



TENNESSEE'S ECONOMY

2024-2025



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Executive Summary

The diverse Tennessee economy maintained a low (3.4 percent) unemployment rate through 2024, as its largest services industries- education and health services, transportation, trade, and utilities, leisure and hospitality, and government- continued steady growth four years after the pandemic. Construction had the highest growth rate of any industry (4.7 percent) and manufacturing added a net 400 jobs in durable goods production. This report reviews Tennessee's economic performance over the past year, the status of the workforce, and new information on the benefits of non-degree credentials for Tennessee's workers. Detailed regional data can be found in the appendix and the new Tennessee's Economy dashboard to be released in fall 2025.

Between 2023 and 2024, total employment in Tennessee increased from 3,333,400 to 3,374,100, an addition of 40,700 jobs, about half the number created from 2022-2023. The average annual wage increased from \$63,752 to \$66,580, and the median state wage increased from \$43,816 to \$46,120. The labor force grew by more than 40,000 individuals and the labor force participation rate increased to 59.4 percent in December 2024.

Current Context: In July 2025 there were some losses in manufacturing, particularly in nondurable goods; reductions in health services employment due to national funding cutbacks affected outpatient services and hospitals. Tennessee is a state which is significantly influenced by global markets, with exports of about \$40 billion annually. Potentially most affected by tariffs such as those in place in July 2025 are the automotive and agriculture industries. On the positive side, the information industry gained 300 jobs.

Business size and Distribution of Employment: With 229,549 total employers in Tennessee, 88.5 percent are small businesses which employ between one and 19 people. More than 61 percent of Tennessee's total workforce work in six industries: health care and social assistance, manufacturing, retail trade, accommodation and food services, education services, and transportation and warehousing.

Wage Disparities: The highest average weekly wages were found in management of companies and enterprises (\$2,478), information (\$2,176), finance and insurance (\$2,146), professional, scientific, and technical services (\$2,023), and utilities (\$1,957). High employment sectors tend to offer lower wages, while high-wage sectors employ fewer individuals working in specialized roles. **Workforce development, technical education, and targeted industry investment can lift overall wage levels** and improve economic mobility in the state, especially when educational pathways are aligned with high-wage industries.

Executive Summary

Workforce and Socioeconomic Trends: State labor force participation rates and the percent of adults with some college education lag national rates, while state poverty rates exceed those in the U.S. Of those not in the labor force, nearly one-third of individuals report a disability. **Tennessee is pursuing policy initiatives** that expand postsecondary access, support workforce reentry, and improve disability inclusion in employment. National anti-poverty research in Tennessee is also focusing on educating individuals and policy makers on the effects of benefit cliffs on work disincentives.

Barriers to Employment by Demographic Groups and at-Risk Populations Entering the Workforce: Specific populations in Tennessee facing unique challenges to workforce participation include older adults, veterans, Native Americans, youth, and individuals with disabilities; at-risk populations include justice-involved individuals, those who will exit TANF within 24 months, and youths exiting foster care. This section describes these barriers and **programs available to aide them in securing employment and supportive services, including the new Youth Employment Program** including work-based learning with paid internships and more than 1,000 participating employers.

Future of Work in TN: Projections of employment to 2032 expect the four industry sectors with the most jobs will be healthcare and social assistance, manufacturing, retail trade, and accommodation and food services, with faster-than-average growth in more specialized industries such as real estate, management of companies, and information. Computer and mathematical occupations are projected to increase 2.5% annually, with increased integration of digital tools, cybersecurity, and data analytics across sectors. Other fast-growing occupational groups will include business and financial operations and installation, maintenance and repair.

Employment and Wages of Non-Degree Credentials and Demand Occupations in TN by Career Cluster: With the policy direction to shift workforce programs to be more industry-led and flexible, including a broader variety of credentials, the Tennessee non-degree credentials of licenses, apprenticeships, and certificates of up to two years were analyzed regarding their alignment with demand occupations and industry clusters. Significantly higher wages and employment outcomes for certificates were found in some industry clusters than others, **with STEM and manufacturing certificates having the highest wage outcomes.**

Overview of the State of Tennessee Economy

Between 2023 and 2024, Tennessee's economy demonstrated modest but steady growth across several key indicators. Total employment in the state increased from 3,333,400 to 3,374,100, an addition of 40,700 jobs—representing a 1.2% increase in new job creation. The number of business establishments also grew, rising from 230,839 in 2023 to 241,796 in 2024, indicating a positive environment for business formation and expansion.

Payroll figures followed a similar upward trajectory. Total payroll rose from \$201.6 billion in 2023 to \$210.9 billion in 2024. Alongside this, the average annual wage increased from \$63,752 to \$66,580, and the average hourly wage rose from \$23.68 to \$24.54. The median wage also saw growth, increasing from \$43,816 to \$46,120. These increases suggest that not only are more people working, but compensation levels are also improving, likely driven by both market demand for labor and inflationary pressures.

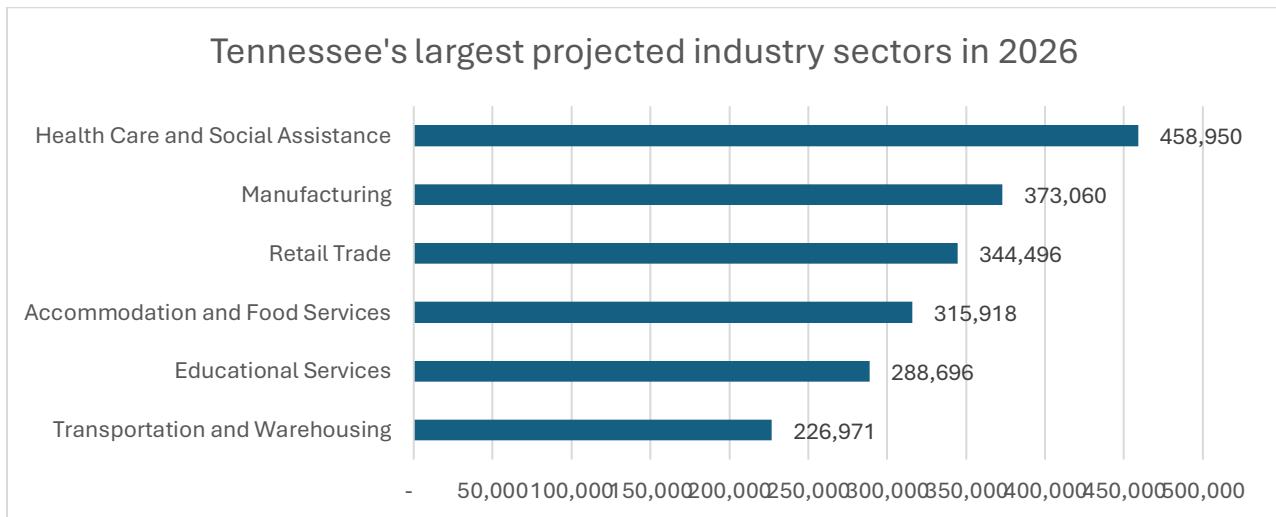


Figure 1. Tennessee Quarterly Census of Employment and Wages, Short term projections 2026

The labor force participation rate (LFPR) edged up slightly, from 59.1% in December 2023 to 59.4% in December 2024. The overall labor force grew by over 40,000 individuals, from 3,379,605 to 3,420,373, reflecting continued population and labor market engagement. Unemployment remained low and relatively stable, with a slight increase from 3.3% to 3.4%, a minimal shift that does not suggest major labor market disruption, as Tennessee maintains a lower unemployment than the 4.1% national unemployment level.

Targeted unemployment rates among specific populations showed small improvements. The unemployment rate among people in poverty declined from 21.9% to 20.8%. Veterans experienced a slight decrease in unemployment, from 4.0% to 3.9%. Notably, individuals with disabilities saw their unemployment rate drop from 11.3% to 10.5%, and youth unemployment fell from 10.5% to 9.8%. These trends indicate some narrowing of employment gaps across demographic groups.

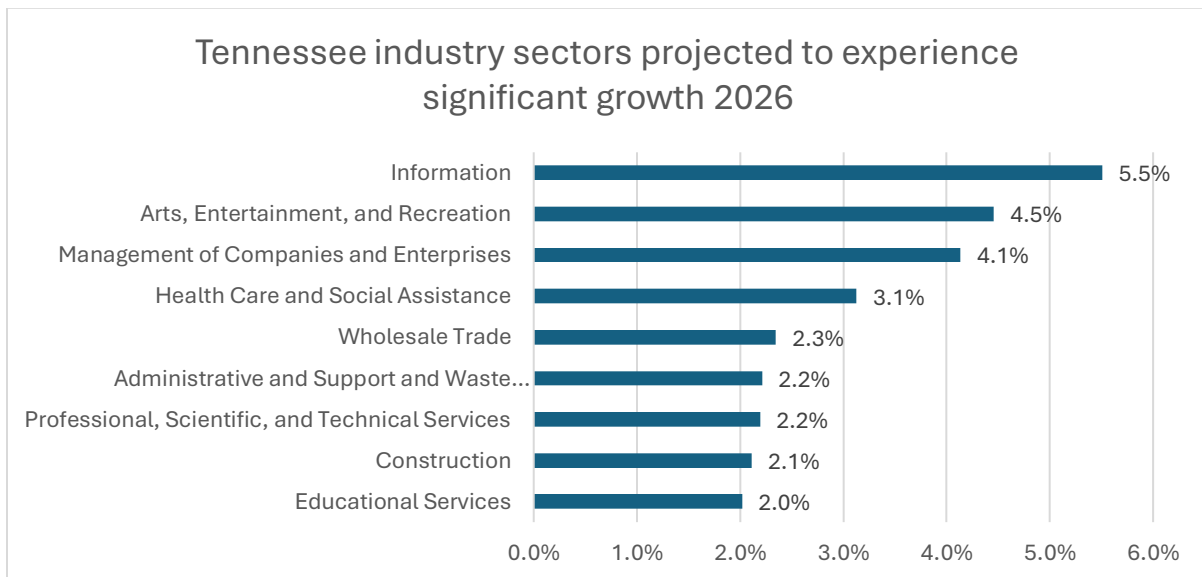


Figure 2: Tennessee Quarterly Census of Employment and Wages, Short term projections 2026

Policy Considerations

The data suggest that Tennessee's economy is experiencing stable, broad-based growth, with gains in employment, wages, business establishments, and labor force engagement. Improvements in unemployment rates among historically disadvantaged populations also point to more inclusive labor market dynamics.

Going forward, policymakers might focus on sustaining this momentum by supporting workforce development programs, particularly those aimed at youth, veterans, and people with disabilities. Additional investment in education, job training, and support services could further reduce unemployment among populations in poverty. Continued efforts to attract and retain businesses may help reinforce establishment and job growth, while monitoring wage trends can help ensure that rising wages keep pace with the cost of living. In sum, Tennessee's economic performance over the past year suggests cautious optimism, with room for targeted policy action to maintain and deepen these gains.

Overview of the East Region Economy of Tennessee

The eastern region of the state of Tennessee, comprising the East, Northeast, and Southeast Local Workforce Development Areas (LWDAs), along with the metropolitan statistical areas (MSAs) of Chattanooga, Knoxville, Johnson City, and Kingsport, demonstrated moderate economic growth from 2023 to 2024. A detailed analysis of key economic indicators such as employment, wages, business

establishments, and labor force participation reveals a generally positive, though nuanced, picture of the region's economic health.

Employment Trends and Labor Market Dynamics

Total employment in the East Region increased from 1,055,216 in 2023 to 1,065,642 in 2024, marking a net gain of 10,426 jobs or approximately 0.95% growth. Within the MSAs, employment growth varied by area: Chattanooga experienced the highest increase at 2.35%, followed by Knoxville at 2.08%, Kingsport at 1.13%, and Johnson City with a more modest 0.93% rise. Non-MSA areas also saw employment growth of 1.3%, which indicates relatively consistent economic activity across both urban and rural parts of the region.

However, despite this regional growth, the number of counties with employment increases declined from 25 in 2023 to 18 in 2024, suggesting a possible regional imbalance or slowing in certain local economies. The unemployment rate remained steady at 3.9%, indicating a stable labor market, though not necessarily expanding rapidly in terms of opportunity.

The region's labor force also grew, increasing from 1,147,069 in 2023 to 1,163,923 in 2024—a gain of 16,854 individuals or 1.47%. This rise in the labor force, coupled with stable unemployment, implies that job creation generally kept pace with labor force entry, a sign of economic resilience.

Business Establishments and Payrolls

The total number of business establishments in the region increased from 70,480 in 2023 to 73,678 in 2024, a net addition of 3,198 establishments or 4.54%.

This growth reflects an active business environment, likely driven by economic development efforts and expanding industry sectors.

Payroll data also support this positive trend. Total payrolls grew from \$61.8 billion in 2023 to \$64.6 billion in 2024, a 4.5% increase, indicating rising compensation levels across the region. This is consistent with the observed wage growth during the same period.

