

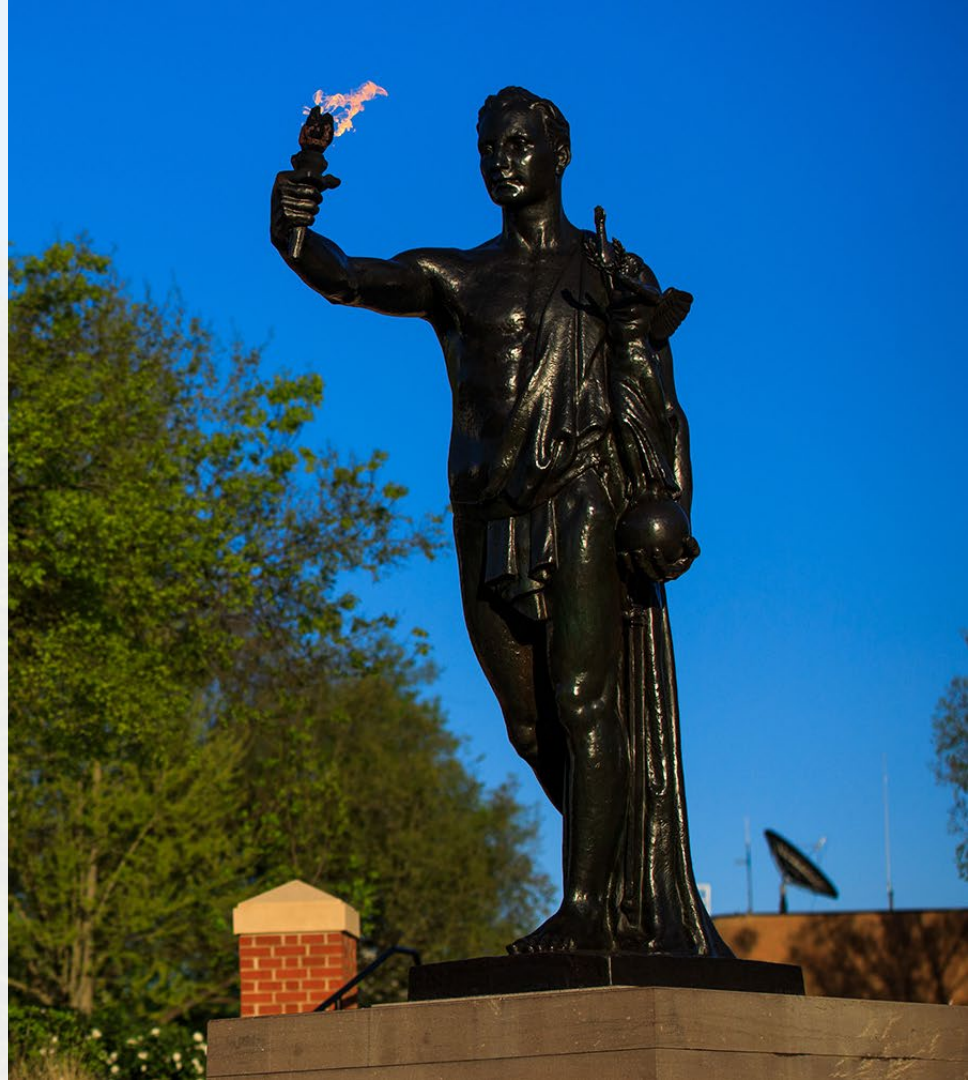
Yes, We Still Need More Graduates: Evidence from the Tennessee Economy

Dr. Don Bruce, Director
March 2026



THE UNIVERSITY OF
TENNESSEE
KNOXVILLE

BOYD CENTER FOR BUSINESS
AND ECONOMIC RESEARCH

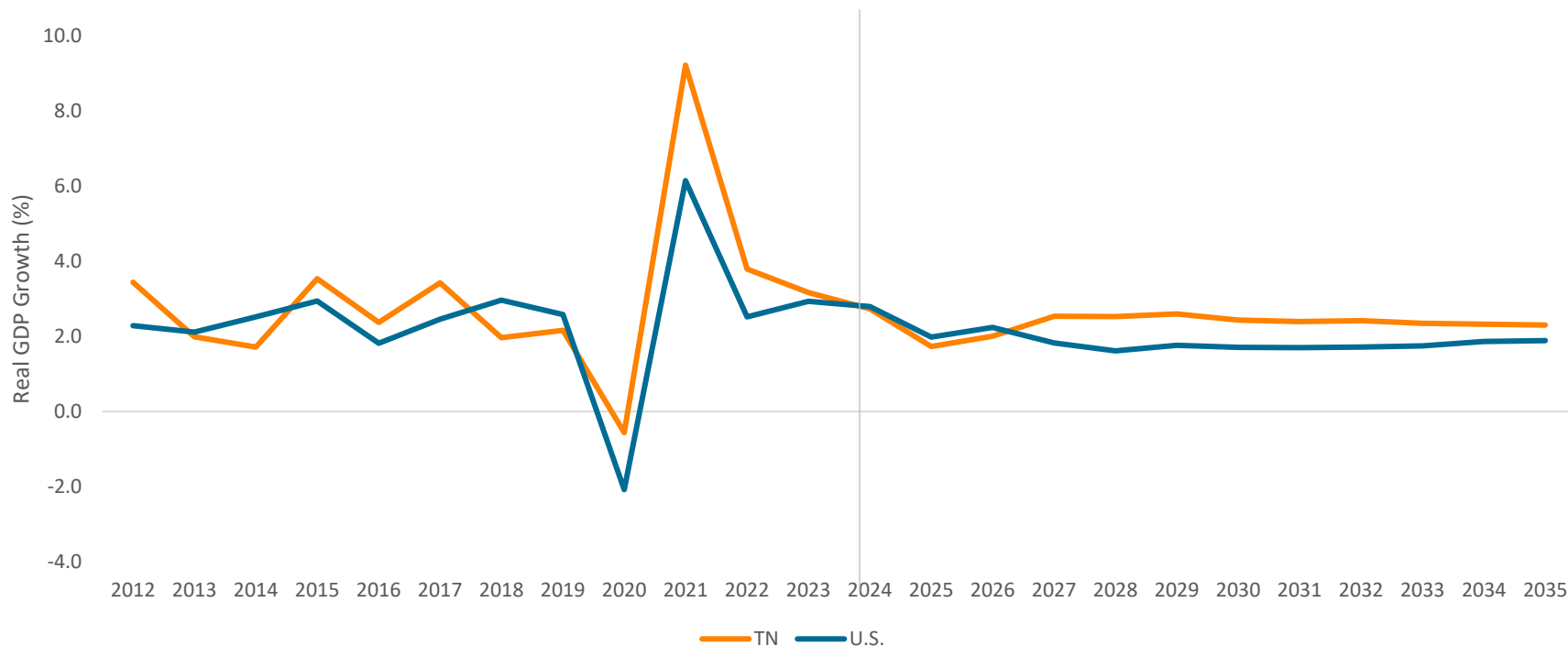




AN ECONOMIC REPORT
TO THE GOVERNOR OF
THE STATE OF TENNESSEE

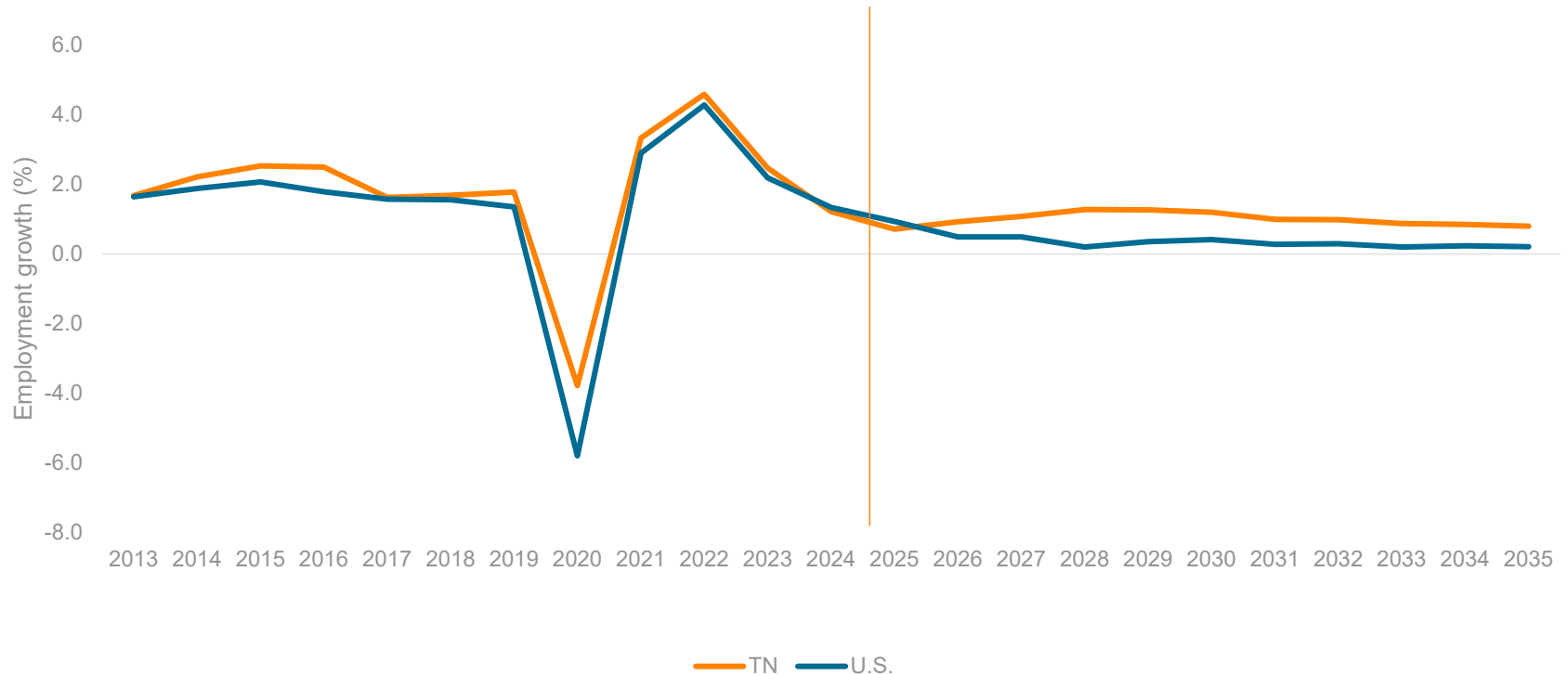
THE STATE'S
ECONOMIC
OUTLOOK
JANUARY **2026**

Figure 2.31: Long Run Real GDP Forecast, Tennessee and the U.S.



