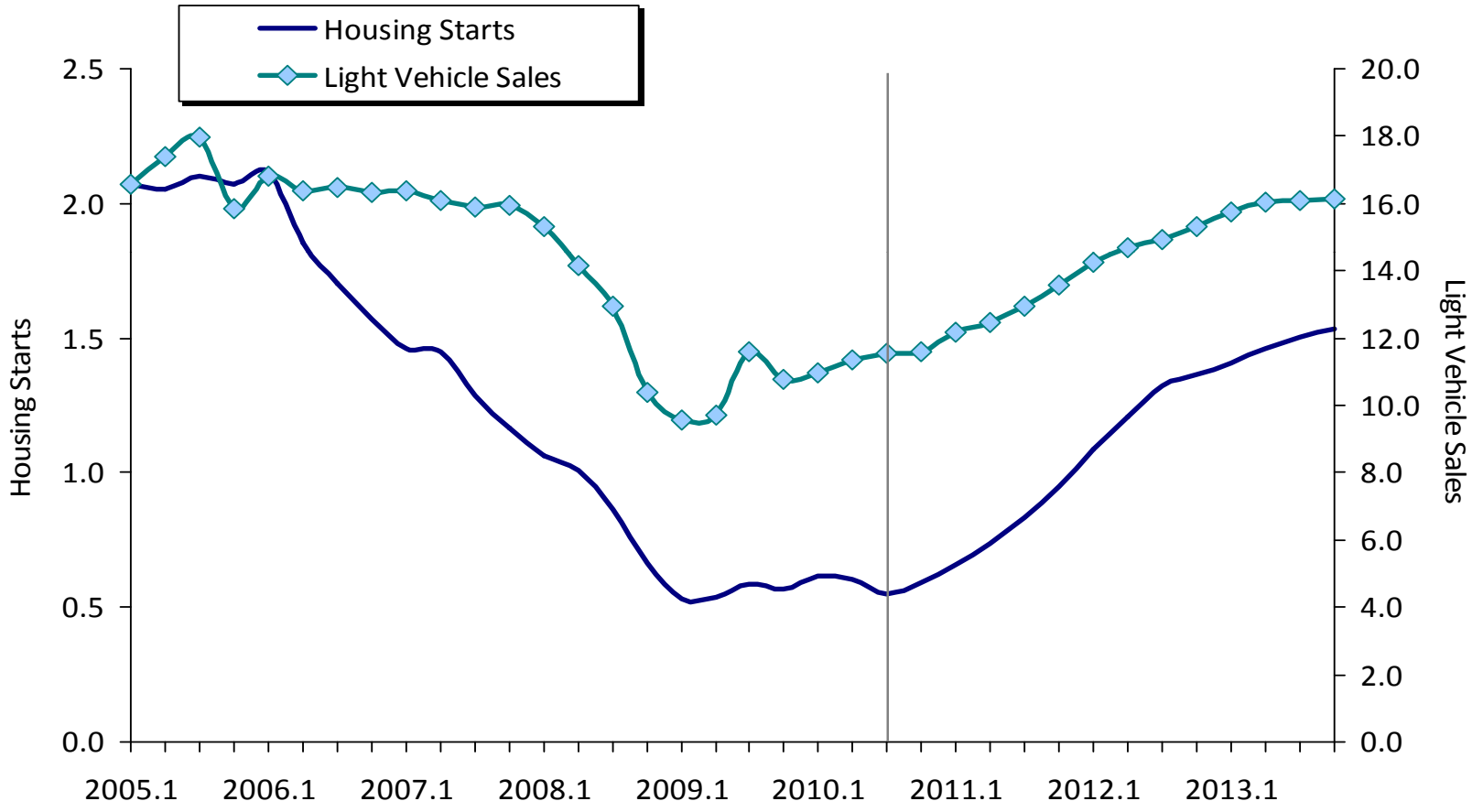
Household Net Worth: 2005.1 to 2013.4



Source: IHS Global Insight, Inc.

U.S. Housing Starts and Light Vehicle Sales: 2005 to 2013

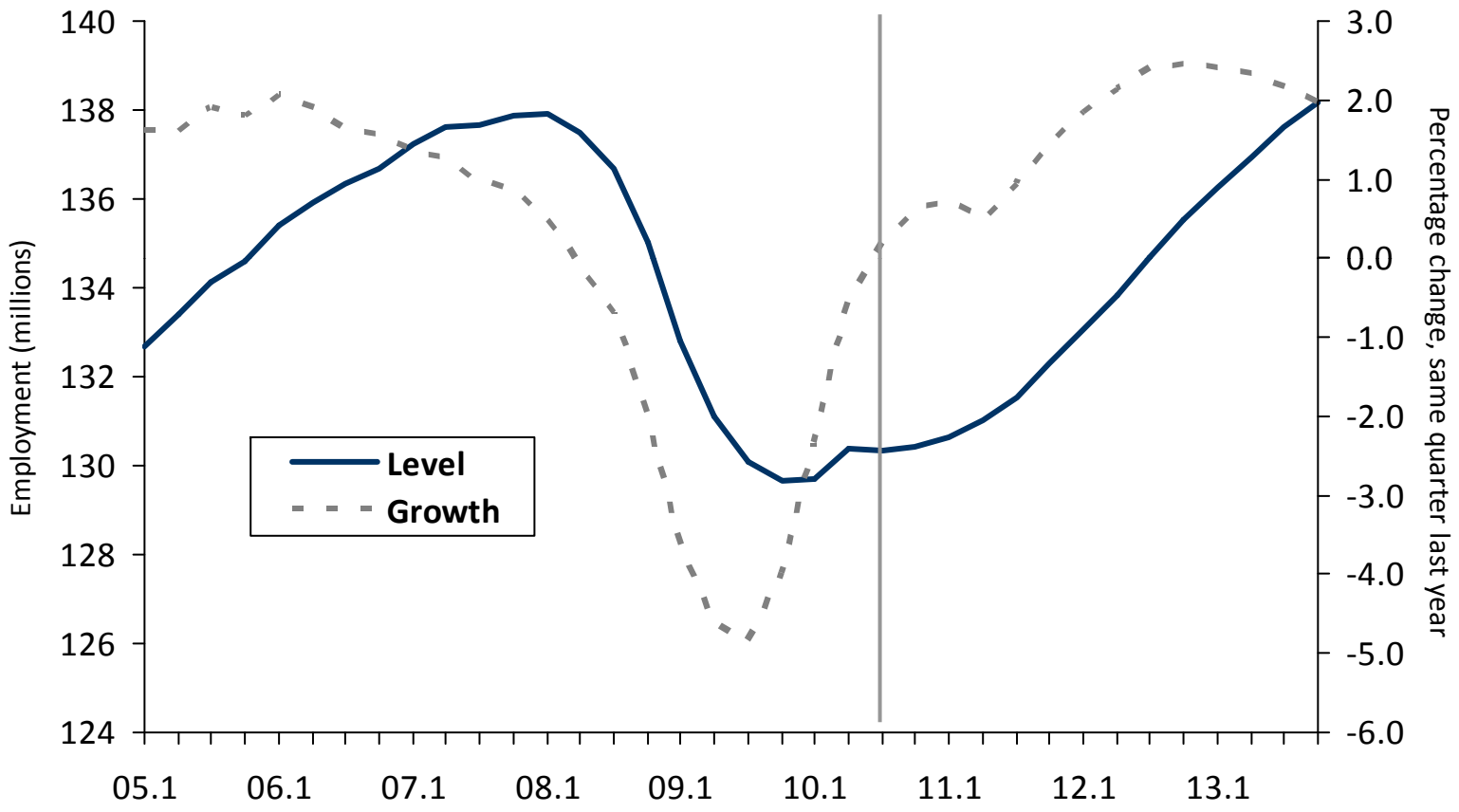
(millions, annual rate)



Source: IHS Global Insight, Inc.