Wage Growth and Income Trends

The annual average wage in the East Region increased from \$50,579 in 2023 to \$52,788 in 2024, representing a 4.37% rise. Similarly, the median wage rose from \$40,490 to \$43,910, an 8.45% increase, suggesting that wage gains were not limited to higher earners but may also reflect improved income for middle-income workers.

Wages for production workers also increased modestly, with the average hourly wage rising from \$23.68 to \$24.54—a 3.63% increase. This is particularly important in a region where manufacturing and production-related jobs play a key role in the economy.

Long-Term Outlook of the East Region

Looking ahead, the East Region is forecast to see a 12.94% increase in employment from 2022 to 2032, with an estimated 1,523,053 total job openings over the decade. This projection reflects long-term confidence in the region's economic potential and suggests continued growth across multiple sectors, assuming current trends continue.

Overall, the East Region of Tennessee demonstrated healthy but moderate economic growth from 2023 to 2024. Employment, wages, and the number of establishments all rose, pointing to a resilient and moderately expanding economy. However, the reduction in the number of counties with job growth suggests uneven development across the region, which could signal emerging disparities that merit closer attention.

Wage gains—particularly the significant increase in the median wage—indicate improving income levels for many workers, though the stability of the unemployment rate suggests that employment opportunities are growing at a measured pace. With a strong labor force and a positive long-term employment forecast, the East Region appears well-positioned for continued economic growth, though policymakers and stakeholders may need to address regional imbalances to ensure broader and more inclusive prosperity.

Overview of the Middle Region Economy – Tennessee

The Middle Region of Tennessee, encompassing the Northern Middle, Southern Middle, and Upper Cumberland Local Workforce Development Areas (LWDAs), along with the metropolitan statistical areas (MSAs) of Nashville and Clarksville, experienced moderate economic expansion between 2023 and 2024. This period of growth is reflected in rising employment, wage increases, a growing number of business establishments, and a larger labor force. Despite these positive indicators, certain underlying trends, such as a reduction in the number of counties experiencing job growth, suggest the need for a nuanced understanding of the region's economic dynamics.

Employment Trends and Labor Market Developments

Total employment in the Middle Region increased from 1,369,675 in 2023 to 1,379,261 in 2024, a net gain of 9,586 jobs, representing an employment growth rate of approximately 0.7%. This growth, while modest, underscores the steady expansion of the region's economy.

When disaggregated by metropolitan area, employment in Nashville rose by 1.84%, while Clarksville experienced a more substantial 2.68% increase. These figures indicate robust job growth in urban centers, particularly in Clarksville, which likely benefited from population growth and regional development initiatives. In contrast, employment in non-MSA areas of the Middle region grew by 1.0%, suggesting that rural and semi-rural parts of the region also contributed to overall employment gains, though at a slightly slower pace.

However, while employment increased overall, the number of counties in the Middle Region reporting employment growth declined from 34 in 2023 to 23 in 2024. This 32% reduction in counties with job gains may signal growing geographic disparities, where urban or economically stronger counties are driving most of the growth, while others may be stagnating or contracting.

Business Establishments and Payroll Growth

Another positive indicator for the Middle Region is the significant increase in the number of business establishments. In 2023, there were 102,956 establishments, which grew to 108,858 in 2024, an increase of 5,902 establishments, or 5.73%. This suggests an active entrepreneurial environment and expanding business infrastructure.

Payrolls in the Middle Region also experienced notable growth, rising from \$91.4 billion in 2023 to \$97.2 billion in 2024, an increase of \$5.8 billion, or 6.35%. This increase in payroll outpaces the region's employment growth rate, suggesting that wages and job quality may be improving—at least for some sectors or population segments.

Wage and Income Trends

Wages in the Middle region rose steadily during the year. The annual average wage increased from \$50,310 in 2023 to \$53,024 in 2024, a gain of \$2,714, or 5.39%. This increase in average wages suggests rising compensation levels, possibly reflecting a competitive labor market or a shift toward higher-paying industries.

Similarly, the median wage increased from \$41,523 to \$44,141, a growth of \$2,618, or 6.31%. Median wage growth outpacing average wage growth is a positive sign, as it suggests that income gains are not limited to the highest earners but are reaching a broader base of the workforce.

The hourly wage for production workers increased from \$23.68 to \$24.54, reflecting a 3.63% increase. This indicates that blue-collar and manufacturing workers also saw wage growth, which is important in a region where such jobs remain an essential part of the economic base.

Labor Force and Unemployment

The labor force in the Middle Region grew from 1,529,376 in 2023 to 1,567,919 in 2024, an increase of 38,543 individuals, or 2.52%. This strong growth in

labor force participation suggests increasing confidence in the job market and may also reflect population growth in the region.

Meanwhile, the unemployment rate remained unchanged at 3.5%, indicating that job creation kept pace with labor force expansion. This stability is a positive sign, though it may also reflect a tight labor market where employers could face difficulties in filling positions due to a limited pool of available workers.

In summary, the Middle Region of Tennessee experienced solid economic growth from 2023 to 2024. Increases in employment, wages, business establishments, and payrolls point to a dynamic and expanding regional economy. Urban centers such as Nashville and Clarksville continue to be major growth engines, while rural areas also contributed to the region's overall positive performance.

However, the decline in the number of counties reporting employment gains suggests uneven growth that could have long-term implications if not addressed. Still, wage increases—particularly the rise in the median wage—indicate that many workers are seeing real improvements in income.

The region's economic performance reflects a healthy labor market and strong business climate, though continued attention to regional equity and labor market participation will be important for sustaining balanced growth in the years ahead

Overview of the West Region Economy – Tennessee

The West Region of Tennessee, which includes the Greater Memphis, Southwest, and Northwest Local Workforce Development Areas (LWDAs), along with the metropolitan statistical areas (MSAs) of Memphis and Jackson, faced a more challenging economic year from 2023 to 2024 compared to other regions of the state. While the East and Middle regions experienced job and labor force growth, the West Region was the only region of the state to lose employment and undergo a decline in its labor force. This economic contraction, paired with mixed signals in other key indicators such as establishment growth and county-level job performance, paints a complex picture of a region in transition.

Employment and Labor Force Trends

Total employment in the West region decreased from 701,393 in 2023 to 698,031 in 2024, a net loss of 3,362 jobs, or a 0.48% decrease. This marks the West as the only Tennessee region to experience negative job growth during this period. While the decrease may appear modest in percentage terms, it is significant in the context of statewide growth elsewhere and signals a need for attention and possible intervention.

This decline is coupled with a drop in labor force participation. The total labor force in the region fell from 703,164 in 2023 to 694,387 in 2024—a loss of 8,777 individuals, or a 1.25% decrease. This contraction could indicate that not only were jobs lost, but fewer people were actively participating in or seeking

employment. Factors contributing to this decline may include outmigration, aging populations, or discouragement among job seekers.

Despite these declines, the unemployment rate remained steady at 3.5%, suggesting that the number of people exiting the labor force was roughly proportional to the job losses. While stability in the unemployment rate may seem positive on the surface, it may conceal underlying weaknesses in job creation and labor market participation.

Metropolitan and Non-Metropolitan Employment Trends

Within the region's metropolitan areas, employment growth was minimal. The Memphis MSA grew by just 0.002%, essentially flatlining, while Jackson saw a 0.80% increase. These minor gains were not sufficient to offset losses across the rest of the region.

By contrast, non-MSA areas experienced a 2.5% increase in employment, outperforming the region's urban centers. This growth in rural or smaller communities suggests localized economic expansion or investment, though the scale was insufficient to counterbalance overall job losses in the West region.

Business Establishments and Payroll Trends

Despite the employment contraction, business formation appeared to remain active. The number of establishments rose from 40,876 in 2023 to 41,721 in 2024, an increase of 845 establishments or 2.07%. This could reflect optimism among small business owners or increased entrepreneurial activity, particularly in rural or suburban areas.

More encouragingly, total payroll in the West Region increased from \$44.6 billion in 2023 to \$45.9 billion in 2024, a growth of \$1.3 billion, or 2.91%. This suggests that while total employment declined, those who remained employed may have been earning more, or higher-paying jobs were added in key sectors. This also aligns with wage growth observed across multiple workforce categories.

Wages and Compensation

Wage growth was a bright spot in the region's economic profile. The average annual wage rose from \$49,298 in 2023 to \$51,636 in 2024, an increase of \$2,338, or 4.74%. Similarly, the median wage increased from \$41,053 to \$43,520, a gain of \$2,467, or 6.01%. These increases suggest upward pressure on wages, potentially due to workforce shortages or the need to attract and retain talent in key industries.

The hourly wage for production workers also increased from \$23.68 to \$24.54, a 3.63% gain, consistent with wage improvements seen in the East and Middle regions. This indicates broader compensation growth in essential sectors such as manufacturing and logistics.

County-Level Employment Patterns

At the county level, the West Region continued to see limited employment expansion. In 2024, only 12 counties reported employment growth, down from 14 in 2023. This reduction highlights persistent geographic disparities and may indicate that fewer areas are contributing to the region's economic base.

In contrast to Tennessee's other regions, the West Region experienced a decline in both employment and labor force participation between 2023 and 2024. While this downturn is concerning, it exists alongside positive developments such as wage growth, increasing payroll, and a rise in business establishments. These mixed signals suggest a region undergoing economic realignment rather than outright decline.

The shrinking labor force, stagnant metropolitan employment, and uneven county-level growth indicate that deeper structural issues—such as population loss, limited job diversity, or underinvestment—may be at play. However, gains in wages and productivity suggest that for those still engaged in the labor market, conditions have improved. Addressing these imbalances will require targeted workforce development, investment in local economies, and policies that support broader labor market participation and business resilience

Tennessee Industry Sectors Report: 2023–2024

Tennessee's economy in 2023–2024 exhibited strong overall employment growth and continued diversification across major industry sectors. Employment gains were concentrated in education and health services, government (including public education), construction, leisure and hospitality, and transportation and warehousing—sectors vital to the state's infrastructure and long-term development. However, some sectors showed stagnant or declining employment and wage patterns, which could point to structural challenges or shifting industry dynamics. This report provides a detailed analysis of employment and wage trends

and offers recommendations for labor force policies that support growth, stability, and resilience across the state.

Employment by Sector

The largest sectors in Tennessee’s labor market remained consistent with historical trends, led by trade, transportation, and utilities, which employed 694,900 people in 2024. This was followed by education and health services (492,700), government (453,400), and professional and business services (453,200). Leisure and hospitality (367,900) and manufacturing (364,600) also remained key employers. These figures reflect Tennessee’s balanced economic structure, with significant employment distributed across both goods-producing and service-oriented industries. The continued dominance of trade and logistics is in line with Tennessee’s geographic advantages as a transportation hub.

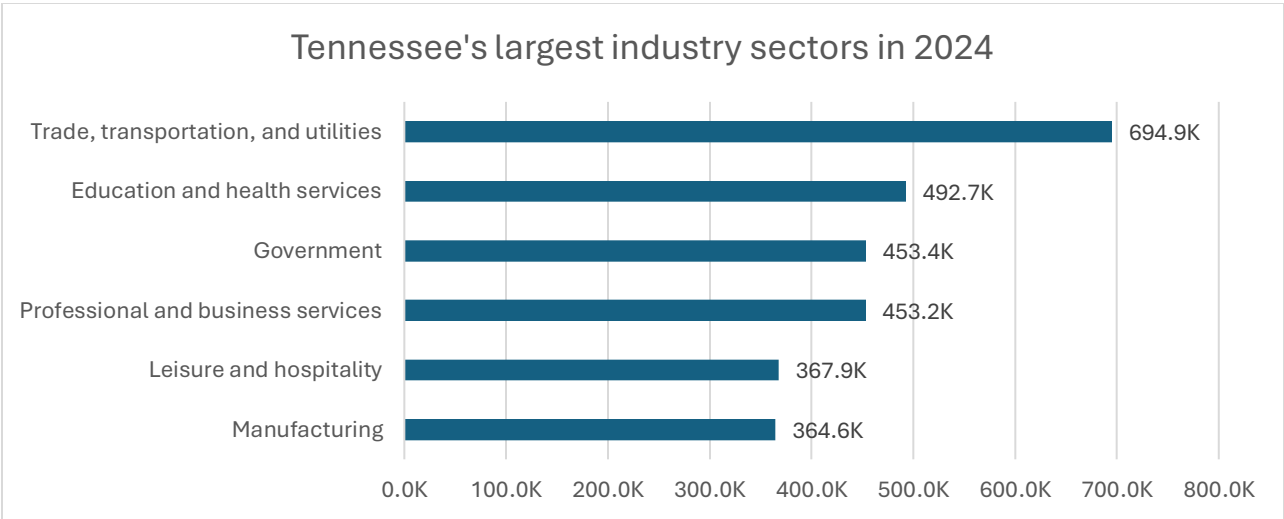


Figure 3: TN Department of Labor and Workforce Development, WIRED Division, Current Employment Statistics 2024

Employment Growth Trends

Employment gains were strongest in sectors tied to population growth, public service, and infrastructure. Education and health services led all sectors with a net gain of 19,000 jobs, underscoring rising demand for healthcare professionals and educators. Trade, transportation, and utilities added over 8,000 jobs, reflecting robust activity in retail and logistics. Construction experienced notable growth with 7,000 new jobs, representing a 4.7% increase—the highest percentage gain of all sectors. Transportation and warehousing also posted strong relative growth, gaining 5,100 (2.5% increase), highlighting Tennessee's expanding role in goods movement and distribution.