Sources: Boyd CBER UT, Bureau of Economic Analysis, S&P Global Market Intelligence

Figure 2.32: Long-Run Employment Forecast, Tennessee and the U.S.



Sources: Boyd CBER UT, Bureau of Labor Statistics, S&P Global Market Intelligence

Key Forecast Factors

Tariffs

- Level, duration, countermeasures

Inflation & Interest Rates

- How many rate cuts, and when?

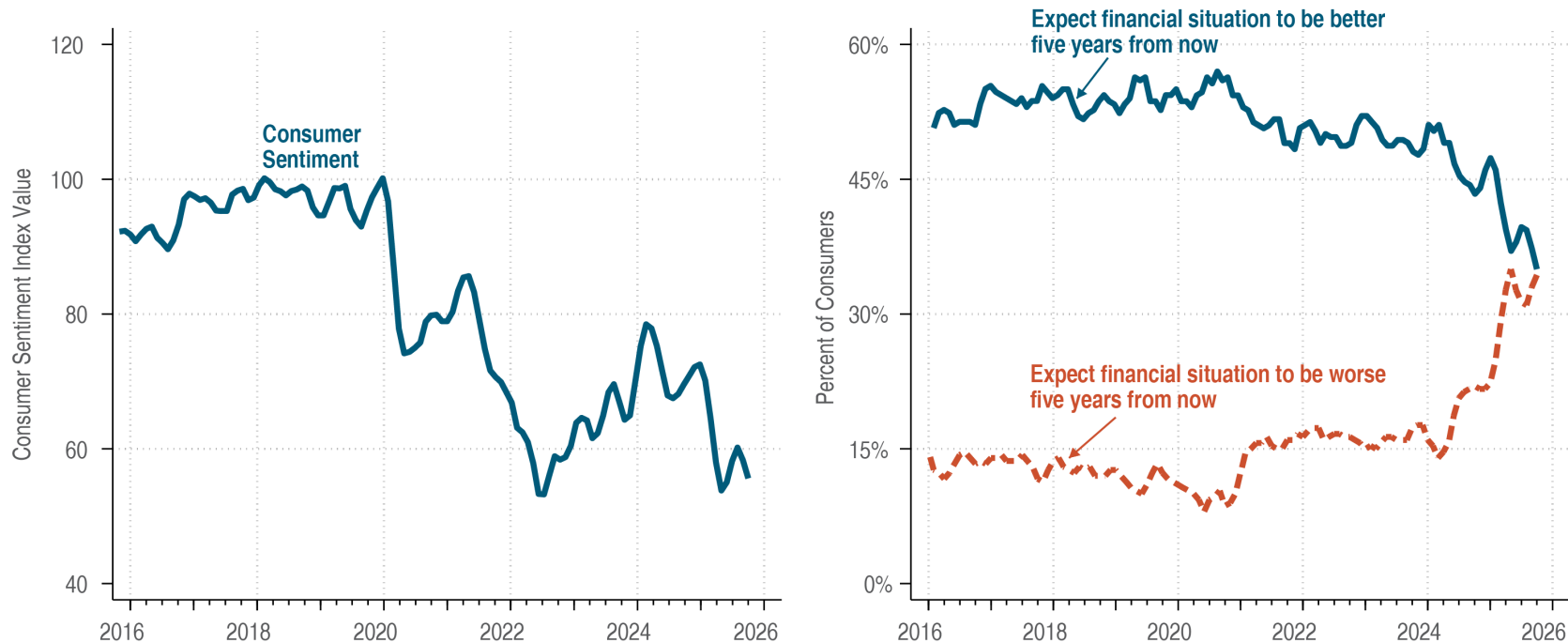
Population Growth & Labor Markets

- Deportations, job growth, unemployment

Consumer & Business Confidence

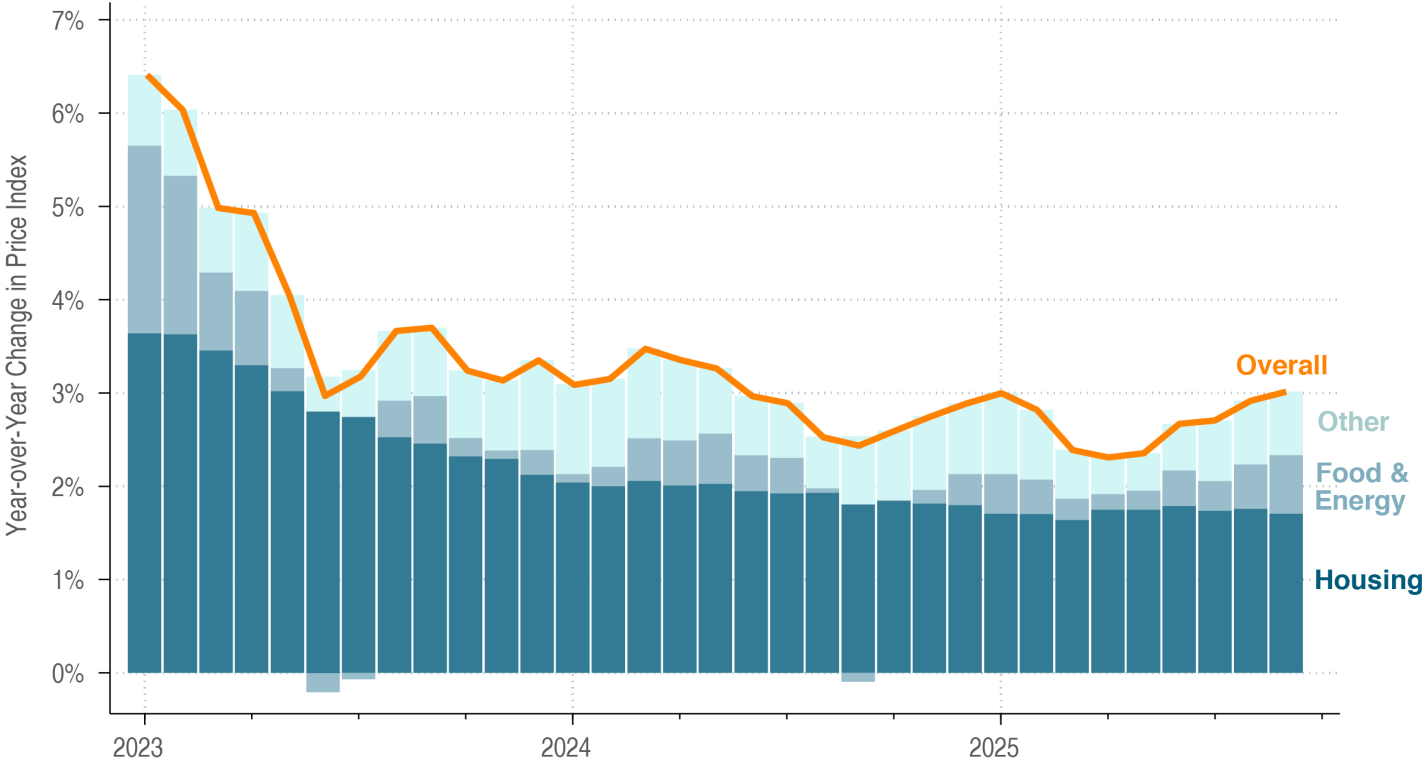
- Consumption and investment

Figure 1.17: Consumer Sentiment Approached Post-Pandemic Lows, with an Unusually Pessimistic Long-Term Outlook