U.S. Nonfarm Employment: 2005 to 2013

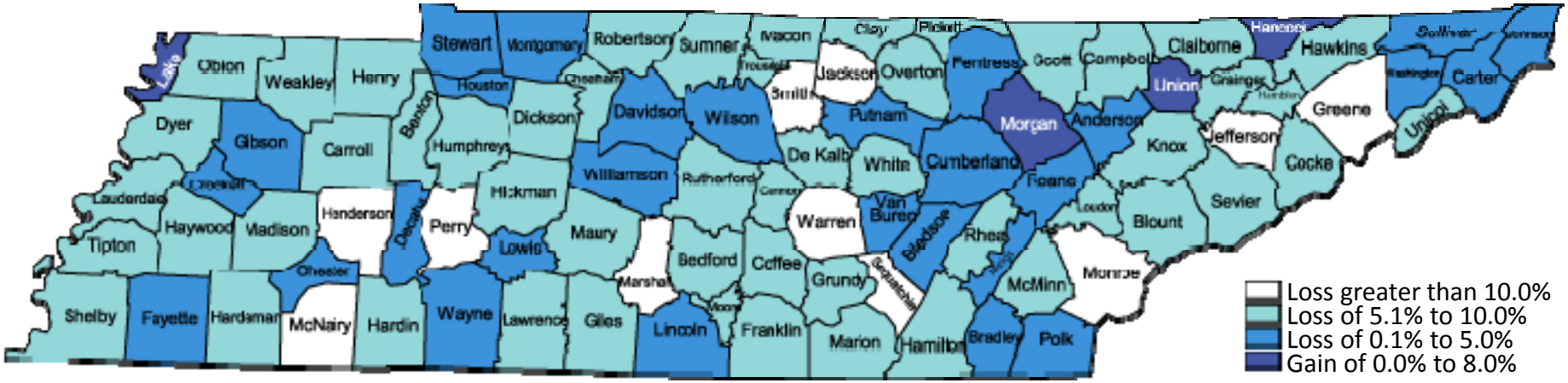
(seasonally adjusted)



Source: IHS Global Insight, Inc.

Annual Growth in Tennessee County Total Covered* Employment: 2008 to 2009

Tennessee: -5.7%
United States: -4.6%

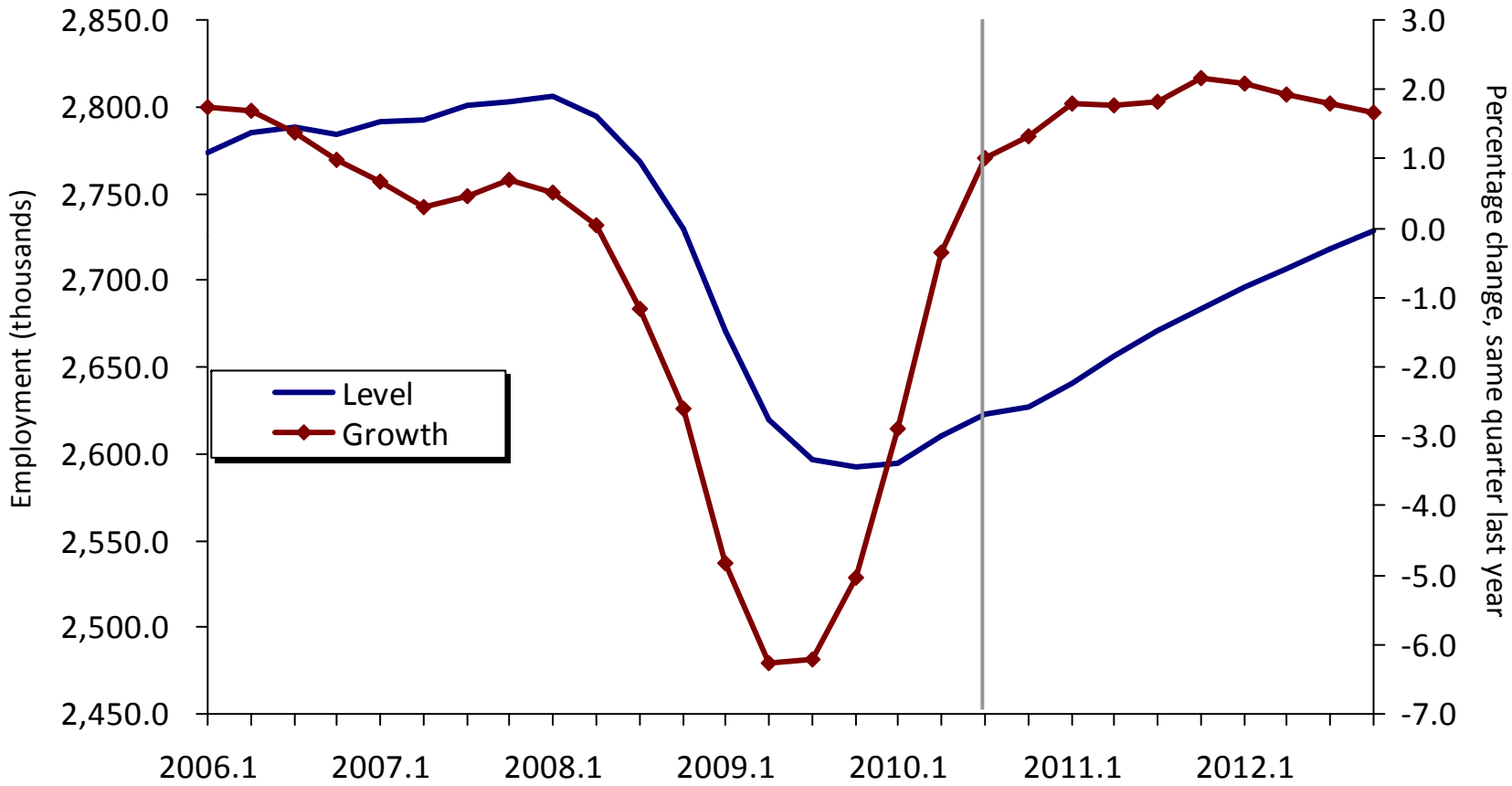


***Total employment covered by the state unemployment insurance program.**

Source: Bureau of Labor Statistics.

Tennessee Nonfarm Employment: 2006 to 2012

(seasonally adjusted)

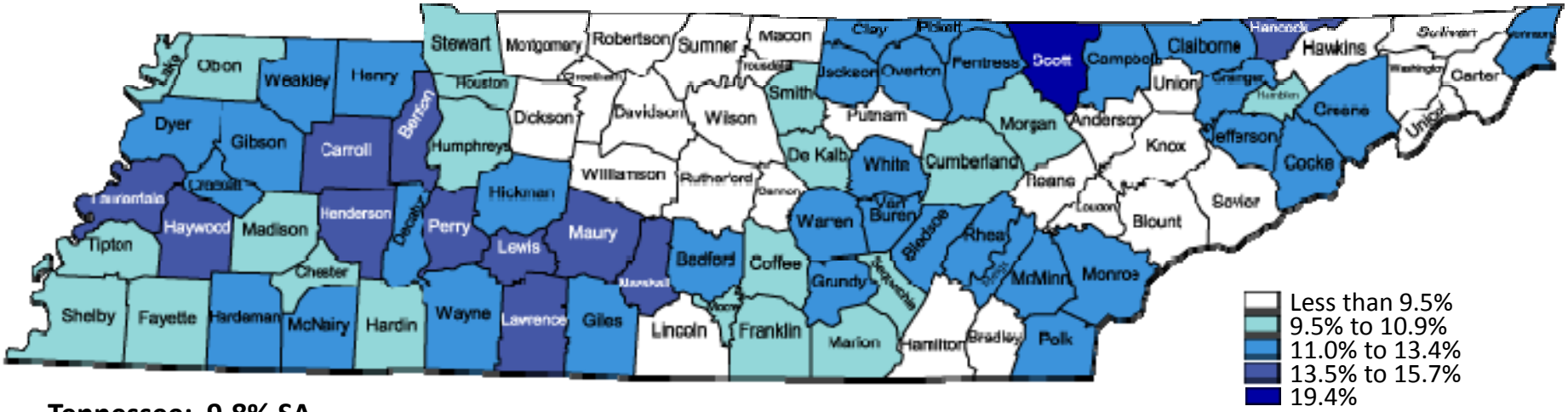


Source: Bureau of Labor Statistics and CBER-UT.