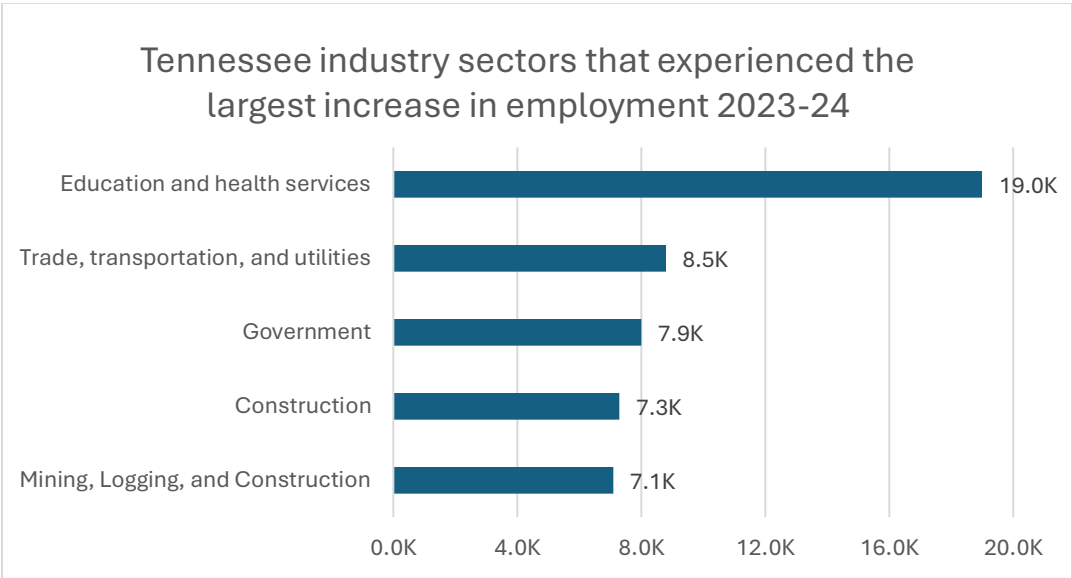


Figure 4: TN Department of Labor and Workforce Development, WIRED Division, Current Employment Statistics 2024

However, not all sectors experienced growth. Professional and business services lost 9,600 jobs, marking a -2.1% decline. Information, nondurable goods manufacturing, and mining and logging also experienced small to moderate job

losses, potentially indicating shifts in market demand, technological disruptions, or broader national trends affecting these sectors. While manufacturing lost a marginal 900 jobs (0.9%), this stagnation raises questions about the long-term sustainability of traditional industry employment, potentially increased automation, and national investment directions.

According to the Current Employment Survey, for July 2025, Tennessee's current employment landscape is led by trade, transportation, and utilities (698,000), followed by education and health services (489,600), professional and business services (457,500), and government (428,400), reflecting a strong foundation in logistics, health care, and public sector employment. Leisure and hospitality (385,800) and manufacturing (361,500) also represent significant portions of the workforce, highlighting the state's role in tourism and industry. While these sectors hold the largest employment numbers, the most recent job growth, within the past month, has occurred in construction (1,400), and transportation and warehousing (700), pointing to continued investment in infrastructure and logistics. Manufacturing employment gains in durable goods (500) were overshadowed by losses in nondurable goods (-800); this sector can be affected by tariffs and national changes in clean and advanced energy policies. , Reductions in health services employment were primarily affecting ambulatory care facilities, with some reductions in hospital employment; social assistance organizations also experienced some job losses. Some reductions in accommodations and food services employment may be related to inflationary pressures. However, growth in the financial activities (400) and information (300)

sectors suggest a steady but moderate pace of growth indicating overall economic stability with targeted expansion.

Tennessee and the Global Economy: How Tariffs May Affect Tennessee

International trade policy has been very volatile over the past six months due in part to the economic debate surrounding the effects that tariffs may have in the nation and in the state of Tennessee. The state relies heavily on the international market mainly through the manufacturing sector. While tariffs are designed to protect and promote domestic industries, their downstream effects can create both opportunities and challenges. The following highlights the potential effects through data, business impact, and long-term strategic considerations.

What are tariffs?

A tariff is a tax imposed by a nation on an imported good. These protective tariffs are designed to increase the prices of imported goods, thereby shifting sales to domestic producers. In the United States, the President may impose certain tariffs under authority delegated by Congress, particularly through laws such as Section 232 of the Trade Expansion Act of 1962 (national security), Section 301 of the Trade Act of 1974 (unfair trade practices), and Section 201 of the Trade Act of 1974 (market disruption due to import surges).

Tennessee and Global Trade

Tennessee is a state in which the global market has significant influence. [Tennessee exports are approximately \\$40 billion annually](#)ⁱ. Tennessee also relies heavily on the international supply chain; therefore, imports and exports are extremely relevant to the Tennessee economy. The state's major trading partners include China, Canada, Mexico, and the European Union. The industry sectors that are the most impacted by global trade policies are mainly automotive manufacturing and agriculture.

The automotive industry is the state's largest manufacturing sector. Between 70,000 to 100,000 Tennesseans are employed in [it and it is the state's largest export sector](#)ⁱⁱ. How impactful these tariffs are to the state is greatly dependent on how impactful they are on the automotive industry.

2025 Tariffs

As of August 29, 2025, the following key tariffs were implemented that could impact Tennessee global trade:

- [50% tariffs on imported steel and aluminum](#)ⁱⁱⁱ
- [25% tariffs on imported vehicles and parts](#)^{iv}
- [10% general tariffs on most goods from countries with trade surpluses against the United States](#)^v

Potential Benefits for Tennessee

Incentives for Domestic Investment

Rising costs of imported goods can encourage companies to invest in domestic production. [ABB, a manufacturer with a significant presence in Selmer, TN](#)

announced a \$120 million investment in U.S. manufacturing facilities in response to tariff uncertainty in March 2025^{vi}. In June 2025, General Motors announced that it will invest \$4 billion over two years in its main facilities nationwide, to include its facility in Spring Hill, TN^{vii}. Tennessee's significant role in the electric vehicle (EV) sector could benefit the state if tariffs make foreign EVs and components more expensive and the market for EVs grows.

Potential Challenges for Tennessee

Increased Input Costs for Manufacturers

The tariffs on steel, aluminum and other components will raise the cost of production for manufacturers, despite the manufacturing process taking place in Tennessee. Companies who have committed investments for manufacturing in Tennessee will be dependent upon a part made elsewhere. Increased costs can reduce profitability, slow expansion, and ultimately could result in higher prices for consumers. These increases could potentially also affect small businesses that depend on affordable imported goods to stay competitive. Tariff increases have historically resulted in other countries retaliating with their own tariffs on exports that are significantly valuable in Tennessee. Products that are integral to Tennessee's global economy, like whiskey, soybeans, and cotton have already suffered retaliatory tariffs from other countries, including allies like Canada, the UK, and the EU^{viii}.

In the longer term, maintaining access to global markets and being competitive in these markets is necessary for Tennessee's economy. The long-term challenge for

the state's economy will be to access and balance the positive and negative effects of tariffs. The effects of these tariffs will be highly dependent on how businesses in Tennessee react to current administration policy, and how global partners react or retaliate to tariffs. In the coming years, a balanced approach of adopting domestic manufacturing while actively participating in the global economy may prove to be Tennessee's best path forward.

Economic Implications

The current employment landscape in Tennessee demonstrates an economy in transition. Sectors related to population growth and infrastructure—such as education, construction, and logistics—are expanding rapidly and driving job creation. These sectors will likely remain central to Tennessee's future economic stability. However, wage stagnation in some of these areas, particularly health care and construction, could lead to worker shortages or retention challenges if compensation does not keep pace with demand.

The decline in employment within professional and business services and the information sector may signal an adjustment period rather than a long-term contraction. These industries are sensitive to macroeconomic cycles and may also be undergoing structural shifts related to automation, outsourcing, or changes in the business services landscape. Similarly, the mixed performance in manufacturing suggests that while advanced manufacturing may be growing, lower-skilled production jobs may be less prevalent.

Tennessee's economic future will be shaped by how it addresses the growing divide between sectors that are adding high-wage, high-skill jobs and those adding low-wage, high-volume positions. If not addressed, this divide could contribute to increased income inequality and regional disparities, particularly between urban and rural areas.

Future Labor Force Policy

To support sustained economic growth and inclusive development, Tennessee should adopt a multifaceted labor policy strategy. First, investment should be prioritized in training and education programs that align with high-growth sectors such as health care, construction, and logistics. Expanding apprenticeships, vocational training, and credentialing programs can help build a pipeline of skilled workers for these industries.

Second, policymakers should address wage stagnation in essential services by considering incentives, wage subsidies, or targeted collective bargaining support. For example, higher compensation in health care and construction could help attract and retain workers. Monitoring wage trends more closely will be critical to ensuring compensation keeps pace with productivity and labor needs.

Third, the state should invest in reskilling and transitional support for workers in sectors facing job losses, such as business services, information, and mining. Programs that promote digital literacy, technical training, and mobility between industries can help buffer the impacts of structural shifts and prevent long-term unemployment.

Finally, ensuring equitable growth across regions and demographic groups should be a central policy goal. Extending access to workforce programs, transportation, and broadband in rural areas will help ensure that all Tennesseans can benefit from the state's evolving economic landscape.

Conclusion

The Tennessee labor market in 2023–2024 has shown encouraging signs of growth, with strong employment gains in essential service and infrastructure-related sectors. Challenges persist in the form of uneven wage growth, job losses in certain industries, and the need for targeted workforce development strategies. By addressing these disparities and investing in workforce preparedness and wage equity, Tennessee can position itself for continued economic resilience and shared prosperity in the years ahead.

Employer and Establishment Analysis in Tennessee: Insights from Two Data Sources

The business and employment landscape of Tennessee reveals a dynamic and diverse economy characterized by a strong presence of small businesses and concentrated industry sectors. Drawing from two key data sources—Data Axle and the Tennessee Quarterly Census of Employment and Wages (QCEW)—this report presents a comparative analysis of employers and establishments across the state. While both sources provide valuable insights, they differ in scope, categorization, and methodology, offering complementary perspectives on the state's economic structure.

Data Axle

According to Data Axle, Tennessee is home to 229,549 total employers. A dominant majority of these—203,178 or approximately 88.5%—are small businesses employing between 1 and 19 people. This proportion underscores the state’s economic foundation in small-scale enterprises, which often serve as the backbone of local communities and are vital for job creation, innovation, and economic resilience. The predominance of small businesses also suggests a decentralized business environment with localized service provision and entrepreneurial activity.

In terms of sectoral distribution, the Data Axle data highlights several major industries that dominate the employer landscape. Health care and social assistance is the largest sector, with 39,594 establishments, accounting for approximately 17.3% of all employers in the state. This currently reflects a strong health care infrastructure and an increasing demand for medical and social services, likely driven by population growth and demographic trends. Following this is the “Other Services” category, which includes organizations such as religious, civic, and personal service establishments. This sector comprises 32,845 establishments, or 14.3% of the state’s total.

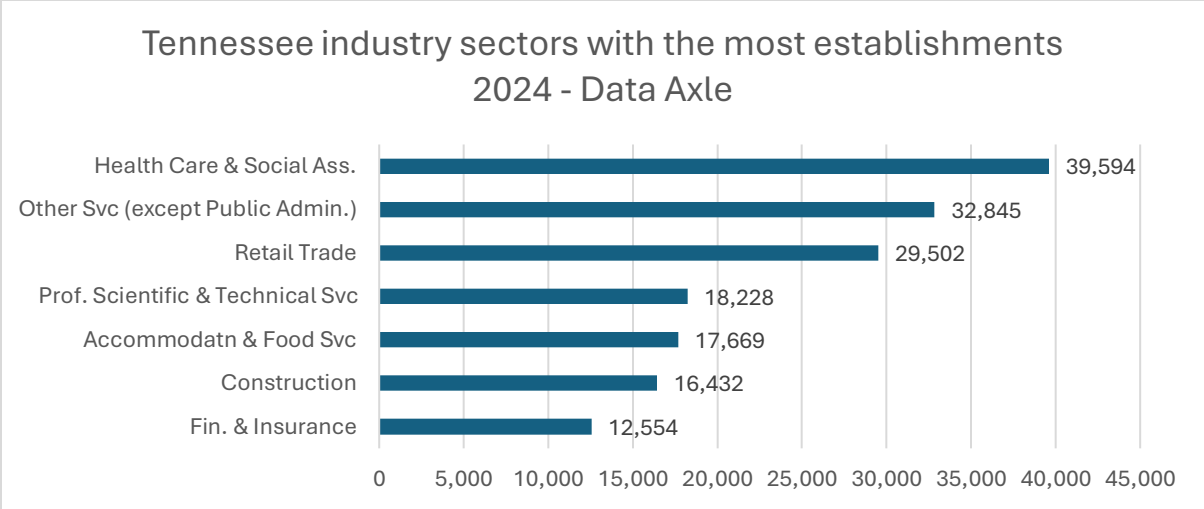


Figure 5: Employer information provided by Data Axle®, Omaha, NE, 800/555-5211

Retail trade ranks third, with 29,502 establishments making up roughly 12.9% of total employers. The retail sector’s significance aligns with Tennessee’s role as a commercial hub, supporting both consumer demand and employment across urban and rural communities. The professional, scientific, and technical services sector follows with 18,228 establishments (7.9%), reflecting the state’s growing focus on knowledge-based industries. Lastly, accommodation and food services account for 17,669 establishments, comprising about 7.7% of the total, pointing to Tennessee’s robust tourism and hospitality sector.