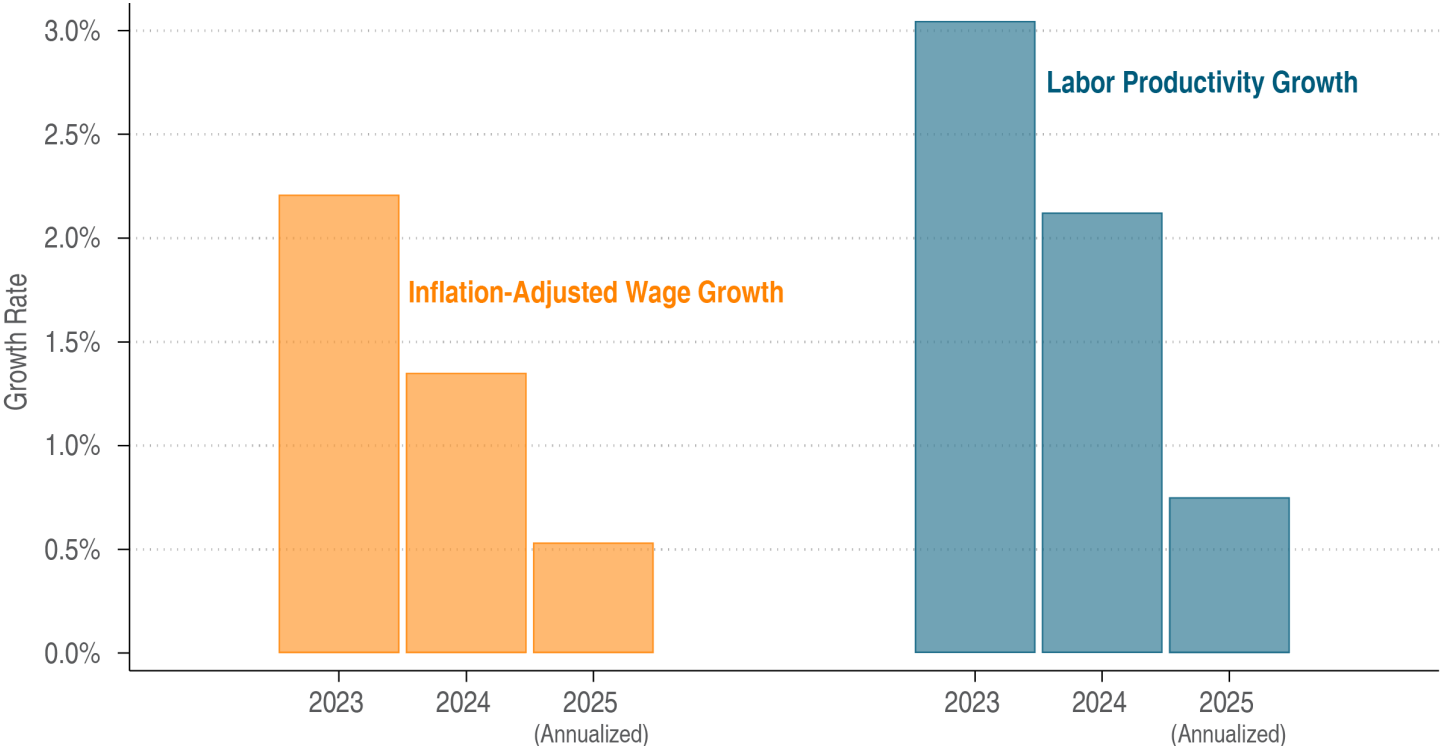
Source: University of Michigan Survey of Consumers.

Figure 1.3: Inflation Began to Rise Early in 2025, Driven by Non-Housing Goods, Food, & Energy



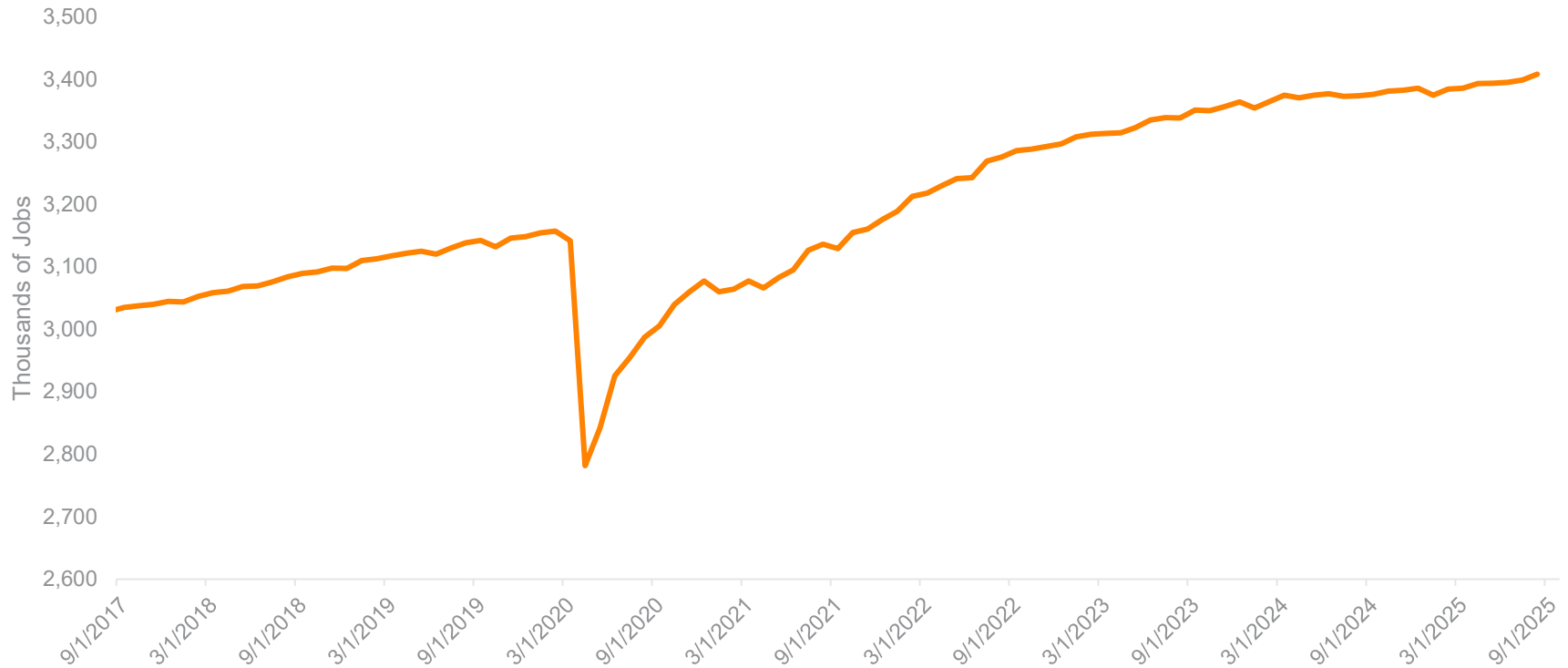
Source: Bureau of Labor Statistics.

Figure 1.10: Labor Productivity Slowed Dramatically During 2025



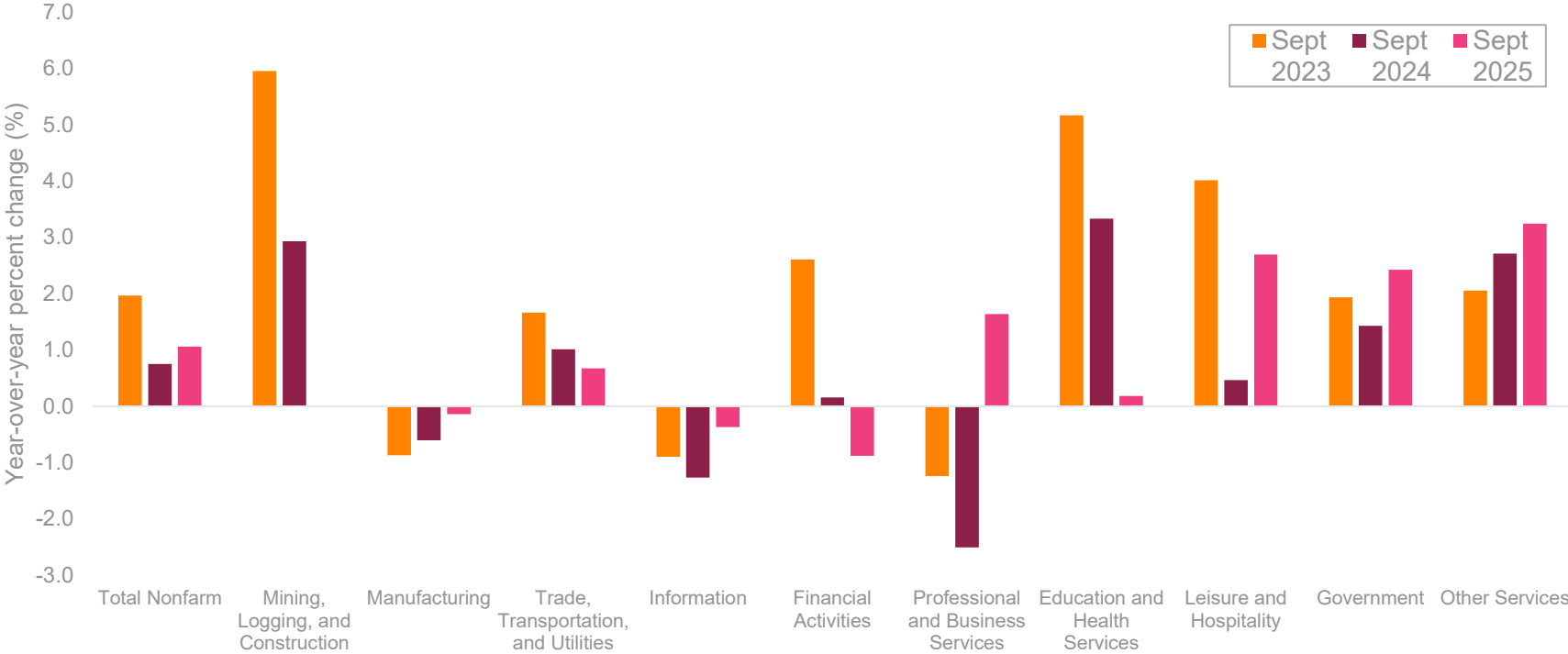
Source: Bureau of Labor Statistics.