Tennessee County Unemployment Rate: July 2010

(not seasonally adjusted)

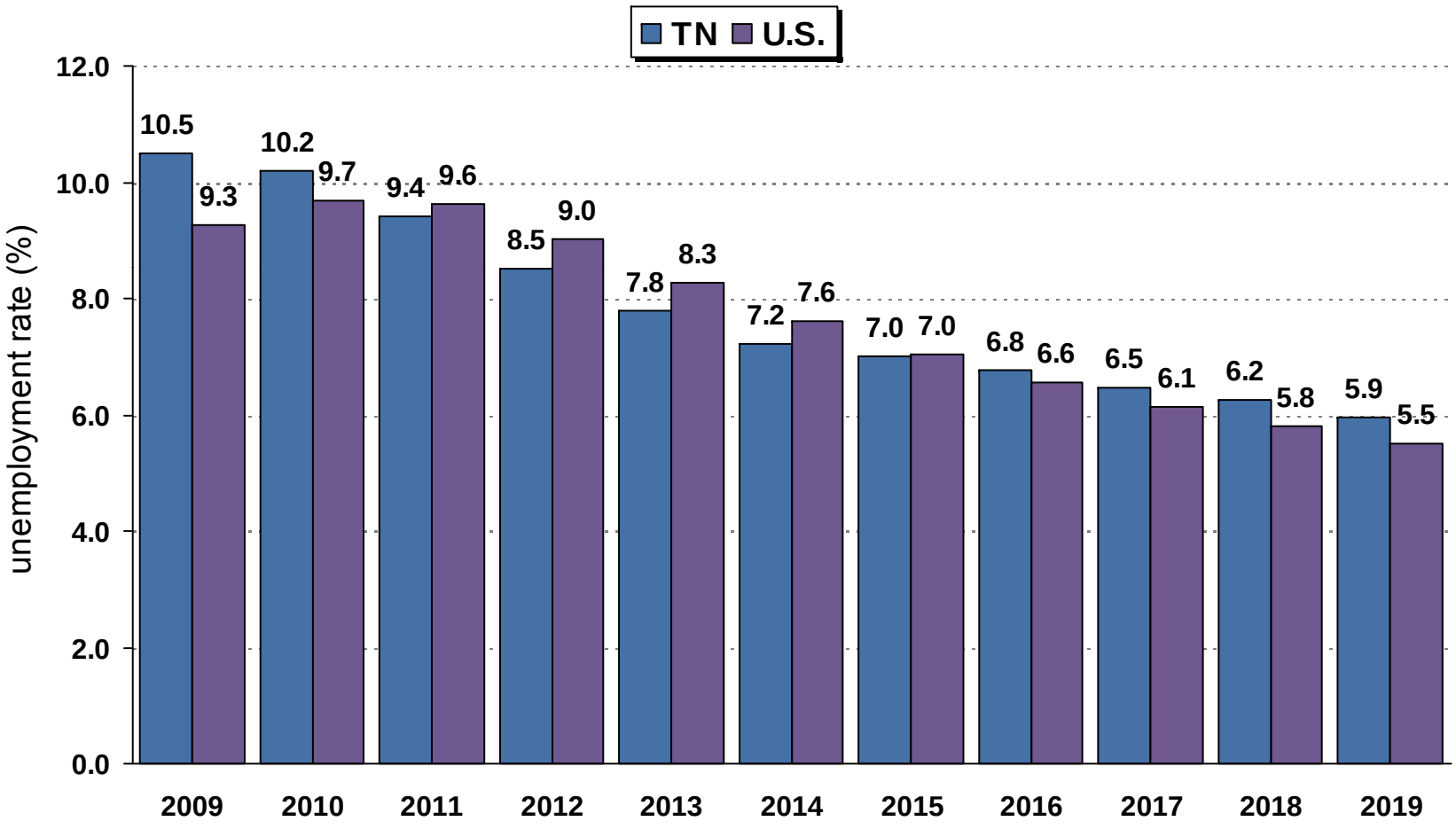
Tennessee: 9.6% NSA
United States: 9.7% NSA



Tennessee: 9.8% SA
United States: 9.5% SA

Source: Bureau of Labor Statistics.

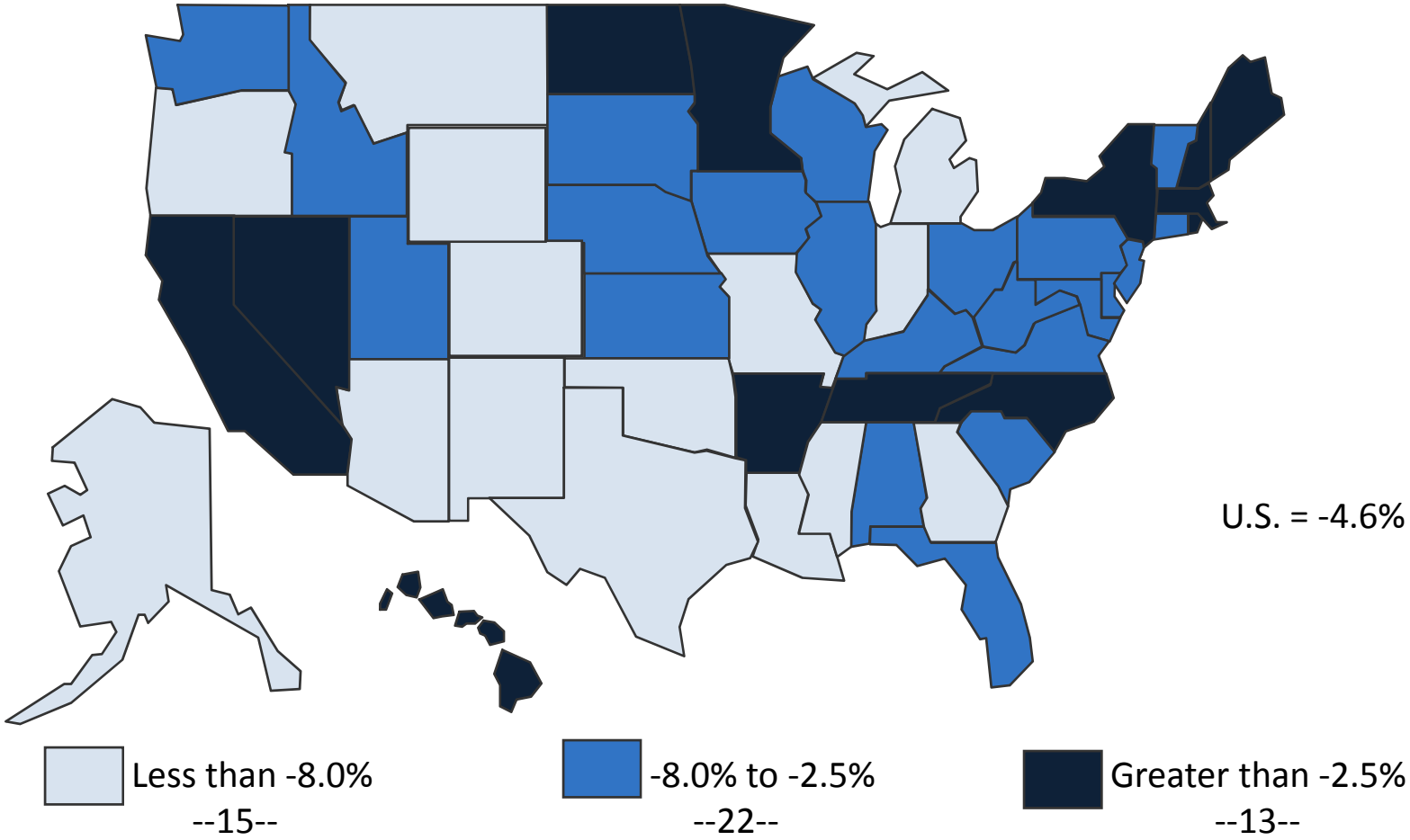
Annual Unemployment Rate: 2009 to 2019



Source: Bureau of Labor Statistics; IHS Global Insight, Inc.; and CBER-UT.

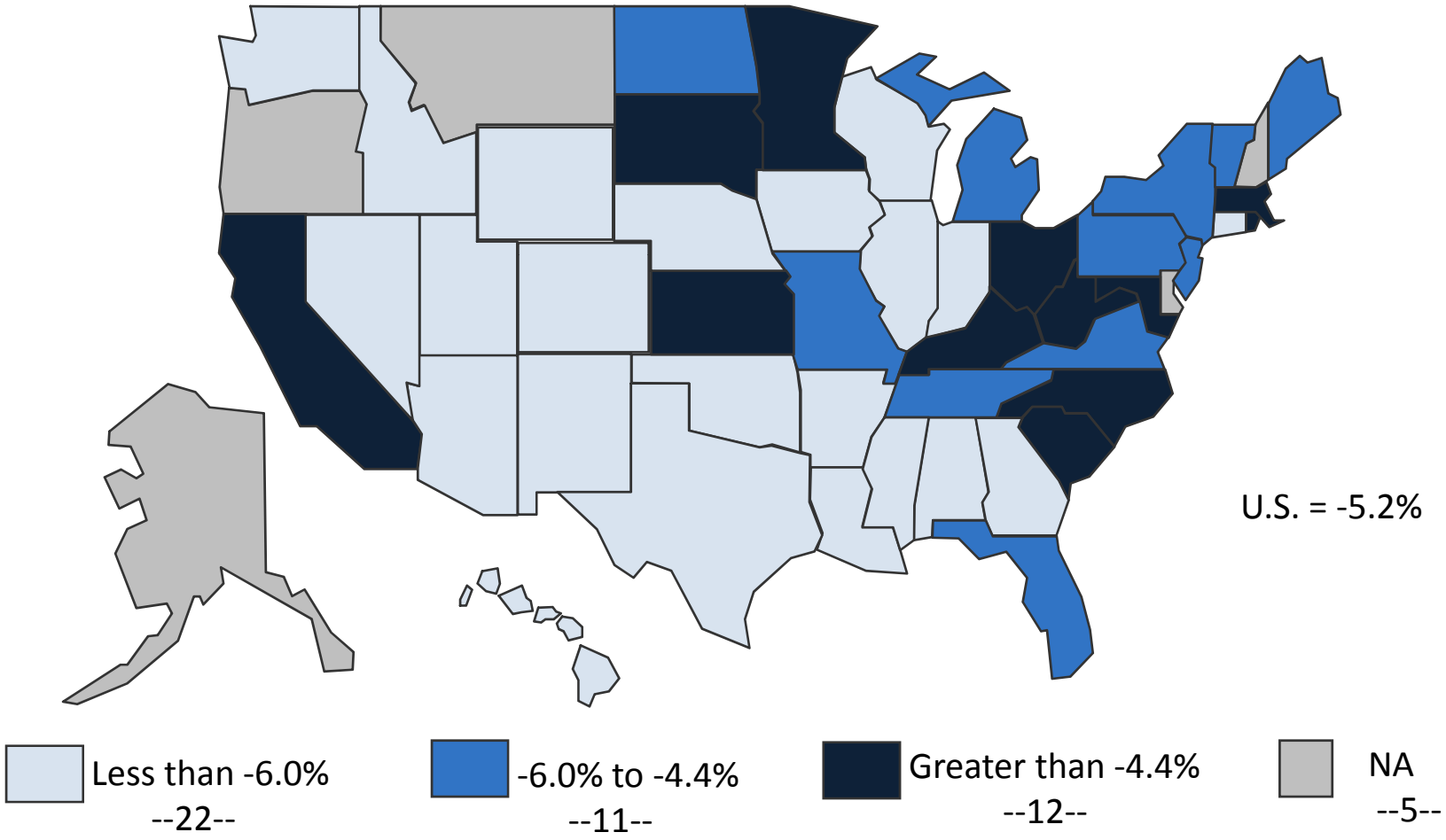
Change in Total Tax Revenue, July-March, FY2009 to FY2010