Quarterly Census of Employment and Wages

In contrast, the Tennessee QCEW data provides an alternate view, reporting a total of 224,128 establishments across the state. While this figure is slightly lower than that provided by Data Axle, it may be attributed to different definitions of an "establishment" versus an "employer," or to variances in how entities such as sole proprietors or inactive businesses are categorized.

According to the QCEW, professional, scientific, and technical services form the largest sector by establishment count, with 30,047 establishments, representing 13.4% of the total. This figure is significantly higher than that reported by Data Axel for the same sector, suggesting either broader inclusion criteria or more recent growth within these industries. Retail trade follows with 26,355 establishments (11.8%), slightly lower than the count reported by Data Axel, though the sector’s prominence remains consistent.

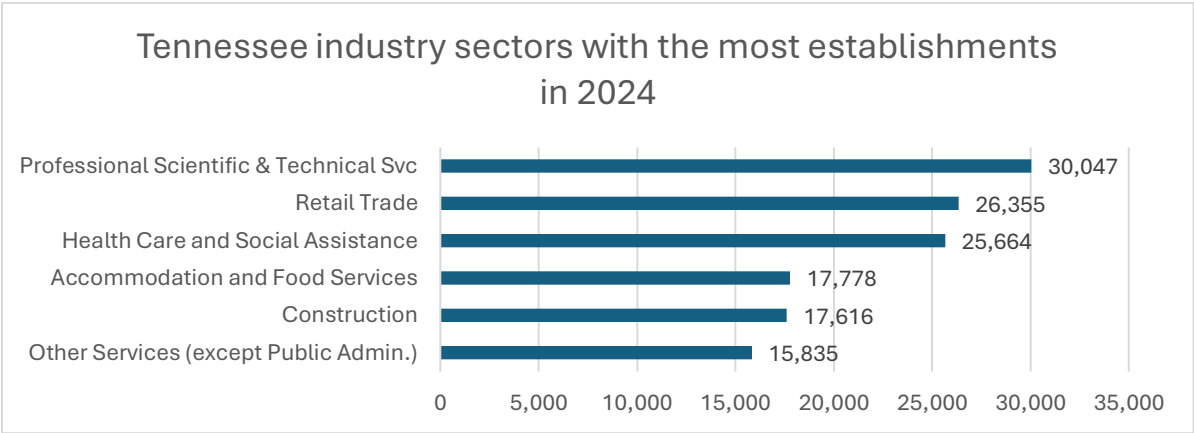


Figure 6: Tennessee Quarterly Census of Employment and Wages 2024

Health care and social assistance, while leading in the Data Axel report, ranks third in the QCEW data with 25,664 establishments, or 11.4% of the total. This difference may indicate variance in how health care services are defined or categorized across datasets. Accommodation and food services account for 17,778 establishments, comprising 7.9%, nearly identical to the proportion found in the Data Axel survey. Construction appears as a major sector in the QCEW with 17,116 establishments, or 7.6% of the total, despite not being listed among the top five industries in the Data Axel data. This inclusion points to the sector’s growing

importance in Tennessee, potentially driven by infrastructure development and population-driven housing demand.

These two datasets, while differing in total counts and certain sector rankings, paint a complementary picture of Tennessee’s economic structure. The most consistent themes across both surveys are the centrality of health care, retail, and professional services to the state's economy, as well as the overwhelming presence of small businesses. The slight variations in sectoral emphasis—such as the QCEW’s higher figure for professional services and inclusion of construction—may reflect different data collection methodologies or temporal differences in data reporting.

Overall, Tennessee’s employer and establishment profile is one of diversity, resilience, and growth, with small businesses forming the economic backbone and health care, retail, and professional services leading in sectoral prominence. These patterns suggest a stable and adaptable economic environment capable of responding to demographic and market changes, supported by both service-driven and knowledge-based industries. The data affirms Tennessee’s position as a competitive and multifaceted state economy, supported by entrepreneurial activity and broad sectoral representation.

An Analysis of Employment and Wages in Tennessee

Tennessee’s labor market continues to reflect a dynamic and evolving economy, driven by both high-volume employment sectors and specialized, high-wage industries. In 2024, the state’s total wage and salary employment across all industries reached 3,172,047 workers, underscoring the broad scale of Tennessee’s

workforce. This analysis examines the relationship between industry size, wage levels, and growth trends, and evaluates how these factors collectively shape the state's economic trajectory.

Employment by Industry: Core Drivers of the Labor Market

Employment in Tennessee remains concentrated in several key sectors. The largest industry sector, Health Care and Social Assistance, employed 453,761 individuals, accounting for 14.3% of the state's total employment. Following closely is manufacturing (359,523), retail trade (340,852), accommodation and food services (316,653), education services (241,398), and transportation and warehousing (218,840). Together, these six sectors represent more than 61% of the total workforce forming the backbone of the state's economic output and employment stability.

These sectors reflect Tennessee's economic composition—rooted in health care, manufacturing, consumer services, and logistics. For instance, the prominence of healthcare signals sustained demand in essential services, while the strength of manufacturing emphasizes the state's continued leadership in automotive and industrial production. Similarly, high employment in retail and food services points to ongoing consumer demand and population-driven service needs.

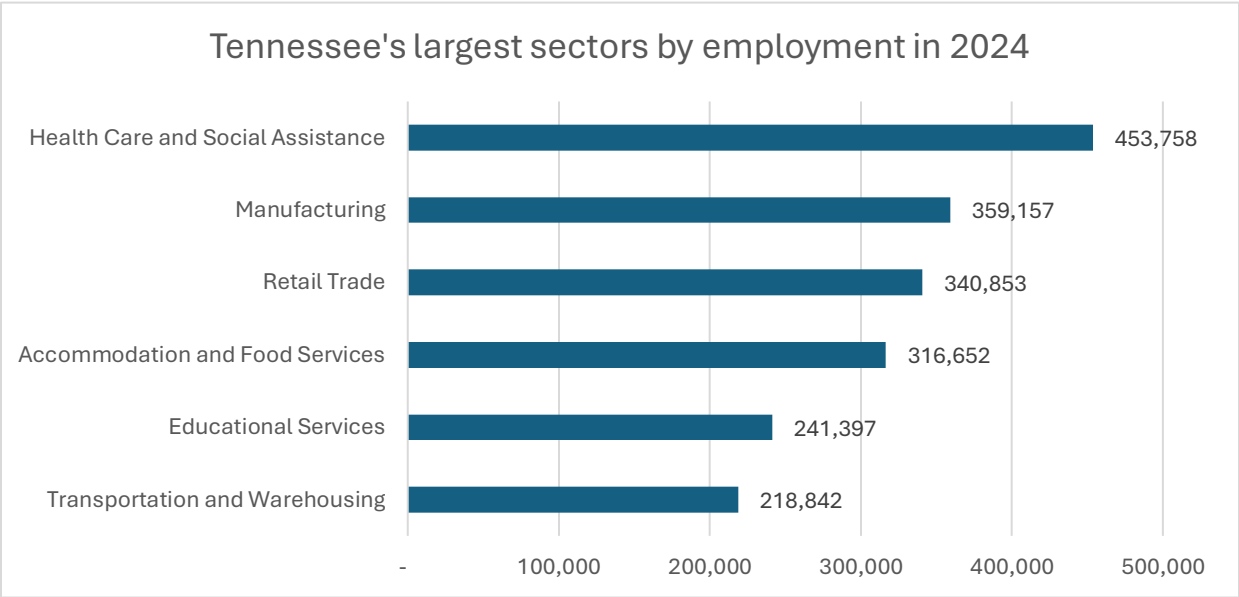


Figure 7: Tennessee Quarterly Census of Employment and Wages 2024

Wage Disparities Across Industries

While employment volume is a crucial measure of economic impact, wage levels offer additional insight into sectoral health and worker prosperity. In 2024, the statewide average weekly wage (\$1279) —represented by the average for all industries—serves as a benchmark for comparison across sectors. During this period, the highest average weekly wages were found in management of companies and enterprises (\$2,478), information (\$2,176), finance and insurance (\$2,164), professional, scientific, and technical Services (\$2,023), and utilities (\$1,957), highlighting the relative economic strength and compensation levels in these industries.

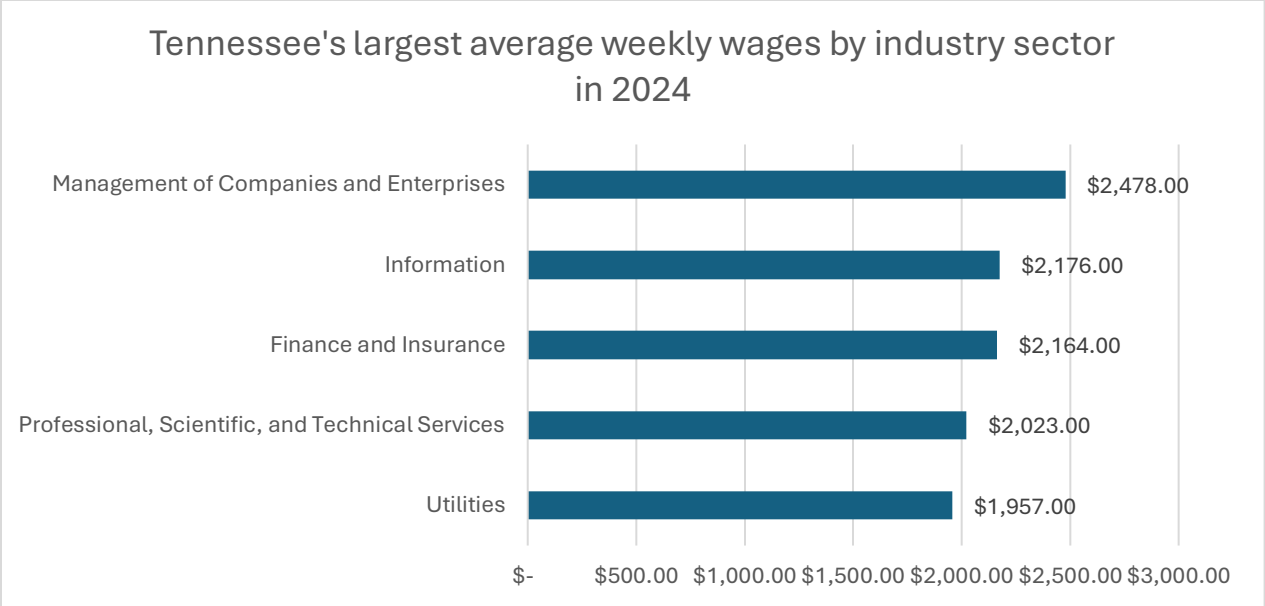


Figure 8: Tennessee Quarterly Census of Employment and Wages 2024

These high-wage sectors differ markedly from the state’s largest employment sectors. None of the top five by average weekly wage are among the top six by employment, revealing a clear divergence between sector size and wage scale. These industries, though smaller in employment numbers, consist primarily of highly skilled or specialized roles—such as finance professionals, software developers, legal consultants, and executives—which contribute significantly to wage elevation.

On the other hand, sectors with the largest employment—retail trade and accommodation and food services in particular—tend to offer some of the lowest average weekly wages (\$781 and \$525, respectively), despite their sizeable workforce. This structural pattern reflects broader national trends and illustrates the presence of wage stratification within Tennessee’s economy.

Sector Size vs. Wage Influence: An Uneven Landscape

One of the most critical observations from the data is the inverse relationship between sector size and wage levels. High-employment sectors tend to offer lower wages, while high-wage sectors employ fewer individuals. This disparity reflects a bifurcated economy in which most Tennesseans work in sectors with modest earnings, while a smaller portion of the workforce occupies high-earning positions in specialized industries.

This pattern presents both a challenge and an opportunity. While the existing employment base offers broad access to jobs, many of these positions fall below the average weekly wage for the state. Bridging this wage gap through workforce development, technical education, and targeted industry investment could play a key role in lifting overall wage levels and improving economic mobility across the state.