Figure 2.1: Tennessee Nonfarm Employment Growth Has Flattened



Source: Bureau of Labor Statistics

Figure 2.2: Job Growth Has Slowed Across Most Broad Sectors in Tennessee



Source: Bureau of Labor Statistics

Figure 2.3: Employment Growth by County, 2024Q1 to 2025Q1

Panel B: Change in Number of Jobs

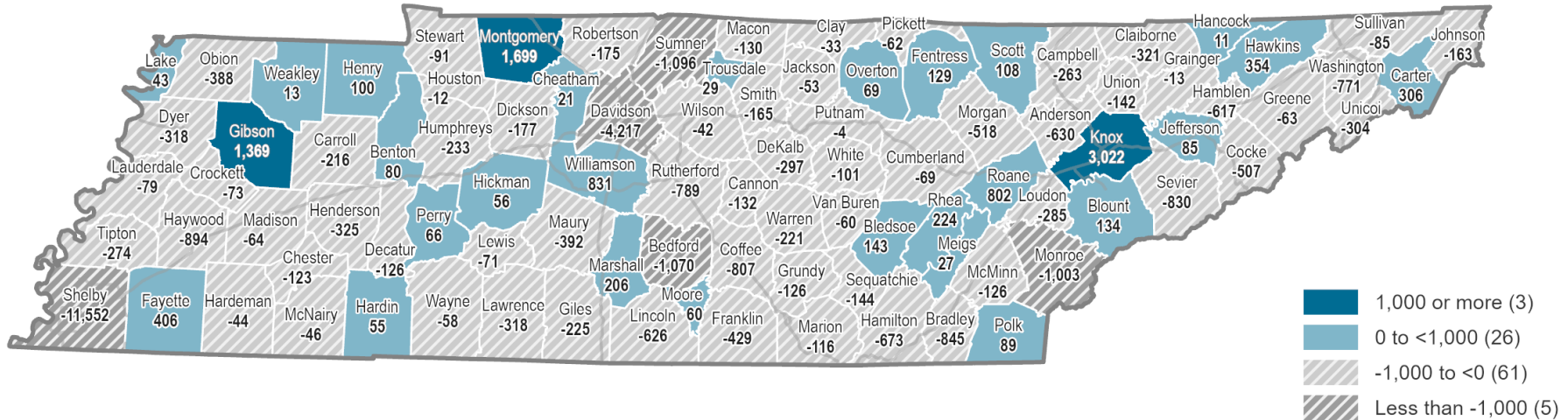


Figure 2.4: Employment Gains by County Since the Pandemic, 2019Q1 to 2025Q1

Change in Number of Jobs

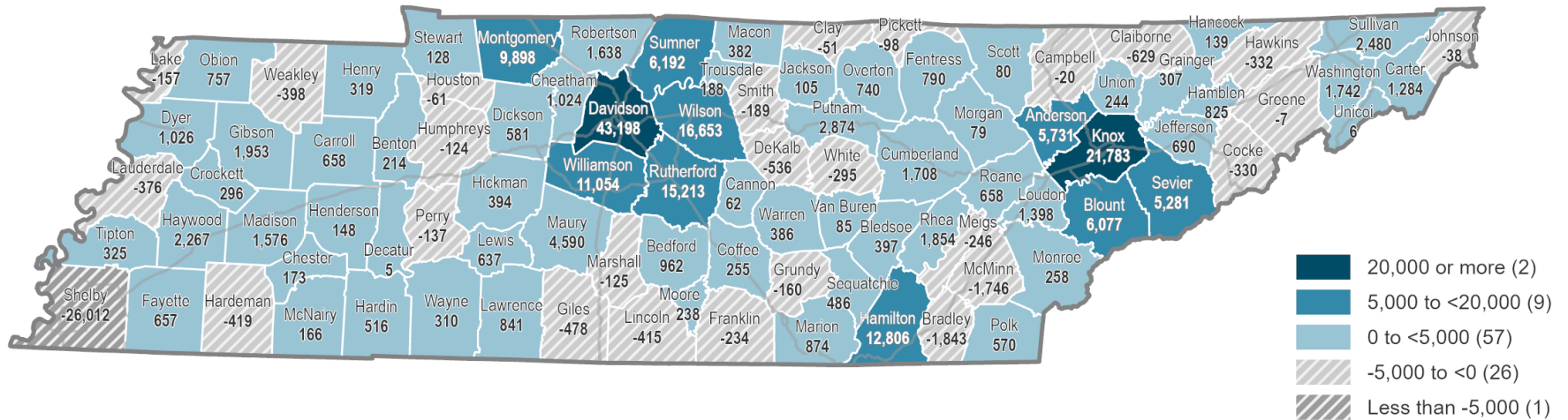
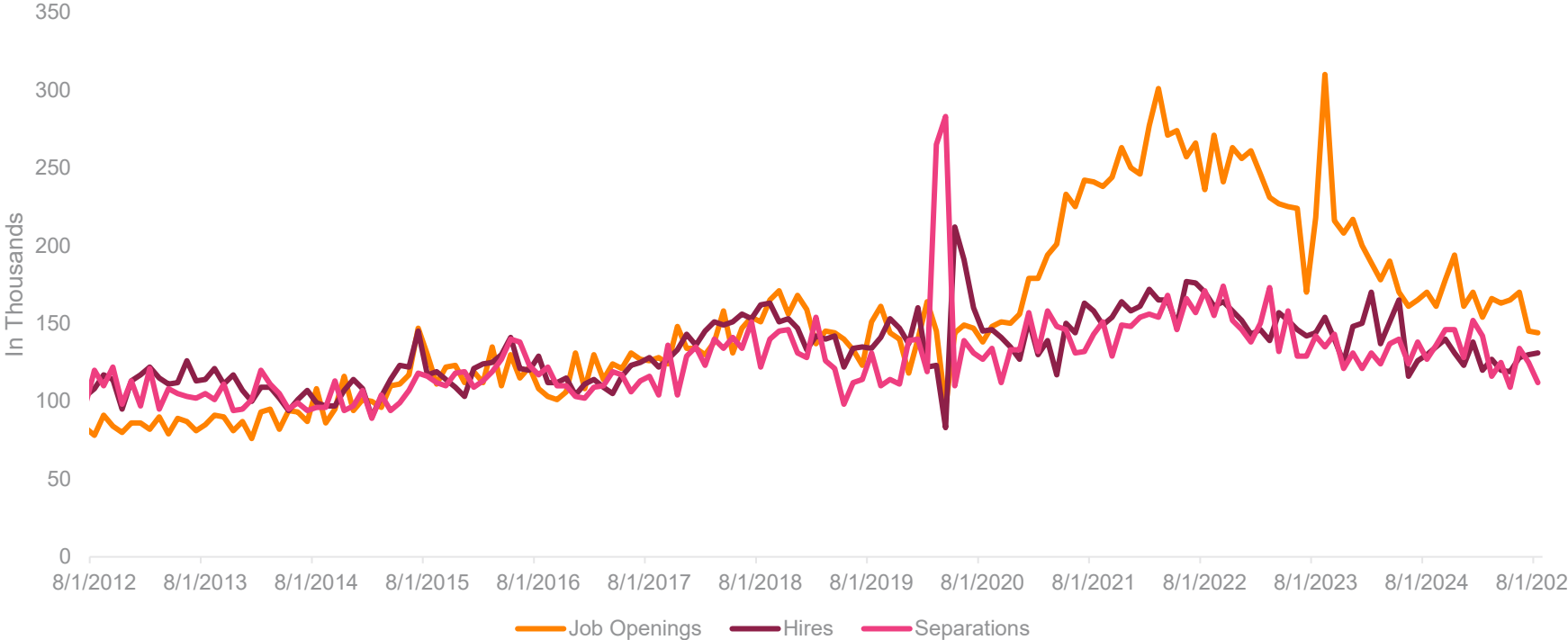


Figure 2.5: Job Openings in Tennessee Have Fallen; Hirings and Separations Remain Stable



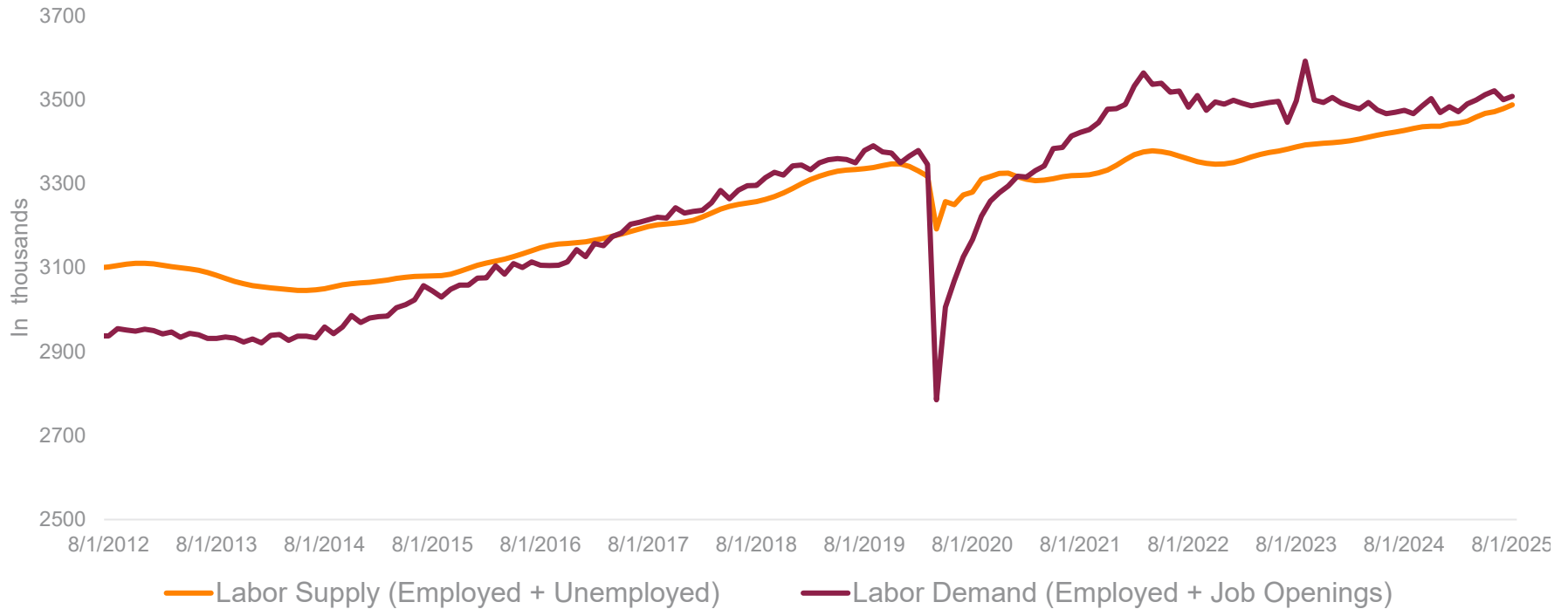
Source: Bureau of Labor Statistics Job Openings and Labor Turnover Survey