Note: Tennessee's total tax revenue growth for FY2010 over FY 2009 is (1.6)%.

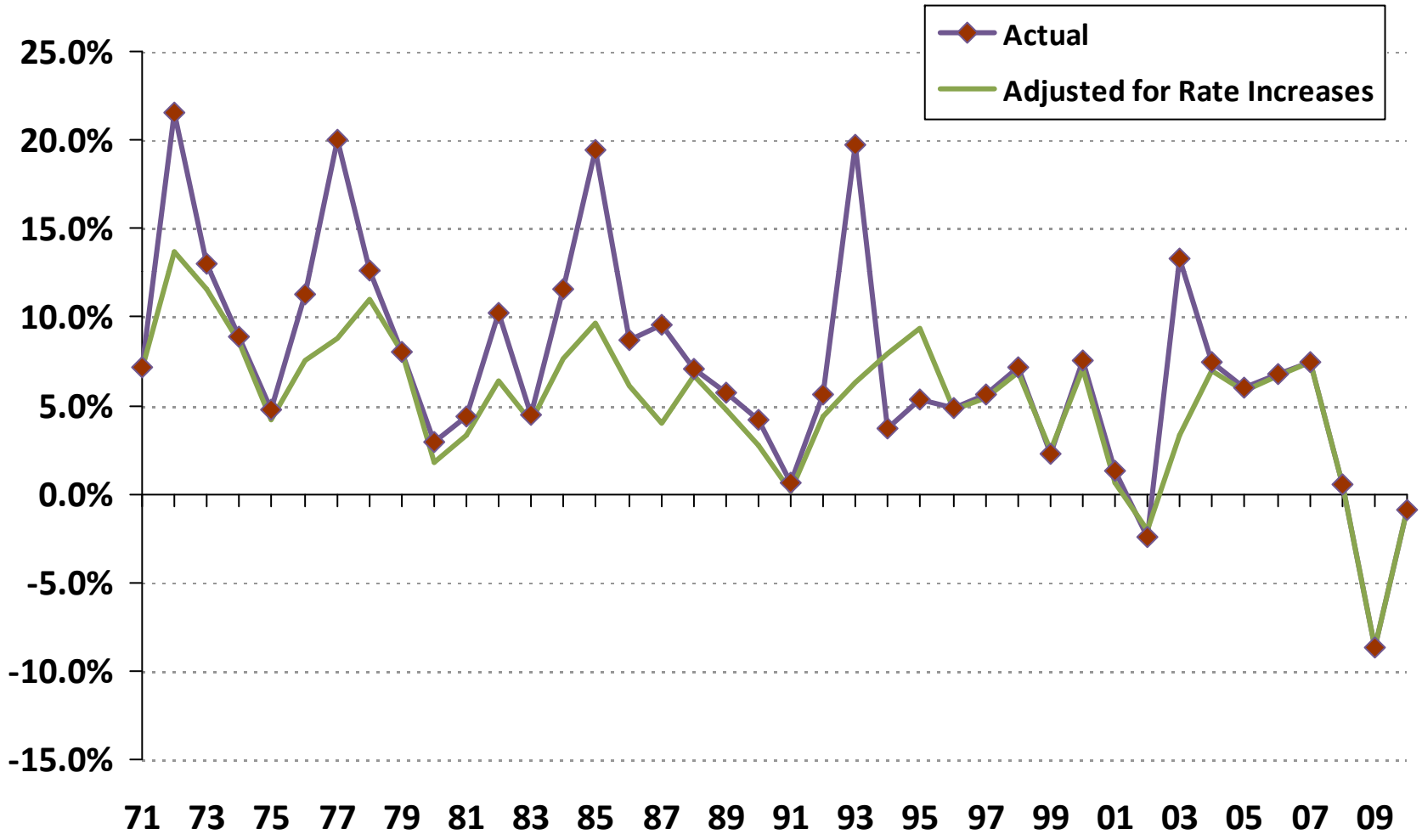


Change in Sales Tax Revenue, July-March, FY2009 to FY2010

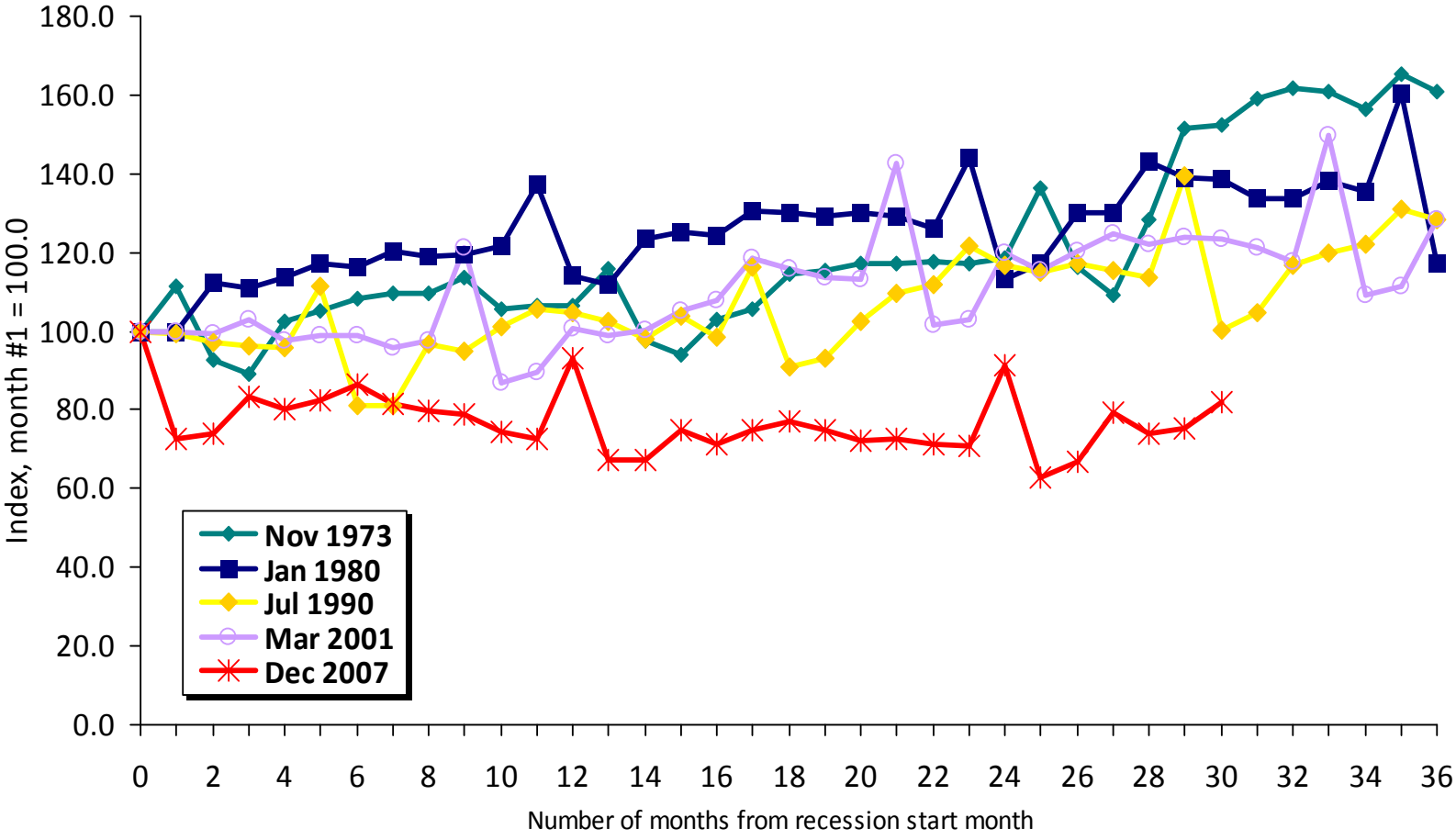
Note: Tennessee's sales tax revenue growth for FY2010 over FY 2009 is (3.7)%.