Strategic Implications for Tennessee's Economy

Tennessee's economic profile in 2024 reveals a labor market defined by a strong employment base, clear wage disparities, and signs of transformation in key sectors. The state's largest industries—health care, manufacturing, and service-based sectors—remain stable anchors of employment. However, the sectors experiencing the highest wage growth and offering the highest wages are more specialized, knowledge-based, and comparatively small in workforce size.

Looking forward, this contrast suggests the importance of continued efforts to align educational pathways with high-wage industries, while also supporting wage growth and career advancement within larger, lower-wage sectors.

Tennessee's ability to maintain its economic competitiveness will increasingly

depend on its capacity to upskill its workforce, attract investment in high-growth industries, and ensure equitable access to opportunity across all regions and sectors.

Labor Market and Socioeconomic Trends in Tennessee: 2022– 2025

Between 2022 and 2025, Tennessee's labor force trends such as unemployment levels, educational attainment, poverty rates, and workforce participation among individuals with disabilities have shifted in notable ways. When compared with national trends over the same period, these changes reveal a complex labor market environment shaped by long-standing structural factors and recent macroeconomic conditions.

Tennessee's labor force participation rate (LFPR) for individuals from age 16 and up has generally remained about two percentage points lower than the national rate from 2022 to the present, with significant regional differences. Tennessee's monthly LFPR ranged from a high of 60.9 percent in 2022 to a low of 59.2 percent. The range in 2023 was similar, from 60.3 to 59.4. In April 2025, the state rate was 60.3 percent, in contrast to the national rate of 62.5 percent. However, while the rate in the East Region was 58 percent and the West Region 55.7, the Middle Region exceeded the national rate, with a rate of 64.6 percent. These differences may stem from many factors- the robustness of the labor

markets, demographic and educational differences in labor force participation, and other economic or social disincentives to workforce participation.

Tennessee's unemployment rate has shown consistent improvement. The rate fell from 3.4% in 2022 to 3.3 in 2023 and reached 3.0% by July 2024. Initially, the U.S. unemployment rate was slightly lower than Tennessee's through 2022 —averaging around 3.6%—but rose to 4.2% by May 2025. Tennessee's May 2025 unemployment rate is below the national level, suggesting a tightening state labor market. However, this lower rate likely reflects not only job growth but also the exit of job seekers from the labor force, which reduces the unemployment denominator. The lower LFPR paired with lower unemployment indicates that fewer people are actively seeking work, rather than a dramatic expansion of employment opportunities.

Educational attainment, particularly among adults aged 25 and older with some college education or higher, remains a key structural factor affecting workforce participation and wage potential. In Tennessee, the share of adults with some college or more was 57.79% in 2022 and rose slightly to 58.22% in 2023. Nationally, this figure is substantially higher—according to the Census Bureau's 2023 data, roughly 64.6% of U.S. adults aged 25 and older had some college education or higher. Tennessee's lower attainment rate is a consistent challenge, limiting access to higher-paying jobs and reducing overall productivity and labor force attachment. This educational gap likely contributes to both the lower LFPR and higher poverty rates observed in the state.

Tennessee's poverty rate decreased slightly from 14.12% in 2022 to 13.86% in 2023 but remains significantly above national averages. In 2023, the U.S. official

poverty rate was 11.1%, with the supplemental poverty measure (which adjusts for cost of living and government benefits) at 12.9%. Tennessee's persistent poverty gap suggests limited economic mobility and regional income disparities. Lower educational attainment, coupled with a relatively low labor force participation rate, likely plays a central role in sustaining higher poverty levels in the state.

Disability remains a major factor in labor force nonparticipation. Among unemployed individuals in Tennessee, 16.11% reported a disability in 2022, a figure that remained nearly unchanged at 16.04% in 2023. Among those not in the labor force, the share with a disability fell slightly from 32.03% in 2022 to 30.90% in 2023. These figures indicate that nearly one-third of nonparticipants in Tennessee's labor force report a disability—a trend broadly consistent with national data. In 2023, the national labor force participation rate for people with disabilities was only 24.2%, according to BLS data. These figures highlight the considerable barriers to employment faced by individuals with disabilities, such as limited workplace accommodations, transportation challenges, or access to training.

Tennessee's labor market from 2022 to mid-2025 presents a mixed picture. The state has achieved lower unemployment and the labor force participation rate has improved slightly, but educational attainment lags national benchmarks, which likely restricts workforce development and limits access to higher-income employment. Poverty remains high, and disability continues to be a substantial factor in labor market exclusion. To address these interconnected challenges, Tennessee is pursuing policy initiatives that expand postsecondary access, support workforce reentry, and improve disability inclusion in employment. Without

addressing these foundational issues, the state’s labor market risks continued underperformance relative to national trends.

Regional Labor and Socioeconomic Trends in Tennessee: A Comparison of East, Middle, and West Tennessee (2022–2023)

Tennessee’s labor market and socioeconomic indicators show significant variation across its three grand divisions—East, Middle, and West Tennessee. From labor force engagement to poverty and disability-related unemployment, each region reflects unique strengths and challenges within the state’s broader economic profile. By comparing regional data from 2022 and 2023 to state-level averages, important distinctions emerge that can inform targeted policy responses and workforce development strategies.

Labor Force Participation Rate (LFPR)

According to U.S. Census data, in 2022, Tennessee’s overall LFPR stood at 61.87%, rising modestly to 62.10% in 2023. However, when analyzing individual regional data, significant disparities can be observed. Middle Tennessee consistently performs well in labor force participation, with a rate of 65.33 in 2022 and 65.54 % in 2023. Above the state average, Middle Tennessee’s figures indicate a relatively stronger and more engaged workforce.

East and West Tennessee’s LFPRs are significantly lower than the state’s LFPR. East Tennessee had an LFPR of 58.52% in 2022 and 58.79 2023 West Tennessee had the second lowest participation—60.78 in 2022 and just a slight increase to 60.91 in 2023. These figures are below the state average in two regions,

reflecting regional challenges such as lower job access, rural barriers, educational gaps, or health-related workforce limitations.

To improve postsecondary outcomes for underrepresented populations, Tennessee has implemented initiatives aimed at affordability and access. The “Tennessee Promise” program offers last-dollar scholarships for eligible high school graduates to attend community or technical college tuition-free. This program, part of the broader “Drive to 55” initiative, aims to ensure that at least 55% of Tennesseans have a college degree or credential by 2025 . Engagement in LFPR among Tennesseans should see a slight improvement based on the readiness of its workforce due to these programs.

Poverty Rates

The poverty rate further illustrates stark regional disparities. While Tennessee’s overall poverty rate was 13.96% in 2022 and slightly declined to 13.77% in 2023, the regional spread reveals deep inequities. Middle Tennessee consistently fares better than the state, with a poverty rate of 11.94% in 2022 and 11.66% in 2023—more than two percentage points below the state average.

East Tennessee’s poverty levels hover just above the state average, at 14.21% in 2022 and 14.17% in 2023. The minimal decline year over year indicates persistent barriers to economic advancement despite slight improvements in labor force participation. West Tennessee presents the most concerning figures, with poverty rates of 17.36% in 2022 and 17.21% in 2023. These are the highest in the state by a considerable margin, exceeding the statewide average by over three percentage points.

To counter these rates, Tennessee has implemented innovative, whole-family approaches to economic mobility. The “Tennessee Opportunity Pilot Initiative (TOPI)” funds local programs that integrate workforce training, parenting support, education, and healthcare coordination. One standout pilot, “GROWWTH” in West Tennessee, provides childcare, transportation (including discounted scooters), financial literacy, and wellness programs to single mothers and low-income households. Additionally, Tennessee became one of the first states to offer “100 free diapers per month” to Medicaid-eligible families with children under age 2—a policy aimed at alleviating economic stress during early childhood

Unemployment

Using Census data for individuals 16 and older, unemployment rates across Tennessee’s regions in 2022 and 2023 reveal notable disparities that mirror broader labor market imbalances. According to Census data, the statewide unemployment rate declined from 5.01% in 2022 to 4.71% in 2023, with a further drop to 3.5% by May 2025. Regionally, Middle Tennessee consistently outperformed the state, with unemployment at 4.15% in 2022 and 3.85% in 2023—well below the state average. East Tennessee’s unemployment closely matched the statewide rate, at 5.00% in 2022 and 4.70% in 2023, suggesting labor market conditions in the region are broadly aligned with state trends. In sharp contrast, West Tennessee recorded the highest unemployment in both years: 6.77% in 2022 and a modest improvement to 6.51% in 2023. This represents a consistent gap of nearly two percentage points above the state average.

The persistent disparity suggests deeper structural issues in West Tennessee’s labor market, potentially tied to limited industry diversity, lower educational attainment, rural disconnection, or barriers to workforce participation. Given the state’s overall trend toward lower unemployment into 2025, it is likely that regional unemployment has continued to decline, but West Tennessee may still be trailing significantly behind. Without targeted interventions—such as investment in workforce training, transportation, and employer incentives—West Tennessee is at risk of being left behind in the state’s broader economic recovery.

Tennessee has launched several initiatives to improve employment readiness among youth in underserved communities. The statewide “Youth Employment Program (YEP)” offers paid employment opportunities for individuals ages 14–24, paying participants up to \$3,500 while partnering with more than 1,200 employers. In Nashville, the city’s “POWER Youth” program offers tiered work experience: \$12/hour for younger teens (14–15) and \$15/hour for internships for those aged 16–19. The state has also expanded apprenticeship pathways for youth in high-demand sectors such as education, nursing, and advanced manufacturing, supported by grants and employer partnerships.

Unemployment Among People with Disabilities

Statewide, 16.11% of unemployed individuals reported a disability in 2022, with a slight decline to 16.04% in 2023. At the regional level, however, the share of unemployed individuals with a disability reveals notable contrasts.

East Tennessee consistently exceeds the state average in this measure, with 18.16% in 2022 and an increase to 18.30% in 2023. This suggests a significant

challenge in integrating individuals with disabilities into the workforce in the eastern region, possibly due to fewer support services or a more rural, dispersed population that hinders accessibility.

Middle Tennessee fares slightly better than the state average, with 15.41% in 2022 and 15.34% in 2023. These figures align with the region's overall stronger labor market performance and may reflect better access to inclusive employment, public transportation, or vocational support systems.

West Tennessee again presents a distinctive pattern. While it has the lowest labor force participation and highest poverty, it also has the lowest percentage of unemployed individuals with disabilities—14.59% in 2022 and 14.33% in 2023. This lower share may not indicate greater employment success but instead reflect a lower number of disabled individuals actively seeking work—likely due to discouragement, lack of access, or other barriers pushing them out of the labor force entirely.

Tennessee provides targeted workforce services for individuals with disabilities through its “Vocational Rehabilitation (VR)” program, administered by the Department of Human Services. VR services include career counseling, job placement, assistive technology, and training supports. These efforts are complemented by inclusive services through American Job Centers, which include accommodations and disability navigators to assist job seekers. Veterans with service-connected disabilities also benefit from the federal “Vocational Rehabilitation & Employment (VR&E)” program, which operates in collaboration with the state to support customized employment pathways.

Conclusion

Regional differences in labor force participation, poverty, and disability-related unemployment reveal an uneven economic landscape across Tennessee. Middle Tennessee demonstrates stronger workforce engagement and lower poverty, likely fueled by economic development in urban centers and more robust infrastructure. East Tennessee shows moderate labor force participation but persistent poverty and rising disability-related unemployment, suggesting pockets of vulnerability despite broader stability. West Tennessee faces the most critical challenges, with lower labor engagement, higher poverty, and potential underrepresentation of disabled individuals in the job-seeking population.

These disparities underscore the importance of region-specific approaches to labor market policy and economic development. Expanding access to education, job training, disability accommodations, and employment incentives—particularly in East and West Tennessee—will be essential to creating more inclusive and resilient regional economies that support the broader health of the state’s labor market.

Barriers to Employment by Demographic Group in Tennessee

Workforce participation in Tennessee continues to be shaped by several demographic factors that may present barriers to employment. Across the state’s East, Middle, and West Regions—comprised of nine Local Workforce Development Areas (LWDAs)—specific populations including older adults, veterans, Native Americans, youth, and individuals with disabilities face unique challenges in

accessing and maintaining employment. Tennessee continues to invest in targeted strategies and programs to improve employment outcomes for these populations.

Table 1: Significant Barriers to Employment by Demographic Group

Region	LWDA	Native American Population	Age 15 19	Age 20 24	Age 55+	Veterans	Individuals with Disabilities
West	Greater Memphis	3,870	68,405	66,327	219,618	45,394	74,253
	Southwest	447	17,291	15,760	65,407	10,551	22,533
	Northwest	897	15,953	16,038	65,799	12,295	25,374
West Total		5,214	101,649	98,125	350,824	68,240	122,160
Middle	Northern Middle	5,367	137,070	144,844	410,727	111,610	129,315
	Southern Middle	1,466	30,353	27,143	116,177	26,436	38,180
	Upper Cumberland	891	22,647	23,274	101,320	20,075	33,352
Middle Total		7,724	190,070	195,261	628,224	158,121	200,847
East	East	2,298	79,321	84,764	330,259	69,638	102,426
	Southeast	1,134	41,054	39,739	169,274	34,179	55,945
	Northeast	918	32,101	33,330	148,132	31,293	51,504
East Total		4,350	152,476	157,833	647,665	135,110	209,875
Statewide	Total	17,288	444,195	451,219	1,626,713	361,471	532,882

U.S. Census Bureau. (2023). American Community Survey (ACS) 5-Year Estimates

Workers aged 55 and over

These individuals represent a significant portion of Tennessee’s labor force and may face challenges related to skill gaps, age discrimination, or physical limitations.