Figure 2.6: Tennessee's Hiring Rate Has Trended Downward

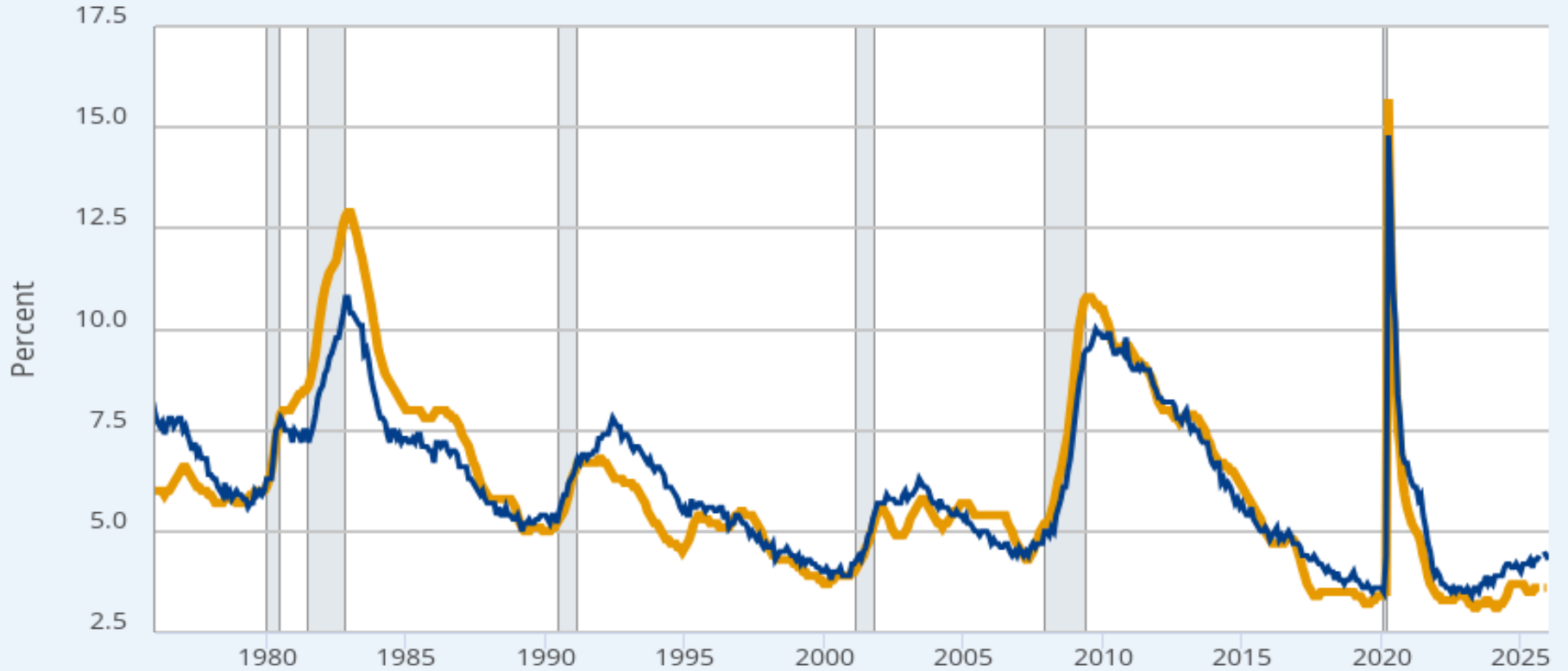


Source: Bureau of Labor Statistics Job Openings and Labor Turnover Survey

Figure 2.7: The Worker Shortage in Tennessee is Down to 20,000 - Lowest Since Early 2021



Source: Bureau of Labor Statistics Job Openings and Labor Turnover Survey

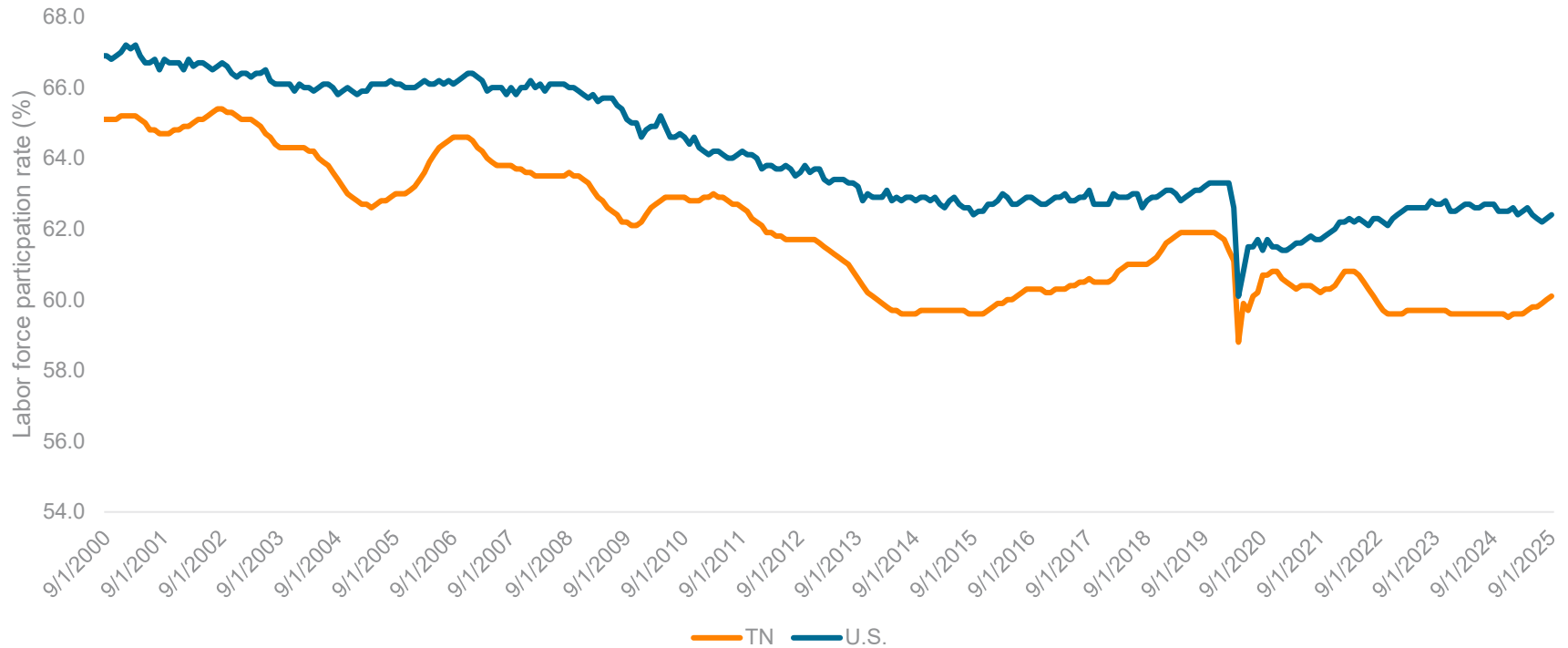


Source: U.S. Bureau of Labor Statistics via FRED®

Shaded areas indicate U.S. recessions.

myf.red/g/1RLph

Figure 2.10: Labor Force Participation in Tennessee Remains Depressed



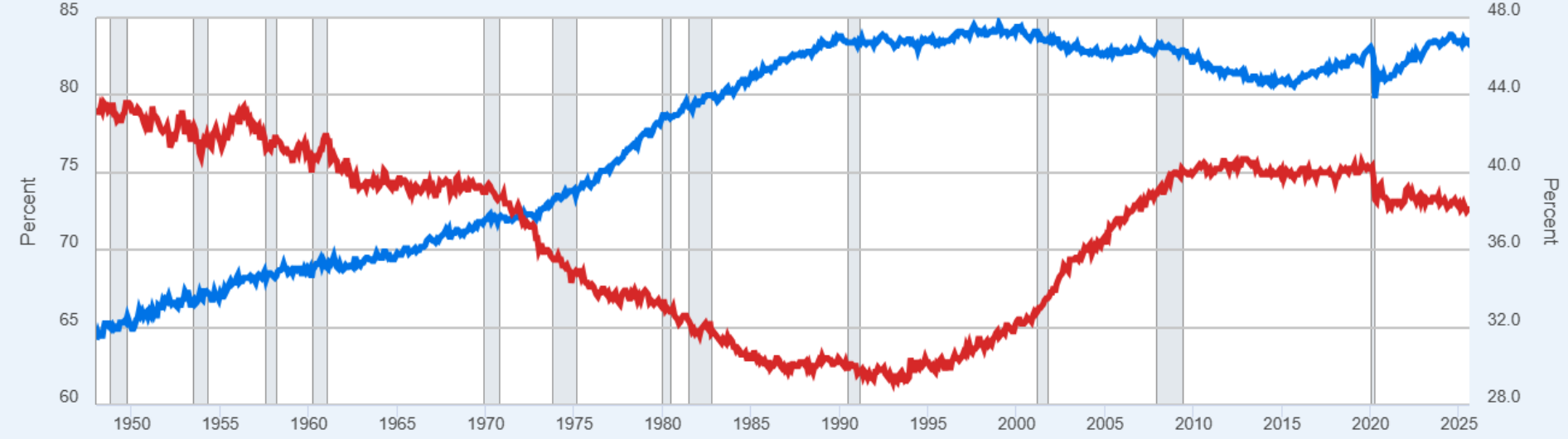
Source: Bureau of Labor Statistics

Figure 2.11: U.S. Labor Force Participation Among Workers Aged 55 and Older Fell During the Pandemic and Remains Low