Growth in Tennessee Total Tax Collections: 1971–2010



Tennessee Monthly Sales & Use Tax Revenue Indexed to Beginning of Recession



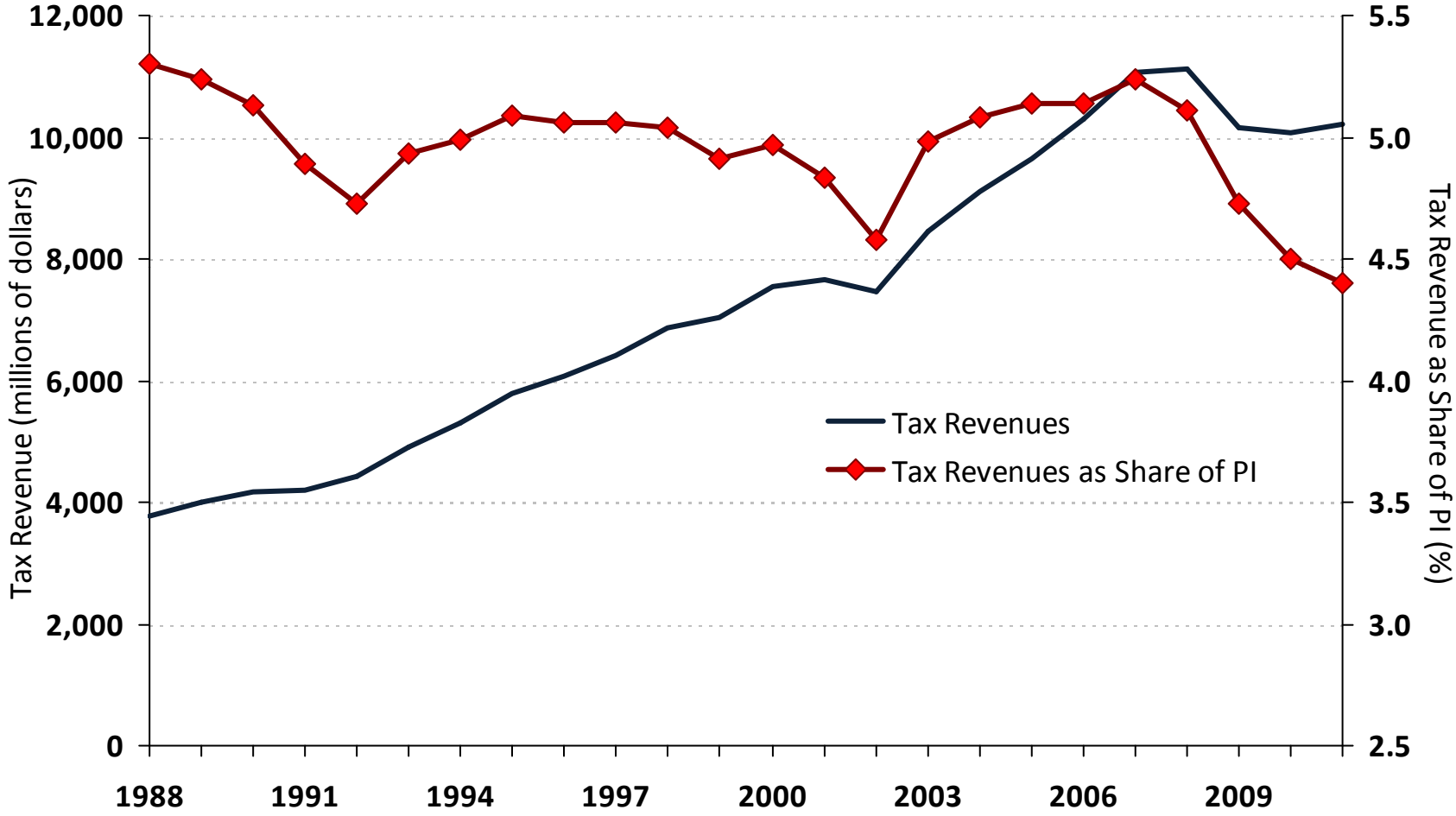
Source: Calculated by CBER using data from the Tennessee Department of Revenue.

Tax Collections by Source: FY2007–FY2011

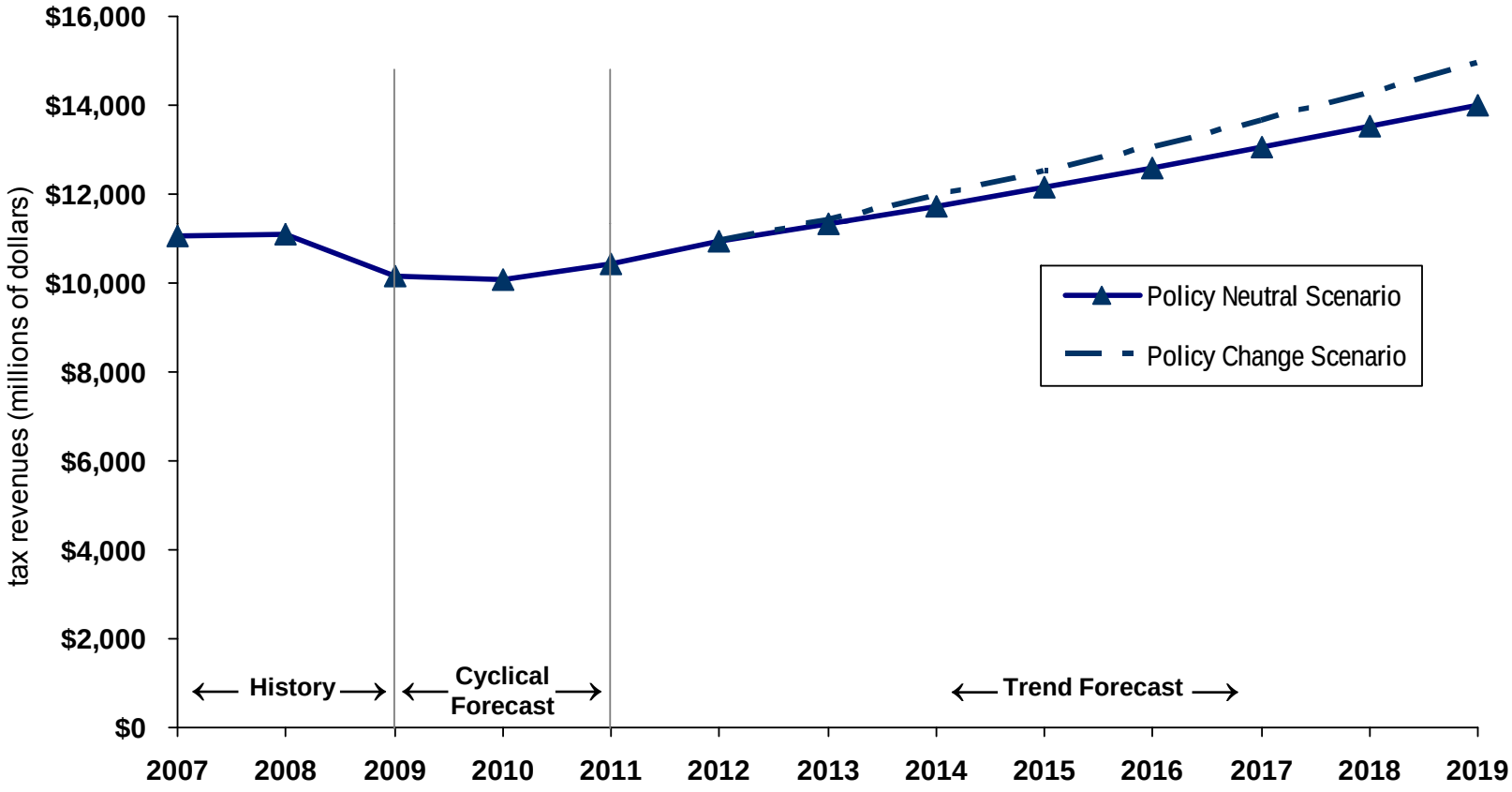
(billions of dollars)