The Middle Region, particularly the Northern Middle LWDA, has the highest population of individuals aged 55 and over, totaling 410,727. This is followed by the East LWDA with 330,259, and Greater Memphis in the West Region with 219,618.

Other areas with notable populations include Southeast (169,274), Northeast (148,132), and Southern Middle (116,177). The LWDAs with smaller populations in

this category include Upper Cumberland (101,320), Northwest (65,799), and Southwest (65,407).

Workforce services through the network of AJCs provide these individuals employment and career services. The state has also implemented several initiatives aimed at reducing employment challenges in this demographic including the Senior Work Experience Program, aimed at providing part-time, subsidized work-based training for unemployed Tennesseans aged 55 and above, particularly those with low income.

Veterans

Veterans represent a vital and experienced segment of the workforce yet may face employment challenges stemming from service-related conditions, skill translation, or gaps in civilian work history. The Northern Middle LWDA again reports the highest number of veterans at 111,610, accounting for a significant share of the state's veteran population. Other areas with substantial veteran populations include East (69,638), Southeast (34,179), and Greater Memphis (45,394). Smaller yet important veteran populations are found in Northeast (31,293), Southern Middle (26,436), Upper Cumberland (20,075), Northwest (12,295), and Southwest (10,551).

Tennessee continues to support veteran employment through both state and federal resources. The Veteran Vocational Rehabilitation and Employment (VR&E) program, administered in partnership with federal agencies, helps service-connected veterans access individualized employment supports. Tennessee's network of American Job Centers also supports veterans by participating in

programs associated the JVSG – Jobs for Veterans Grant to ensure priority of service is afforded to veterans.

Youth (Ages 16–24)

Youth entering the workforce frequently encounter challenges such as limited work experience, lack of access to career guidance, and transportation barriers. Across the state, the Northern Middle LWDA again reports the highest number of youth aged 16–24, with 137,070 (15–19) and 144,844 (20–24), totaling over 281,000. The East LWDA follows with 79,321 (15–19) and 84,764 (20–24). Greater Memphis also holds a large youth population with 68,405 (15–19) and 66,327 (20–24). Other notable concentrations are found in Southeast, Southern Middle, Northeast, and Upper Cumberland, with more modest youth populations in Northwest and Southwest.

To address youth employment barriers, the Youth Employment Program (YEP) is being implemented statewide, providing paid employment opportunities to individuals aged 14–24, with participants earning up to \$3,500 through partnerships with over 1,200 employers. In Nashville, the POWER Youth initiative adds localized support with tiered wages—\$12/hour for ages 14–15, and \$15/hour for internships targeting youth ages 16–19. Although the number of unemployed youths decreased from last year in the state, youth unemployment remains a challenge in rural areas in Tennessee.

Table 2: Labor force status of individuals with disabilities

Region	LWDA	Employed w/ Disability	Unemployed w/ Disability	Not in Labor Force w/ Disability
West	Greater Memphis	27,858	4,406	41,989
	Southwest	6,403	1,126	15,004
	Northwest	8,213	850	16,311
West Total		42,474	6,382	73,304
Middle	Northern Middle	64,721	5,796	58,798
	Southern Middle	14,194	1,377	22,609
	Upper Cumberland	11,214	1,154	20,984
Middle Total		90,129	8,327	102,391
East	East	35,218	4,283	62,925
	Southeast	21,069	2,276	32,600
	Northeast	15,422	2,724	33,358
East Total		71,709	9,283	128,883
Statewide	Total	204,312	23,992	304,578

Table 2: U.S. Census Bureau. (2023). American Community Survey (ACS) 5-Year Estimates

Individuals with Disabilities

Individuals with disabilities continue to face a range of employment barriers, including access to training, workplace accommodations, and discrimination. The Northern Middle LWDA has the highest number of individuals with disabilities (129,315), followed by East (102,426), and Greater Memphis (74,253). Other areas include Southeast (55,945), Northeast (51,504), Southern Middle (38,180), Upper Cumberland (33,352), Northwest (25,374), and Southwest (22,533). Tennessee’s Vocational Rehabilitation (VR) program, led by the Department of Human Services, provides targeted support including job placement, assistive technology, and training. Services are also extended through American Job Centers, which offer disability navigators and accommodation supports to ensure inclusive workforce access.

The demographic groups outlined above play a vital role in Tennessee’s labor market. However, they often experience heightened barriers to employment. The state of Tennessee remains committed to addressing these challenges through targeted programs such as YEP, POWER Youth, VR, and VR&E, all of which aim to ensure that every Tennessean, regardless of background or circumstance, has access to meaningful and sustainable employment opportunities. As workforce needs evolve, the continued alignment of policy, outreach, and support services will be critical to reducing employment disparities and maximizing participation across all regions.

Barriers to Employment in Tennessee: An Analysis of At-Risk Populations Entering the Workforce

Tennessee’s labor market is influenced not only by business trends and economic development, but also by the ability of marginalized populations to access stable and meaningful employment. Several key groups face elevated barriers to entering the workforce, including justice-involved individuals, individuals nearing the end of Temporary Assistance for Needy Families (TANF) support, and youth aging out of foster care. These groups represent significant untapped labor potential and, if properly supported, could help meet the state’s workforce demands. This report examines these three distinct populations, their distribution across Tennessee, and the programs currently in place to support their transition into employment.

Justice-Involved Individuals

Justice-involved individuals make up a large and often overlooked segment of Tennessee's potential workforce. This population includes individuals under community supervision, those in community corrections programs, individuals currently incarcerated in jails and prisons, and those recently released. While incarceration removes individuals temporarily from the labor market, releases from prison represent a consistent monthly inflow of individuals in need of employment opportunities.

As of the latest data, over 64,800 individuals are under community supervision in Tennessee. This includes 17,094 in the West Region, 26,627 in the Middle Region, and 21,079 in the East Region. At the local level, the Northern Middle LWDA accounts for 19,003 of those individuals, with the Greater Memphis area close behind at 9,738. These individuals are often subject to employment restrictions or face social stigma due to their criminal records, making their re-entry into the job market particularly difficult.

An additional 3,278 individuals are in community corrections programs, which typically offer alternatives to incarceration, such as supervised probation and treatment-based sentences. The highest concentration is again in the Middle Region, specifically Northern Middle (1,582 individuals), followed by the West Region with 1,029 and the East Region with 579. These individuals are typically still engaged with the criminal justice system and may have court-imposed obligations that affect their work schedules and mobility.

Moreover, Tennessee jails house approximately 27,142 individuals, and state prisons hold around 20,203 individuals, including 7384 in the West Region, 6811 in the Middle Region, and 6008 in the East. While these individuals are not currently in

the labor force, the state averages 819 monthly prison releases, with each releasee having served an average of 27.9 months. These former inmates re-enter society with a significant employment gap and limited job-readiness, often needing extensive support to reintegrate.

To address these challenges, the State of Tennessee offers a range of programs. The Office of Reentry, established to coordinate services for formerly incarcerated individuals, works closely with American Job Centers (AJCs) to deliver employment assistance. AJCs offer job training, resume support, interview preparation, and career counseling tailored to justice-involved individuals. Many centers also partner directly with correctional facilities to initiate training and career readiness before release.

Educational and vocational programs inside Tennessee's prisons also play a critical role. Several facilities offer GED preparation, vocational certifications, and in some cases, post-secondary education, aimed at equipping inmates with skills they can use immediately upon release. These initiatives reflect a growing recognition that employment is among the most effective tools for reducing recidivism and improving public safety while contributing to economic productivity.

Individuals Exiting TANF

Individuals receiving TANF benefits who are nearing the end of their eligibility face a transition period that can be both uncertain and economically precarious. Across Tennessee, 1,351 individuals are expected to exit TANF within the next 24 months, with the largest group residing in the West Region (583 individuals), followed by the East Region (391), and Middle Region (377). Within these, the

Greater Memphis LWDA alone accounts for 432 individuals, the highest concentration statewide.

These individuals are typically low-income, often single parents, and frequently lack the education or work experience needed to enter the labor market without support. Once benefits expire, the risk of falling into poverty or homelessness increases unless accompanied by job placement or skills training.

Tennessee addresses this barrier through several programs, primarily coordinated through Workforce Innovation and Opportunity Act (WIOA) services at American Job Centers. Individuals nearing the end of their TANF eligibility receive targeted job placement assistance, vocational training, and help obtaining high school equivalency credentials where needed. Additionally, the Supplemental Nutrition Assistance Program Employment & Training (SNAP E&T) program provides job readiness services for individuals transitioning from public assistance, particularly useful for TANF recipients who also qualify for SNAP.

These programs are designed to bridge the employment gap by preparing participants for in-demand jobs. The focus is on promoting self-sufficiency, improving long-term employability, and reducing dependency on public programs. WIOA also allows for individualized career pathways, supporting TANF recipients with childcare, transportation, and other wraparound services that are crucial to ensuring job retention.

Youth Aging Out of Foster Care

Youth transitioning out of foster care represent a uniquely vulnerable group within Tennessee's workforce. These individuals often exit the system without

stable housing, supportive family structures, or adequate job training. According to current data, 949 youth are expected to age out of foster care this year across Tennessee. The Middle Region sees the largest number at 387, followed by the East Region with 345, and the West Region with 217. At the LWDA level, Northern Middle (195) and Greater Memphis (153) have the highest concentrations.

Many of these youth face multiple employment barriers, including a lack of work history, limited access to transportation, and insufficient soft skills. The absence of adult mentorship or guidance can further hinder their ability to navigate the job market. These challenges, if not addressed, significantly increase the risk of unemployment, underemployment, and homelessness.

In response, Tennessee has implemented several youth-specific initiatives under WIOA's Youth Services program. One of the most prominent efforts is the Tennessee Youth Employment Program (TYEP), which provides paid work experiences, mentoring, and job readiness training for youth ages 14–24. The program helps participants build confidence and workplace skills while employers receive wage reimbursement and administrative support, making participation cost-effective.

TYEP has proven particularly effective, enrolling over 5,000 youth and partnering with more than 1,200 employers statewide in recent years. By connecting foster youth with structured work experiences and trusted adult mentors, the program lays a foundation for long-term success. TYEP operates in both urban and rural areas, including distressed counties, ensuring equitable access to opportunity across the state.

In addition to TYEP, youth aging out of foster care may also receive support through education and career navigation services, including help with FAFSA, college applications, and vocational training opportunities. These efforts are essential to providing stability and direction at a time when many young people in this group are facing adulthood without traditional supports.

Conclusion

The barriers to employment faced by justice-involved individuals, TANF recipients nearing benefit expiration, and youth exiting foster care are not just personal challenges — they are structural issues that affect Tennessee’s overall workforce capacity and economic resilience. Together, these populations represent tens of thousands of potential workers across the state. With appropriate support, they can contribute meaningfully to industries in need of labor, particularly in areas with high demand and limited supply.

Tennessee has made meaningful strides in supporting these populations through a range of programs under WIOA, SNAP E&T, and specialized youth and reentry services. However, given the scale of the challenge, continued investment, innovation, and cross-sector collaboration will be required to reduce barriers and unlock the full economic potential of every Tennessean.

Table 3: Significant Barriers to Employment – At Risk Population

Region	LWDA	Community Supervision	Community Corrections	Due to Exit TANF	Youth Aging Out of Foster Care	Individuals in Jail	Individuals in Prison
West	Greater Memphis	9,738	289	432	153	4,748	2,278
	Southwest	3,175	249	91	29	1,574	3,423
	Northwest	4,184	491	60	35	1,172	1,736
West Total		17,094	1,029	583	217	7,494	7,384
Middle	Northern Middle	19,003	1,582	283	195	6,344	3,685
	Southern Middle	4,058	0	57	90	1,842	3,126
	Upper Cumberland	3,566	88	37	102	2,029	0
Middle Total		26,627	1,670	377	387	10,215	6,811
East	East	10,669	118	152	175	4,380	1,975
	Southeast	5,770	269	145	99	2,828	2,422
	Northeast	4,640	192	94	71	2,225	1,611
East Total		21,079	579	391	345	9,433	6,008
Statewide Total		64,800	3,278	1,351	949	27,142	20,203

Table 3: U.S. Census Bureau. (2023). American Community Survey (ACS) 5-Year Estimates

The Future of Work in Tennessee: Industry and Occupational Projections to 2032

Tennessee’s labor market is set for a period of steady expansion and transformation through 2032, driven by both traditional economic engines and emerging sectors. As the state adapts to post-pandemic shifts, technological changes, and demographic trends, new opportunities and challenges are emerging in its occupational and industry landscape. Based on projections from 2022 to 2032,

the alignment of occupational growth with industry expansion suggests an evolving but largely coherent economic trajectory.