Source: Bureau of Labor Statistics

FRED  — Labor Force Participation Rate - 25-54 Yrs. (left)
— Labor Force Participation Rate - 55 Yrs. & over (right)



Source: U.S. Bureau of Labor Statistics via FRED®
Shaded areas indicate U.S. recessions.

fred.stlouisfed.org

Figure 2.12: Labor Force Participation Rates are Low Across Most of the Southeast (Sept 2025)

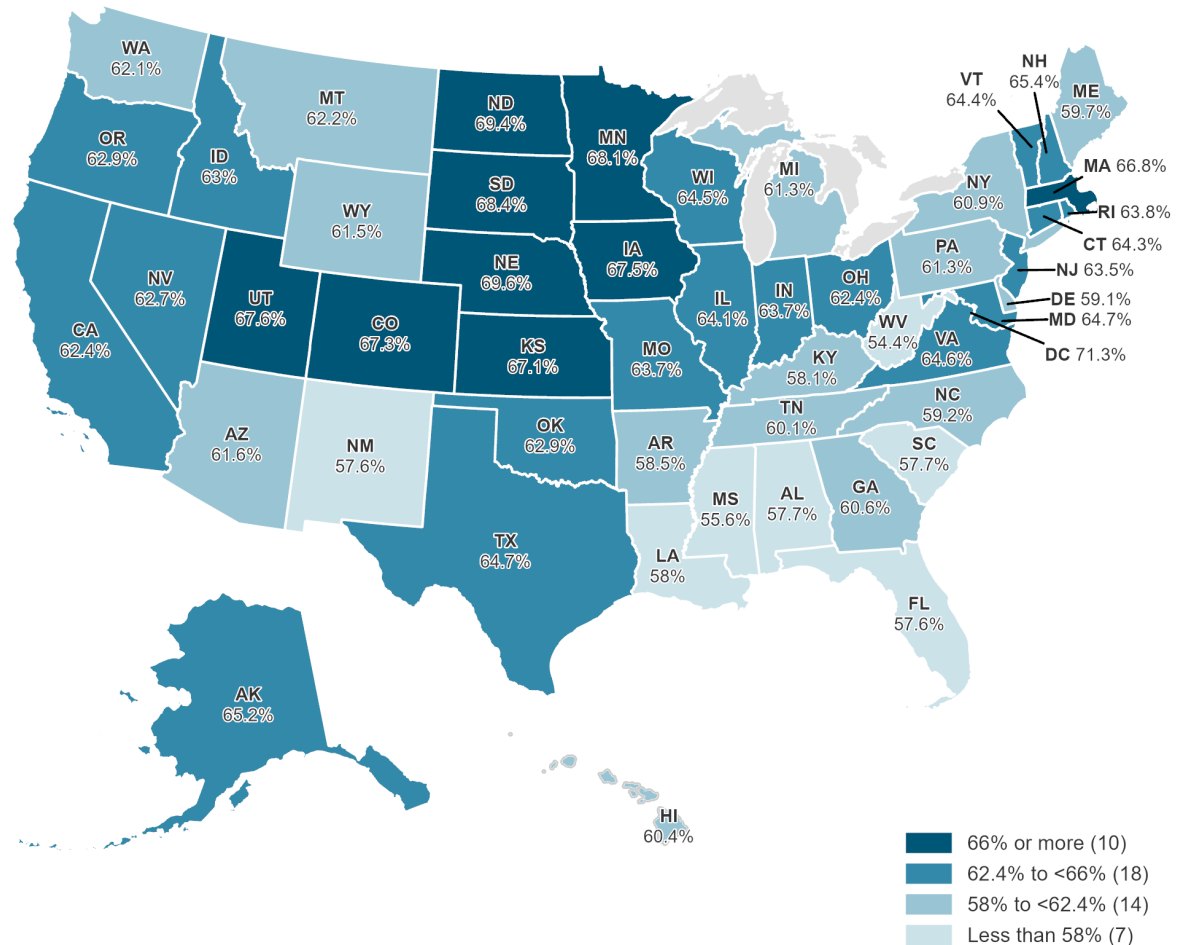
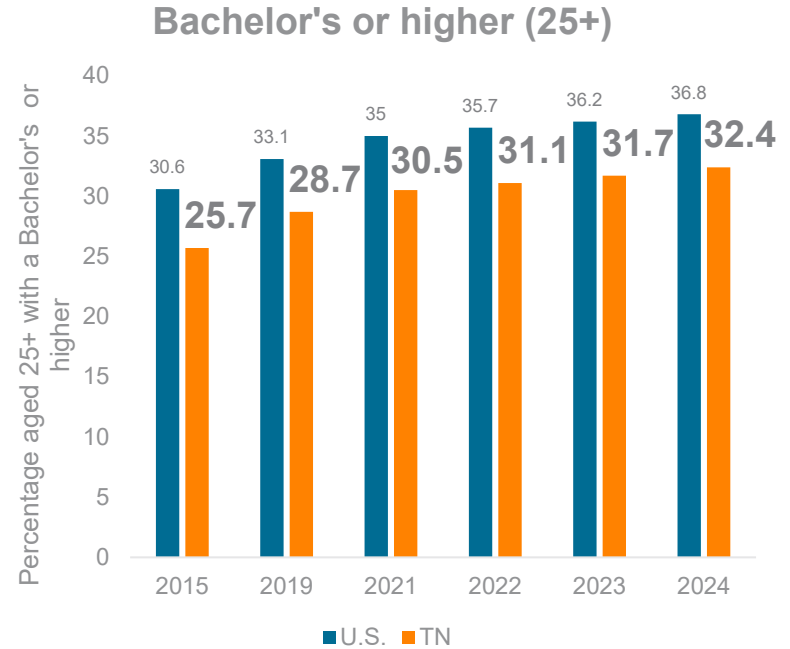
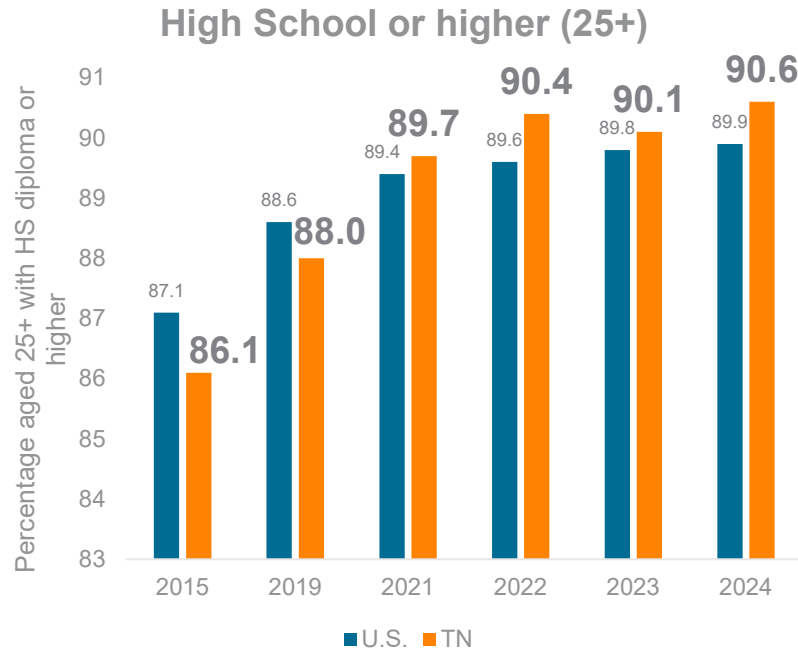
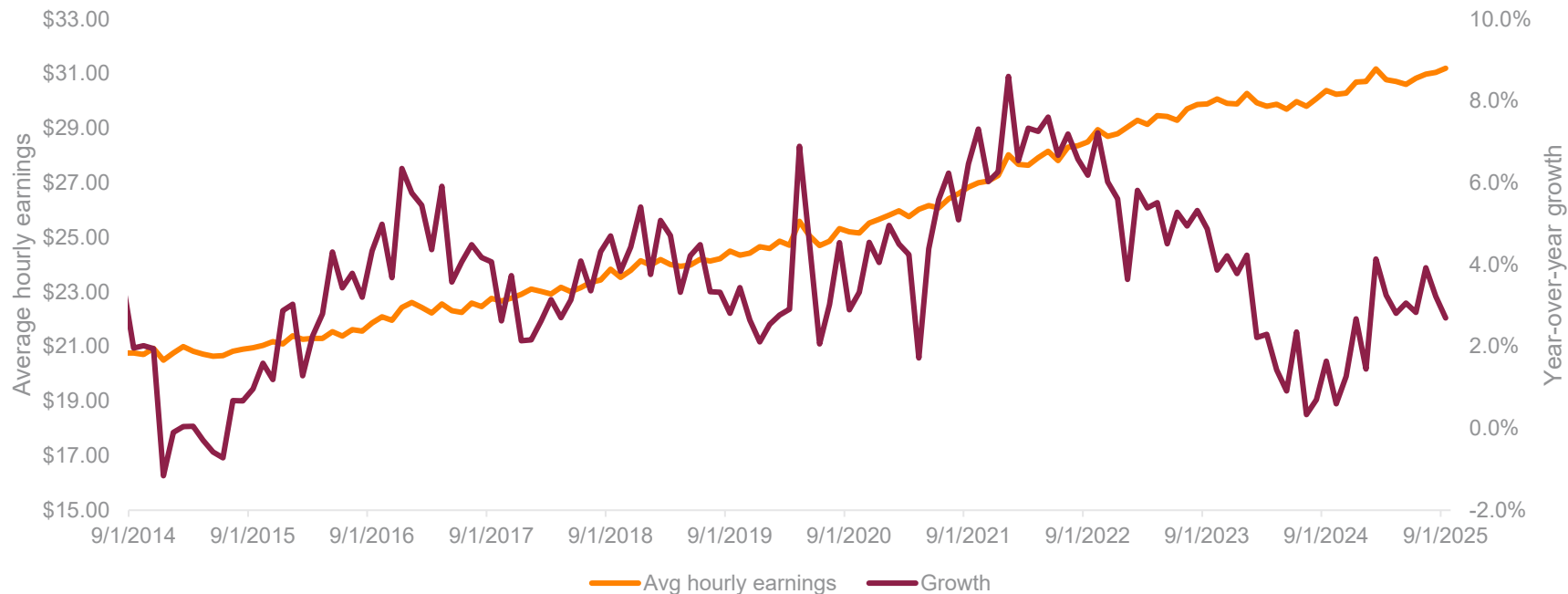