	FY07	FY08	FY09	Est. FY10	Est. FY11	Ann. Avg. Growth FY07–FY11	Percentage of FY11 TOTAL
Sales	6.83	6.87	6.34	6.13	6.25	-2.2	61.1%
Franchise & Excise	1.74	1.65	1.32	1.45	1.48	-4.0	14.5%
Gas, Motor Fuel, Gas Inspect.	0.85	0.85	0.82	0.82	0.83	-0.6	8.1%
Motor Vehicle Registrations	0.26	0.26	0.25	0.24	0.25	-1.0	2.4%
Privilege	0.32	0.29	0.26	0.23	0.24	-6.9	2.3%
Gross Receipts	0.27	0.30	0.31	0.34	0.32	4.3	3.1%
Other Tax Revenue	0.71	0.94	0.87	0.85	0.86	4.9	8.4%
TOTAL	10.98	11.16	10.17	10.06	10.23	-1.8	100.0%
Federal Funds	9.39	9.59	10.95	12.92	12.37	7.13	—

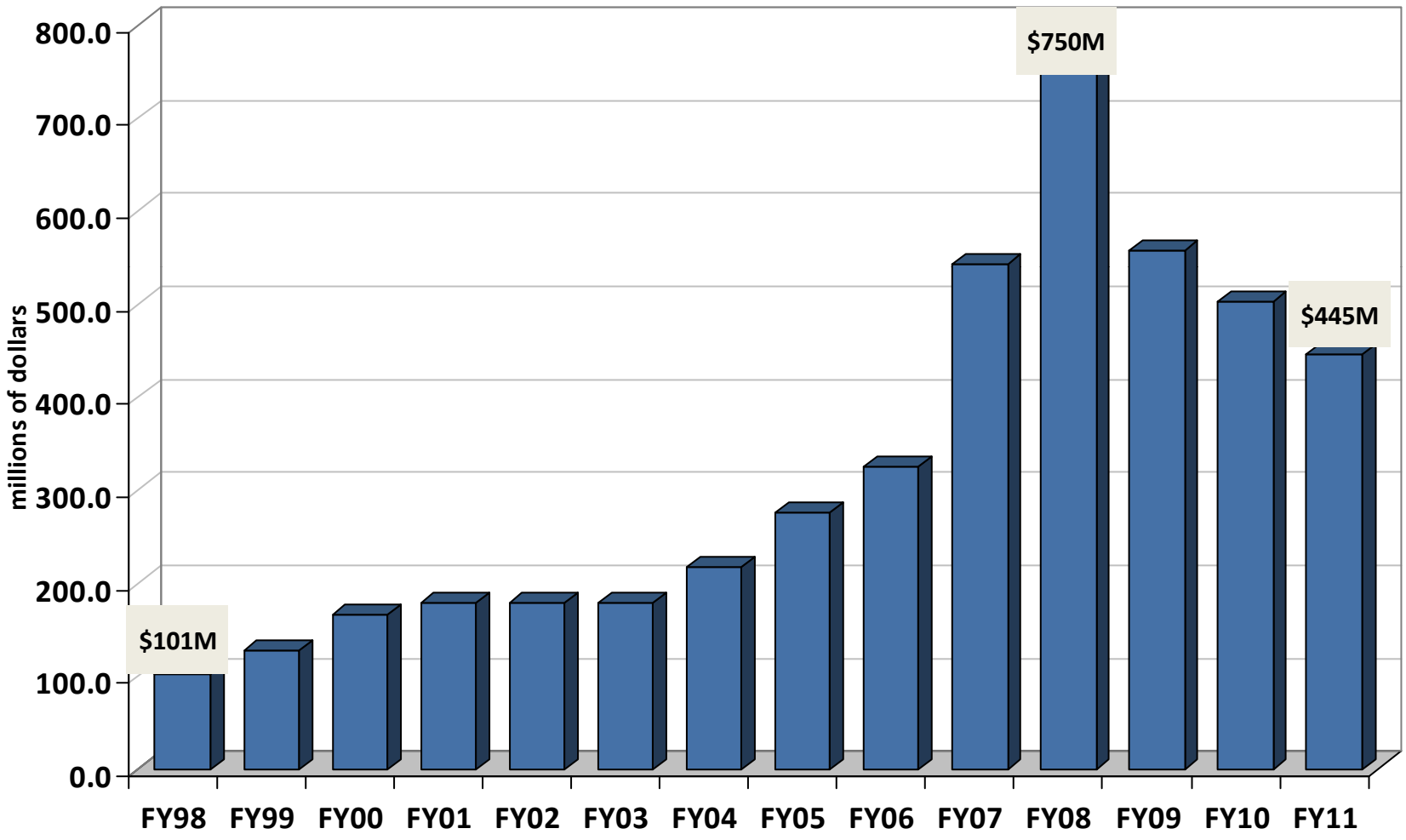
Tennessee Tax Revenues, Total and as a Share of Personal Income: 1988–011



Total Tennessee Tax Revenues Fully Rebound in 2012/13

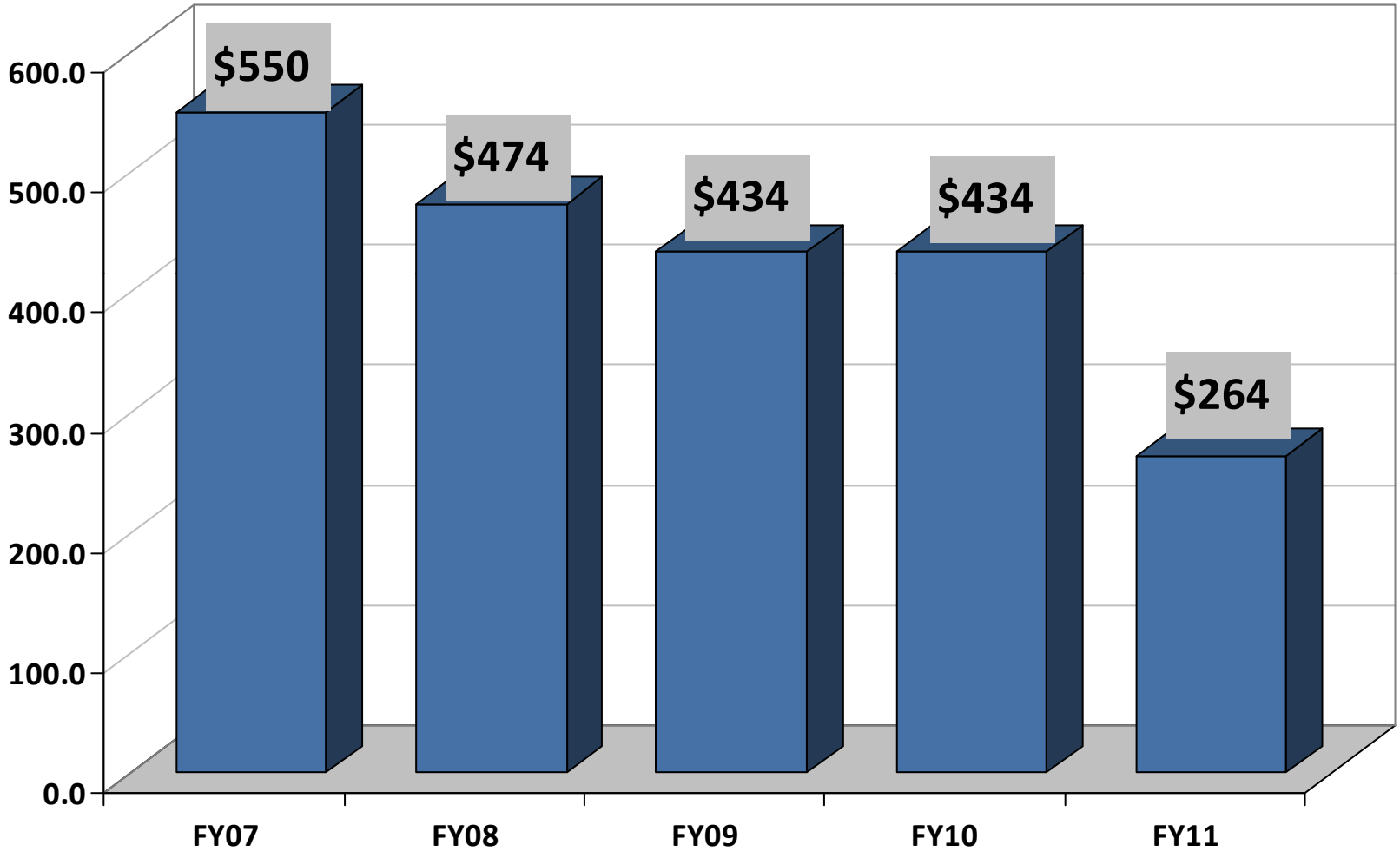


Rainy Day Fund Balance



TennCare Reserves

(millions of dollars)