Industry Growth: A Foundation of Services and Production

By 2032, Tennessee's economy is expected to remain anchored by several key sectors in terms of total employment. Leading the way is health care and social assistance, projected to reach 488,369 jobs by 2032, reflecting the aging population and sustained demand for medical and caregiving services. This industry growth reflects the expansion of healthcare support occupations (2.58% annual growth to 2032) and healthcare practitioner roles (1.67% annual growth to 2032), two occupational categories expected to add nearly 65,000 jobs combined over the decade.

Manufacturing, historically a cornerstone of Tennessee's economy, remains vital with 388,195 projected jobs by 2032. While the annual growth rate in this sector is more modest compared to services, the continued demand for skilled workers is reflected in the steady expansion of installation, maintenance, and repair occupations (1.75% annual growth to 27,518 jobs by 2032), many of which directly support manufacturing operations.

The retail trade and accommodation and food services sectors are also expected to provide substantial employment—352,843 and 347,818 jobs respectively by 2032. These sectors correlate directly with high-demand occupational groups like food preparation and serving (projected to add 46,068 jobs by 2032) and sales and related Occupations. Notably, food preparation and

serving jobs will account for the most annual openings across all occupations, at 62,814, a figure driven by high turnover and steady consumer demand.

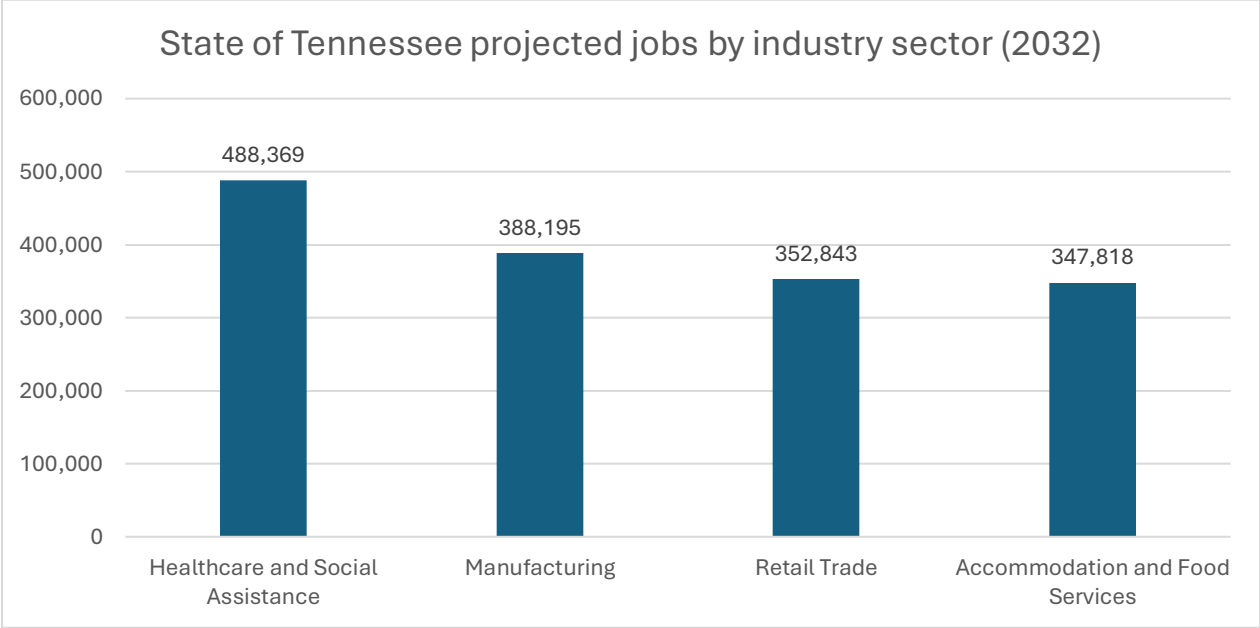


Figure 9. Tennessee Quarterly Census of Employment and Wages 2024. State of Tennessee Long Term Employment Projections 2032

High-Growth Niches: Real Estate, Tech, and Management

Beyond the large-employing sectors, Tennessee is also projected to see faster-than-average growth in more specialized industries. The real estate sector leads in annual growth at 3.3%, followed closely by management of companies (3.0%) and information (2.2%). These trends signal a shift toward higher-value, knowledge-based services in certain parts of the state.

Occupational projections reflect this diversification. Computer and mathematical Occupations, though smaller in absolute size (21,735 jobs by 2032), are projected to

increase 2.5% annually, potentially indicating increased integration of digital tools, cybersecurity, and data analytics across sectors. Similarly, business and financial Operations are set to grow by 1.75% annually, reaching 34,599 jobs, likely in tandem with expanding corporate offices and financial services tied to Tennessee’s broader economic development.

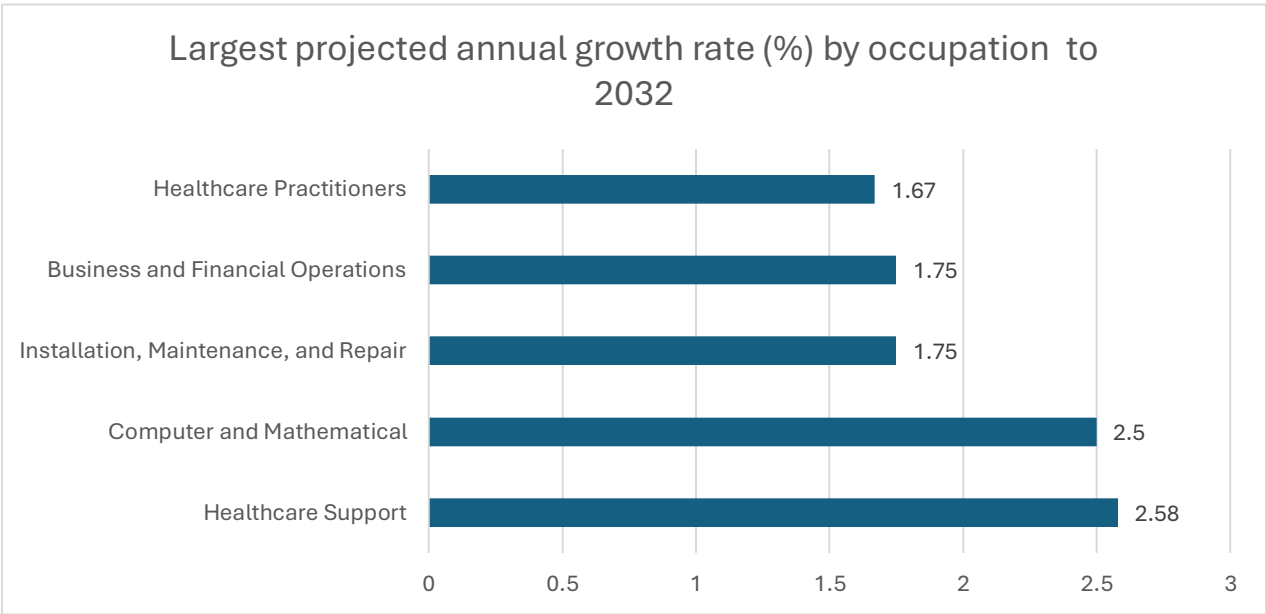


Figure 10. Tennessee Quarterly Census of Employment and Wages 2024. State of Tennessee Long Term Employment Projections 2032

Occupations: Where the Jobs Are and Will Be

Despite the rise of high-growth niches, the labor market will still rely heavily on large-volume occupational groups. By 2032, the largest occupational categories will include:

- Office and Administrative Support (471,730 jobs)
- Transportation and Material Moving (429,308 jobs)
- Food Preparation and Serving (360,867 jobs)
- Sales and Related Occupations (320,227 jobs)
- Management Occupations (314,617 jobs)

These areas also align with the occupations projected to have the most annual openings, due to a mix of growth and replacement needs. Together, they underscore the importance of supporting both educational pathways for emerging careers and reskilling initiatives for incumbent workers.

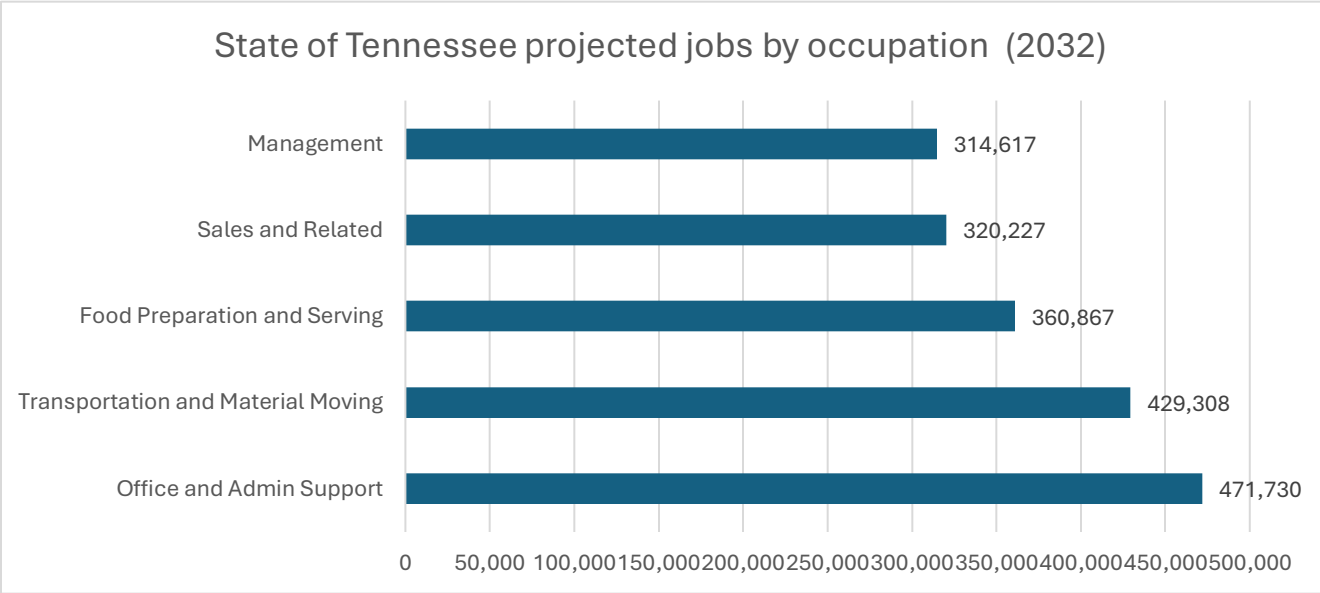


Figure 11: Tennessee Quarterly Census of Employment and Wages 2024. State of Tennessee Long Term Employment Projections 2032

Cross-Sector Alignment: A Balanced Labor Market

There is a strong correlation between Tennessee’s industry growth and its occupational needs. The rising demand in health care, real estate, and tech services is driving corresponding demand in skilled professional roles— including nurses, data analysts, or property managers. Meanwhile, the enduring scale of manufacturing, retail, and hospitality sustains demand for production workers, food servers, drivers, and sales personnel.

Transportation and Material Moving Occupations are projected to add the most jobs overall (53,267), a trend supported by Tennessee’s geographic positioning as a logistics hub. This is complemented by growth in industries like

warehousing and trade, which, while not top-line sectors, are critical to supply chain continuity.

Preparing for a Shifting Landscape

Tennessee's economic outlook through 2032 presents a dual narrative: one of consistency in key employment sectors and another of strategic growth in technology, health care, and professional services. As industry and occupational trends continue to align, the state will need to ensure its workforce development systems remain responsive balancing the needs of its largest labor pools with support for specialized, fast-growing fields. Tennessee's labor market in 2032 will be shaped as much by its legacy strengths as by its emerging sectors. Managing this balance will be essential to fostering a dynamic, inclusive, and resilient state economy.

Employment and Wages of Non-Degree Credentials and

Demand Occupations in Tennessee by Career Cluster

America's Talent Strategy: Building the Workforce for the Golden Age^{ix} proposes to shift the direction of workforce training programs to be more industry-led, with employers playing a broader role in identifying their needs and having greater participation in program design. Flexibility is key, with a variety of credentials to be developed, both short and longer term. The plan especially highlights non-degree credentials, which can include apprenticeships, certificate programs, and licensure. Tennessee includes apprenticeship and certificate programs in its annual supply and demand report, *Academic Supply for Occupational Demand*^x, and collects

information annually on all the state-licensed occupations, including license requirements and the number of active licensees.

To what extent do these non-degree sources train individuals for occupations in demand in Tennessee, and how do completers in these programs fare in the Tennessee labor market in terms of employment and wages? For which of these industry-related sectors are credentials more lucrative for job seekers? To answer these questions, the Tennessee in-demand occupations identified in the 2025 Academic Supply for Occupational Demand Report were compared with aligned licensed occupations and occupations with recent apprenticeship completers to assess how many were in demand-related fields and which potentially could achieve salaries at the median wage or higher. In addition, employment and earnings for programs which awarded certificates in Tennessee were analyzed to highlight differences in outcomes by career cluster.