Figure 2.15: Adult Education Rates Over Time, Tennessee versus the U.S.



Source: U.S. Census Bureau, 1-Year ACS Estimates

Figure 2.16: Average Hourly Earnings in Tennessee Continue to Increase, But Growth Has Slowed



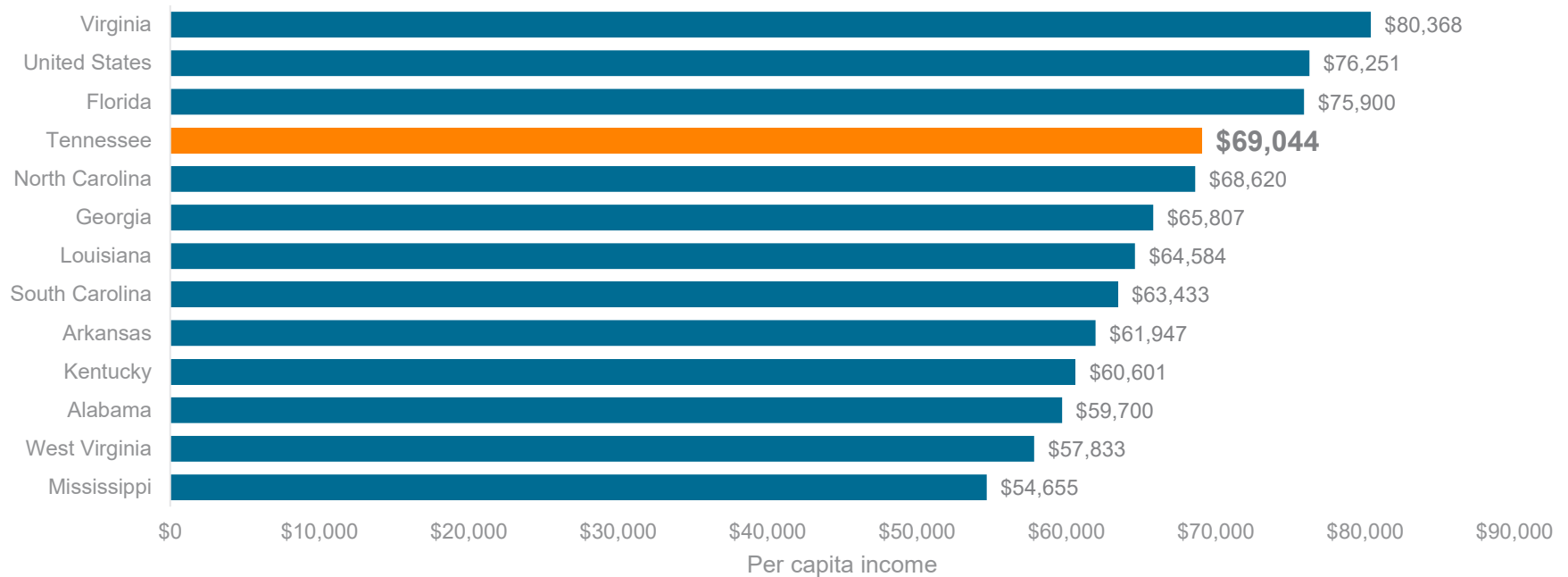
Source: Bureau of Labor Statistics

Figure 2.17: Workers in the Information Sector Have the Highest Average Hourly Earnings, Followed by Those in Financial Activities



Source: Bureau of Labor Statistics

Figure 2.18: Tennessee Ranks Third in Per Capita Income Among Southeastern States, 2025Q2



Source: Bureau of Economic Analysis

Employment Outlook by Entry-Level Education

Typical education needed for entry	Employment (1,000s)		Employment distribution (%)		Employment change, 2024–34		Median annual wage
	2024	2034	2024	2034	N	%	\$2024
Total, all occupations	169,956.1	175,167.9	100.0	100.0	5,211.8	3.1	49,500
Doctoral or professional degree	4,511.4	4,766.2	2.7	2.7	254.7	5.6	126,510
Master's degree	3,828.8	4,220.8	2.3	2.4	391.9	10.2	81,910
Bachelor's degree	42,468.8	44,847.2	25.0	25.6	2,378.4	5.6	92,260
Associate's degree	3,478.2	3,633.6	2.0	2.1	155.4	4.5	63,280
Postsecondary nondegree award	10,533.1	11,066.4	6.2	6.3	533.3	5.1	48,980
Some college, no degree	4,206.7	4,049.8	2.5	2.3	-157.0	-3.7	45,230
High school diploma or equivalent	60,679.1	61,702.0	35.7	35.2	1,022.8	1.7	47,150
No formal educational credential	40,249.8	40,882.1	23.7	23.3	632.2	1.6	35,660

Source: Employment Projections program, U.S. Bureau of Labor Statistics. August 28, 2025.

Data are from the Occupational Employment and Wage Statistics program, U.S. Bureau of Labor Statistics. Wage data cover non-farm wage and salary workers and do not cover the self-employed, owners and partners in unincorporated firms, or household workers.

Note: The occupational employment and growth rates shown in this table include projected growth in all jobs from 2024-34, not just entry-level jobs. Entry-level education reflects 2024 requirements—BLS does not project educational requirements.

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Tennessee Job Listings on indeed.com

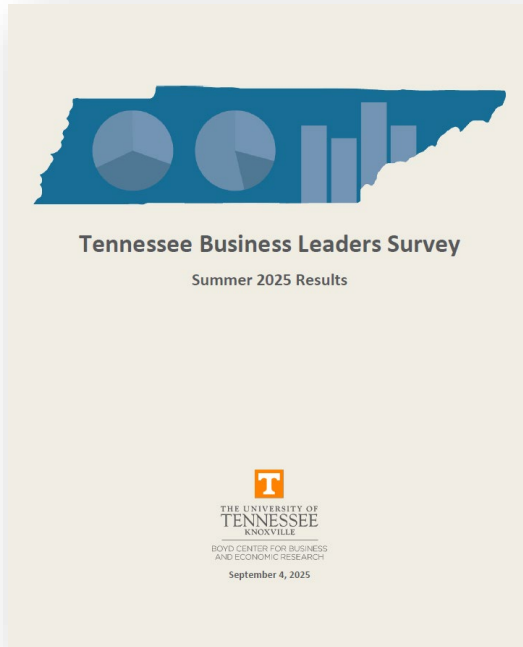
Required Education Level	Number of Jobs
High School Graduate	40,000
Associate's Degree	45,000
Bachelor's Degree	60,000
Master's Degree	62,000
Doctoral Degree	300

Source: <http://www.indeed.com>, searched February 13, 2026.

Note: 168,000 total jobs were listed. Listings with more than one educational level are counted more than once in this table.

Tennessee Business Leaders Survey

Winter 2026



THE UNIVERSITY OF
TENNESSEE
KNOXVILLE

BOYD CENTER FOR BUSINESS
AND ECONOMIC RESEARCH





Winter 2026 Survey Highlights:

- 51% of survey respondents said that there was NOT an **ample supply** of local workers who were appropriately trained for their employment needs.
- 36.8% said that their company struggles to **attract and/or retain** workers.

The number one suggestion for what Tennessee should do to **expand the supply** of workers was “improve training and education” (53.8%).



What About Adjusting Job Requirements?

- Only 8.6% said they were looking for **less** experience/education than a year ago.
- 18.7% said they were looking for **more** experience/education.
- 72.7% said they had maintained experience/education expectations for new hires.



Time To Reimagine Higher Ed?



- 79.1% of respondents said they had ever hired workers with **certificates or non-degree credentials** other than the usual 2-year and 4-year degrees (another 2.9% plan to in the future).
- 46.8% of respondents said they had ever worked with a local college or university to design **programs that are more relevant** for their needs (another 15.8% plan to in the future).