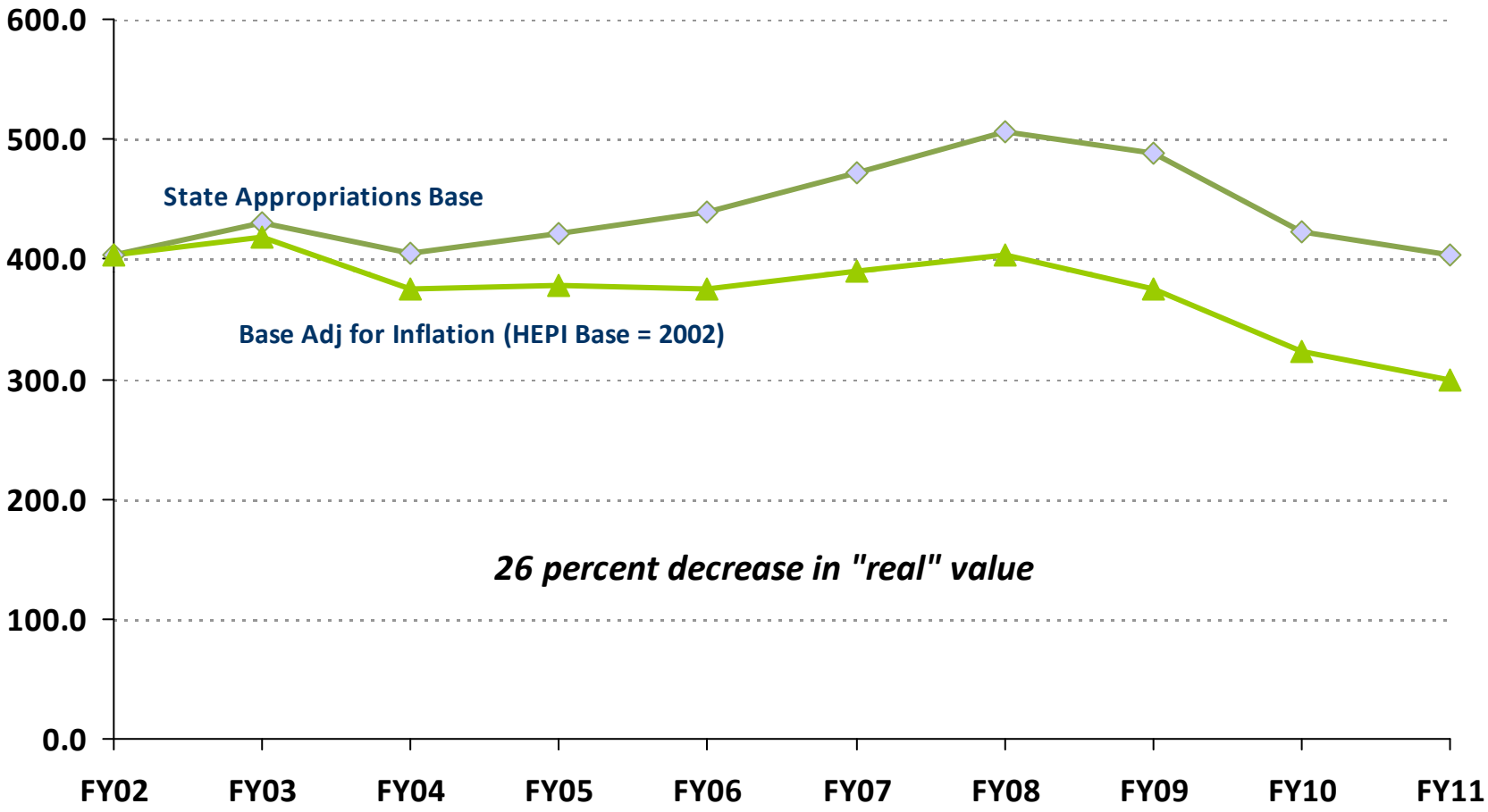
Base Funding Reductions: FY2009–FY2010

(millions of dollars)

	FY09	FY10	FY11	TOTAL	Percentage of Appropriations
Education (K-12)	-9.4	-68.9	-34.8	-113.1	-3.0%
Higher Education	-56.0	-181.7	-69.8	-307.5	-19.2%
TennCare	-87.7	-255.6	-200.5	-543.8	-20.2%
Human Services	-5.8	-11.8	-5.4	-23.0	-12.5%
Mental Health	-4.0	-22.8	-6.2	-33.0	-18.4%
Correction	-17.3	-64.3	-6.4	-88.0	-13.2%
Other Programs	-98.5	-148.8	-88.1	-335.4	-15.9%
	-278.7	-753.9	-411.2	-1443.8	-12.9%

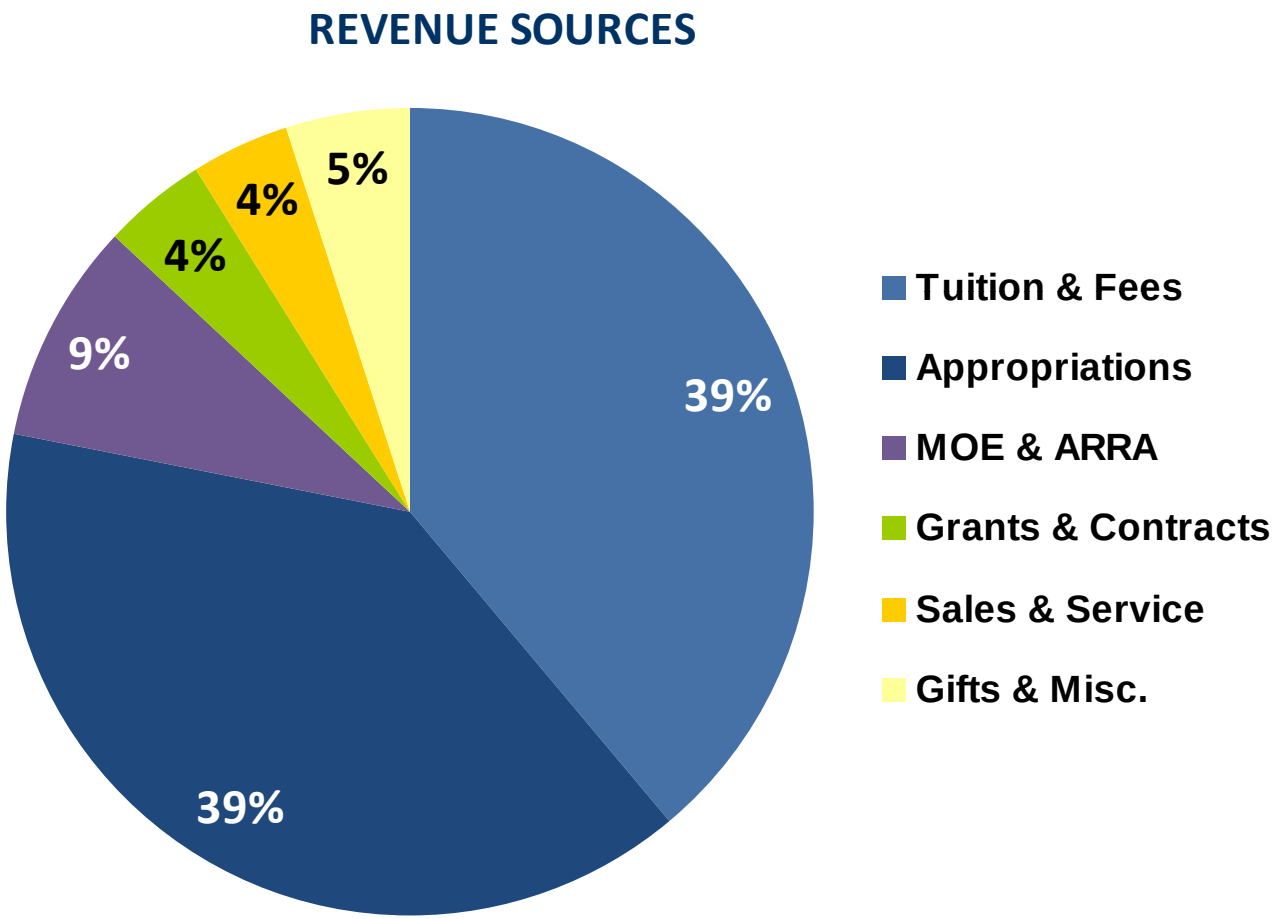
Note: Discretionary Base excludes K-12 Basic Education Program, dedicated funds, statutory positions, and various poverty programs.