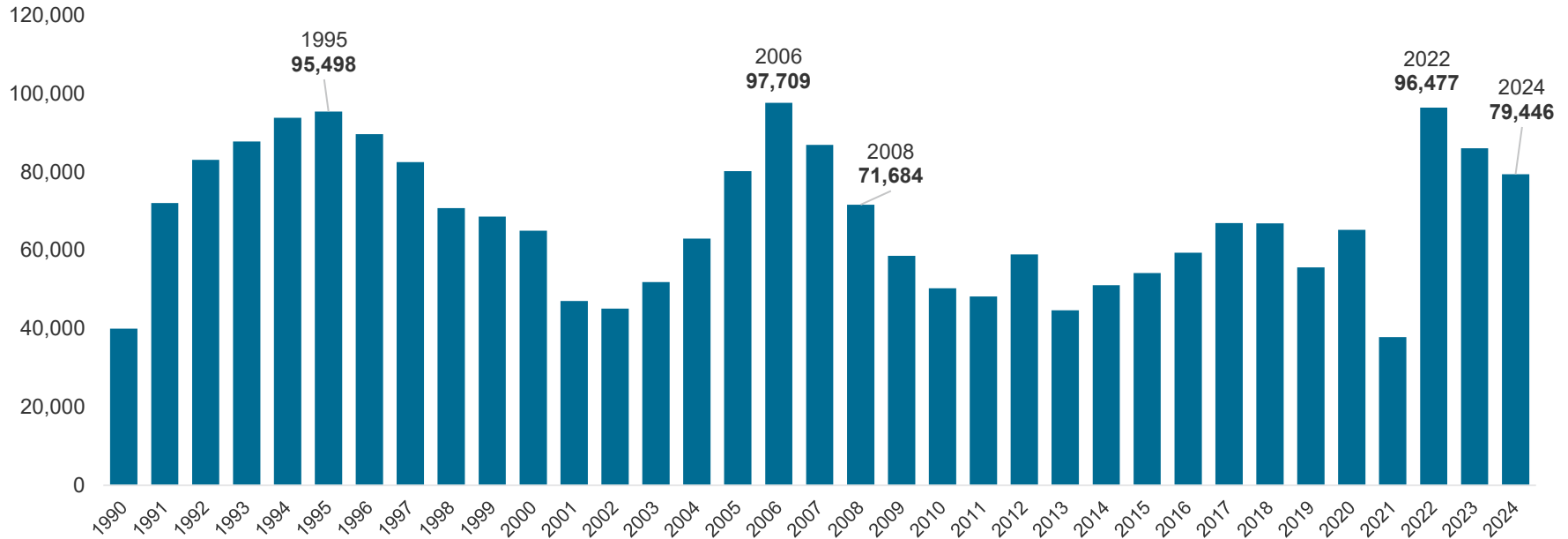
Has AI Affected Hiring?



- YES:
 - 4.3% are hiring **more** people because of AI.
 - 10.1% are hiring **fewer** people because of AI.
- NO:
 - 62.6% are using AI in a way that has not affected hiring levels, and
 - 23.0% are not using AI.

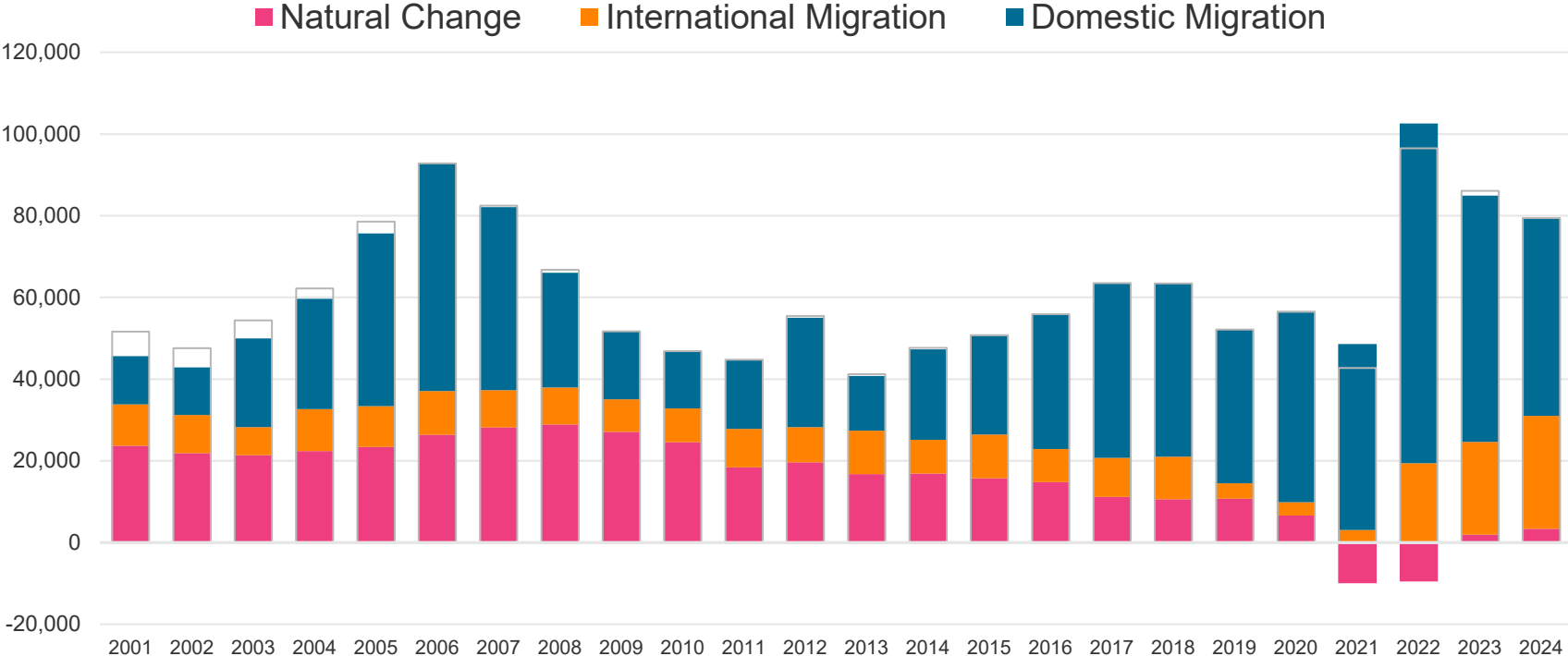
Figure 2.24: Tennessee Has Seen Three Consecutive Years of Strong Population Gains

Annual Population Change, 1990 to 2024



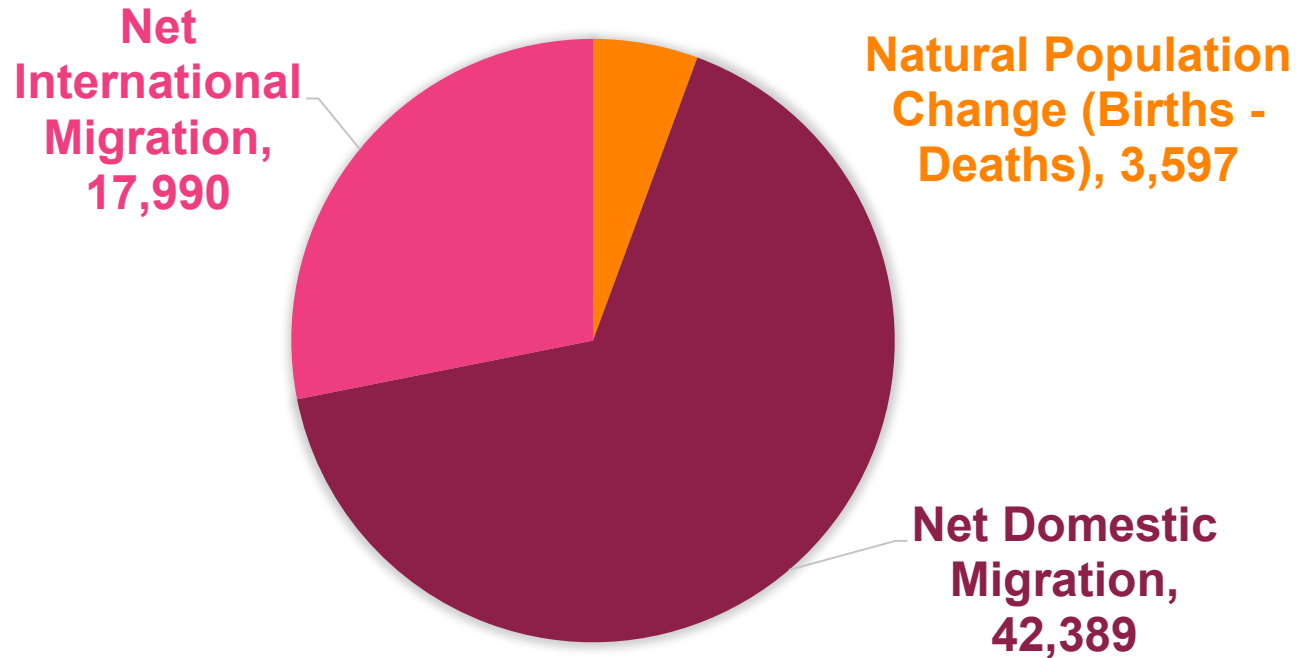
Source: U.S. Census Bureau, Population Estimate Program, 1990-2024

Figure 2.25: Population Growth in Tennessee Has Been Driven By Domestic Migration



Source: Vintage 2024 Population Estimates, Vintage 2010 and 2020 Evaluation Estimates, State and County Components of Population Change by U.S. Census Bureau.

Tennessee Added 63,785 People Between 7/1/24 and 6/30/25



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