The University of Tennessee System
Base State Appropriation Dollars Compared to Inflation-Adjusted Dollars (HEPI FY2002–FY2011)



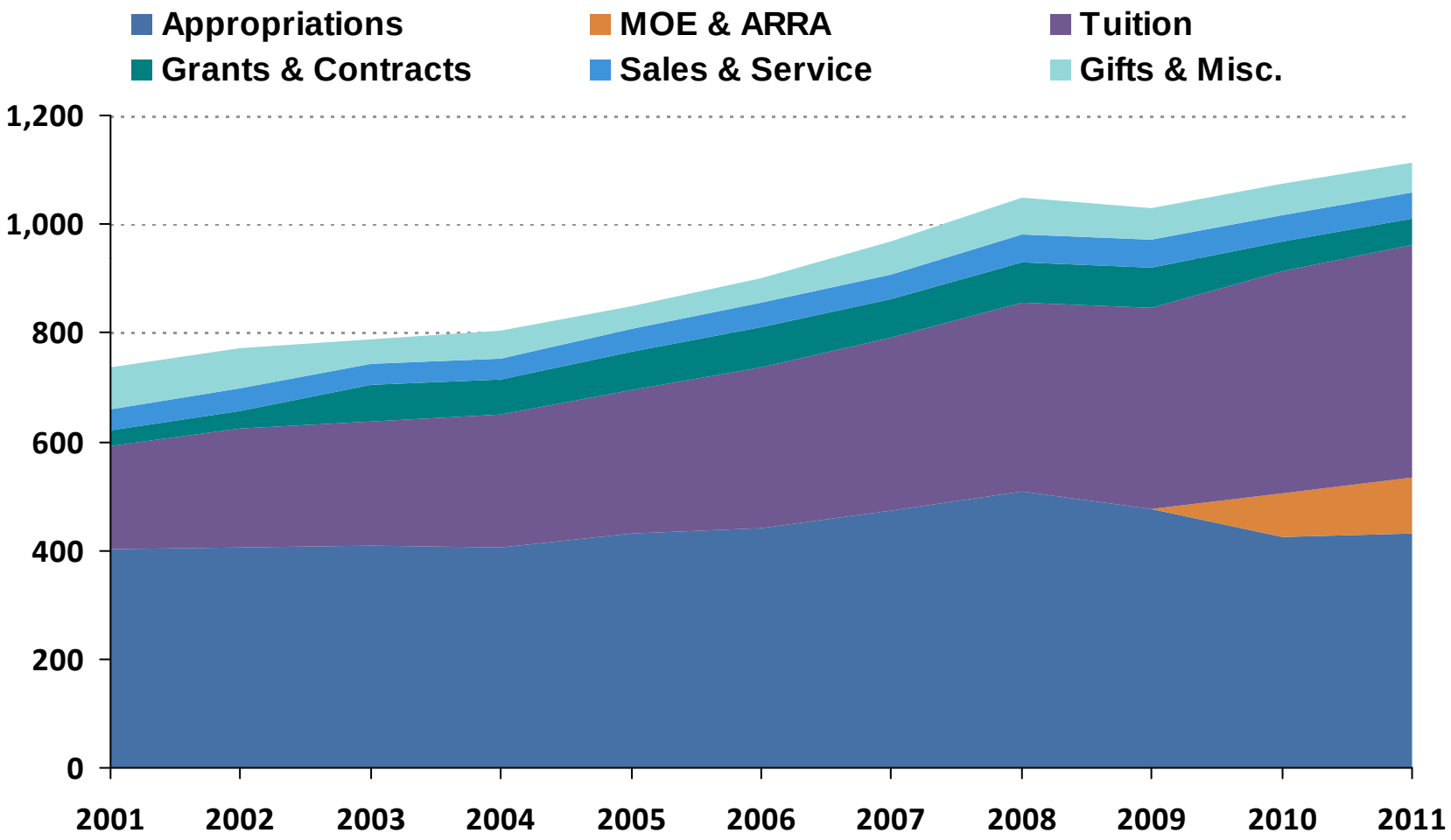
Source: The University of Tennessee, Office of the Treasurer.

The University of Tennessee
Budgeted Unrestricted Revenues: FY2011



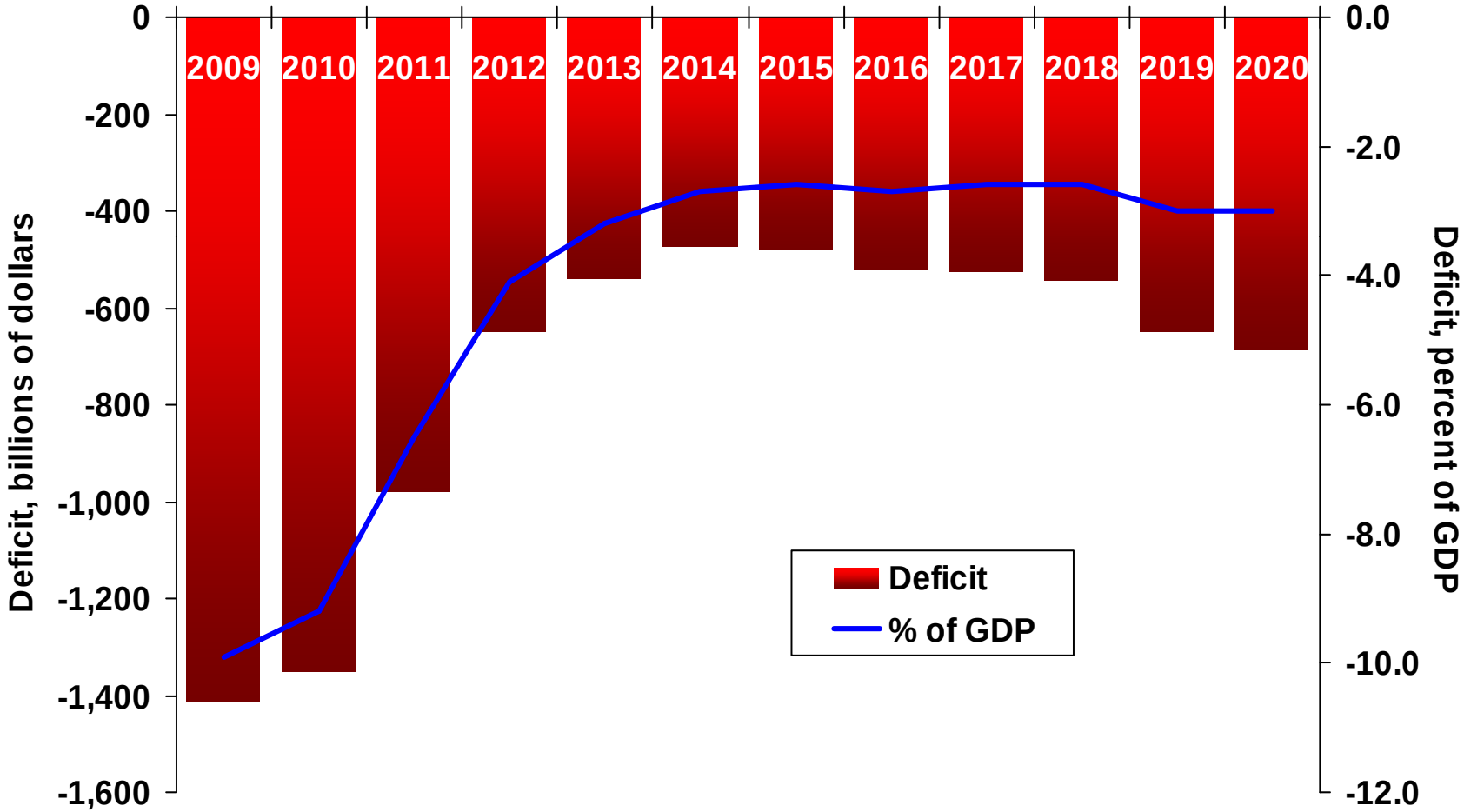
Source: The University of Tennessee, Office of the Treasurer.

The University of Tennessee
Ten Year Unrestricted Revenues



Source: The University of Tennessee, Office of the Treasurer.

CBO's Baseline Budget Outlook-- Don't Expect Help from the Feds!



Source: Congressional Budget Office.

Center for Business & Economic Research

College of Business Administration
The University of Tennessee, Knoxville
716 Stokely Management Center
916 Volunteer Boulevard
Knoxville, Tennessee 37996-0570

phone: 865.974.5441
fax: 865.974.3100

http://cber.bus.utk.edu

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