Demand Occupations

Demand occupations were identified in the 2025 Academic Supply and Demand Report using data on three ratios: annual job postings by occupation compared to the number of individuals employed in an occupation, the number of hires related to the number of individuals employed in an occupation and projected annual job openings compared to occupational employment. Demand occupations had to be greater than or equal to the median ratio for two of the three measures and also met median wage and minimum occupational employment thresholds. The analysis was completed at the statewide level and for each of the nine local workforce development areas (LWDAs). Depending on industry concentrations,

occupations may be in demand in one or more local workforce areas and not be in demand at the statewide level. This analysis includes all programs which were aligned with occupations in demand in four or more LWDA's in the state. Academic programs and demand occupations are aligned in Tennessee within the following 16 career clusters:

Table 4: Career Clusters by Number and Title

Cluster Number	Cluster Title
1	Agriculture, Food, and Natural Resources
2	Architecture and Construction
3	Arts, A/V Technology, and Communications
4	Business, Management, and Administration
5	Education and Training
6	Finance
7	Government and Public Administration
8	Health Science
9	Hospitality and Tourism
10	Human Service
11	Information Technology
12	Public Safety, Corrections, and Security
13	Manufacturing
14	Sales and Marketing
15	Science, Technology, Engineering, and Mathematics (STEM)
16	Transportation

Table 4

These clusters are an organizing framework for secondary, postsecondary and apprenticeship programs to align them with related occupations within these broad industry and/or functional employment categories. One of the important uses of clusters is to examine workforce supply and demand relationships and to examine differences in employment outcomes among them.

The following section reviews available Tennessee data on three types of non-degree programs- occupational licenses, apprenticeships, and certificates –

regarding cluster alignments, wages, and for certificates, Tennessee employment outcomes.

License Data

The occupations in demand in the Tennessee region were matched with the licensed occupations in the state to determine how many license titles fulfilled requirements for demand occupations. A total of 73 licensed titles out of 209 (34.9 percent) were related to 45 occupations that were in demand in four or more LWDA in the state. Of the 45 occupations, 35.6 percent usually require a high school (HS) or equivalent education, 11.1 percent a postsecondary non degree (PSND) credential, 28.9 percent a bachelor's degree, and the remainder either an associate or a master's degree. So nearly half (46.7 percent) require either HS or PSND credentials initially. Other requirements for these licenses are available on the jobs4tn.gov website in the Labor Market Information, Occupational Profile section.

Of the 45 high-demand occupations with license titles, 13 of the 16 industry clusters were represented (see table 1). The most prominent were in health sciences (26.7 percent), human services (11.1 percent), and an equal number in sales and marketing, architecture and construction, and STEM (8.9 percent). Of the 45 occupations, 31 or 68.9 percent had median wages at or above the state annual median. The 45 occupations had median wages ranging from \$35,978 for preschool teachers, except special education to \$113,988 for physician assistants. Given the potential with some licensed occupations to move into an in-demand field and earn

at or above the median wage without obtaining a four-year college degree, obtaining a license can be a path forward if the license requirements can be met.

Table 5: Apprenticeship Programs in Demand

Cluster No.	Cluster Title	Appren. Programs In Demand %	Licenses in Demand by SOC occupations %
1	Agriculture, Food, and Natural Resources	0.00%	2.20%
2	Architecture and Construction	43.60%	8.90%
3	Arts, A/V Technology, and Communications	0.00%	0.00%
4	Business, Management, and Administration	2.60%	0.00%
5	Education and Training	2.60%	4.40%
6	Finance	0.00%	6.70%
7	Government and Public Administration	0.00%	4.40%
8	Health Science	10.30%	26.70%
9	Hospitality and Tourism	0.00%	4.40%
10	Human Service	0.00%	11.10%
11	Information Technology	5.10%	0.00%
12	Public Safety, Corrections, and Security	0.00%	2.20%
13	Manufacturing	15.40%	4.40%
14	Sales and Marketing	0.00%	8.90%
15	Science, Technology, Engineering, and Mathematics (STEM)	2.60%	8.90%
16	Transportation	17.90%	6.70%
	<i>1 Programs aligned with occupations in demand in four or more LWDA.</i>		

Table 5:

Apprenticeship Data

Of the 86 apprenticeship programs for which there were completers in 2023, 79 aligned with occupations that were in demand in one or more LWDA in the state. Of the 79, nearly half (39) were in demand in four or more LWDA (49.4 percent). Of these 39, almost three out of four (71.7 percent) were in occupations with 2024 median pay equal to or greater than the state median wage. Regarding cluster

alignment, more than forty percent (43.6) were in the architecture and construction cluster, nearly a fifth (17.9 percent) in transportation, 15 percent in manufacturing and just over 10 percent in health care. Wages for the 39 high demand occupations ranged from \$35,978 for early childhood educators to \$117,339 for application developers.

The Value of Certificates by Educational Cluster

As Tennessee moves toward better integration of its training and employment services, there is a need for more data on the wage and employment outcomes of education completers of certificate programs of two years or less by industry-related sectors. This analysis compares the median wages and Tennessee employment outcomes for less than one year and one-to-two-year postsecondary certificate completers by sixteen educational clusters to see if there are significant differences by cluster and which clusters have the highest median wages and employment outcomes. This will aid in the selection of priority industry and educational sectors offering higher wage, higher skill, and greater employment opportunities for workforce participants. Analysis was done using data from the Academic Supply for Occupational Demand report published March 1, 2025.

The Academic Supply for Occupational Demand Report, published annually by the Tennessee Higher Education Commission (THEC), is produced as a collaboration between THEC and the Tennessee Departments of Labor and Workforce Development (TDLWD), Economic and Community Development (TNECD), and Education (TDOE), using data and programming resources from TN DATA and the Office of Evidence and Impact (OEI). This analysis includes Tennessee

postsecondary certificate completer data from the academic year 2022-2023 and wage and employment follow-up data for those completers working in Tennessee two and three quarters after graduation, if they did not continue their education during that time.

The analysis^{xi} consisted of 114 one-year and 93 up to two-year certificate programs and their completers. For the one-year certificate program completers, the median percent employed was 63.2 percent, with a median wage of \$36,013.78 across all clusters. The median wages across clusters ranged from \$15,863.59 to \$64,576.50. Eleven programs could not be aligned with a specific cluster, but of the remaining clusters, the top three in terms of numbers of programs with certificates were STEM (13), which includes engineering technology, among other programs; health science (14), and human service (11). The clusters of programs with the highest highest percentages of employment were in agriculture and natural resources (75 percent), STEM (67.6 percent), and health science and business, management, and administration (both 66.7 percent) (see Table 2).

Table 6: Median Percent Employed by Cluster for Certificates

Cluster Number	Cluster Title	Median % Employed in Programs	
		Certificates < 1 Yr	Certificates 1-2 Yr
1	Agriculture, Food, and Natural Resources	75.00%	66.70%
2	Architecture and Construction	52.80%	58.60%
3	Arts, A/V Technology, and Communications	50.00%	57.10%
4	Business, Management, and Administration	66.70%	65.70%
5	Education and Training	n/a	n/a
6	Finance	62.50%	88.10%
7	Government and Public Administration	n/a	n/a
8	Health Science	66.70%	72.70%
9	Hospitality and Tourism	50.00%	66.70%
10	Human Service	50.00%	42.70%
11	Information Technology	54.80%	57.70%
12	Public Safety, Corrections, and Security	59.30%	77.60%
13	Manufacturing	62.20%	72.00%
14	Sales and Marketing	64.70%	n/a
15	Science, Technology, Engineering, and Mathematics (STEM)	67.60%	60.00%
16	Transportation	57.30%	60.00%
	Median for All	63.20%	61.90%

The up- to- two-year certificate program completers had median percent employed of 61.9 percent with a median wage of \$39, 629.08. The median wages ranged from \$22,480.08 to \$53,795.86. The program completers were more evenly

divided among the clusters, with the largest numbers of programs in health sciences (13), (8) each in architecture and construction and manufacturing, and transportation (7). The program completers with the highest percent employed in Tennessee were in finance (88.1 percent), public safety, corrections, and security (78 percent), and manufacturing (72.0 percent) (see Table 1).

For the one-year certificate programs, there was a significant difference among the cluster programs for median wages earned. The programs with the lowest median earnings were those in the arts, a/v technology, and communications, with median salaries of \$15,863.59. The highest median earnings were for STEM (\$64,576.50), manufacturing (\$41,469.16), and public safety, corrections, and security (\$41,096.20) programs.

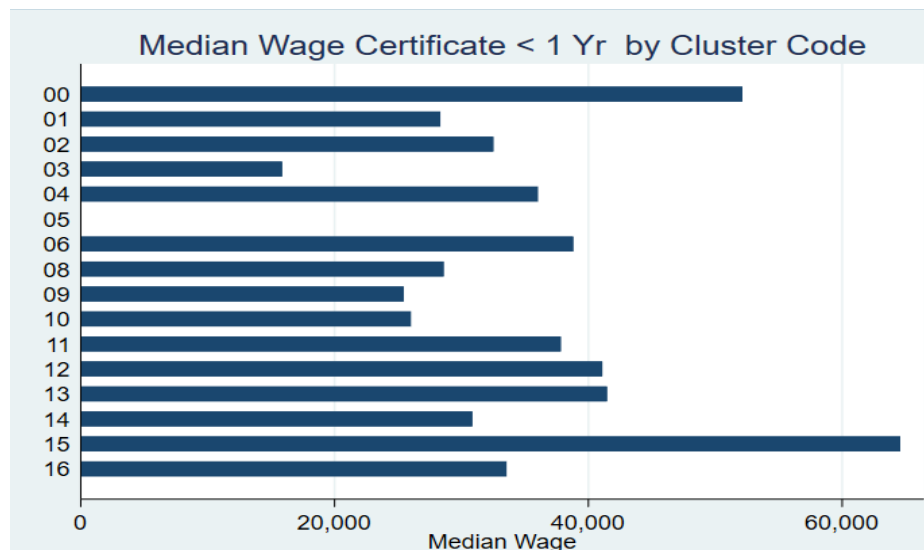


Figure 12. Supply and Demand Report

For the one- to- two- year certificate programs, the highest median earnings were in public safety, corrections, and security (\$53,795.86), STEM (\$51,723.34), and manufacturing (\$49,745.57) followed by finance and health science.

Combining all the certificate programs together (the less-than-one-year program completers and the up-to-two-year completers), the differences among the clusters were significant for both the percent employed in Tennessee and the median wages earned. The lowest percent employed were those in human services programs (48 percent) and hospitality and tourism (50 percent); the highest percent employed were in finance, agriculture, and manufacturing. The most significant differences were among the median wages earned for all certificate programs, with the arts, a/v, and communications cluster certificate programs averaging less than \$20,000 and STEM and manufacturing certificate programs at the top of the median earnings profile.

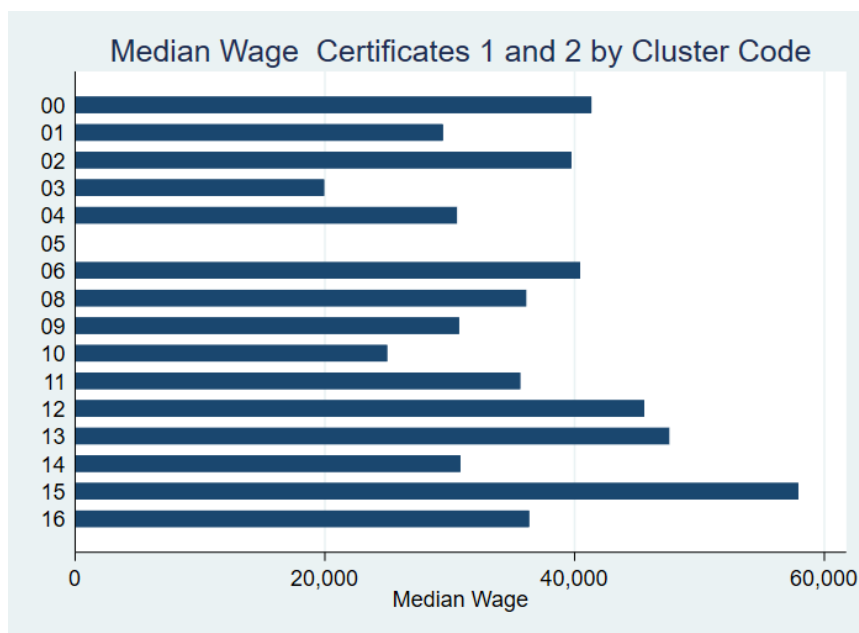


Figure 13. Supply and Demand Report

Conclusion

The data identify significant differences for short-term certificate training programs on employment and earnings outcomes depending on the career cluster of the programs. For the same length of programs, job seekers, counselors, and educators need to carefully evaluate the earnings and employment potential of short-term certificates based on the career clusters/industry sectors of the economy for which training is being offered.

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APPENDIX

Employer and Establishment Analysis in East Tennessee

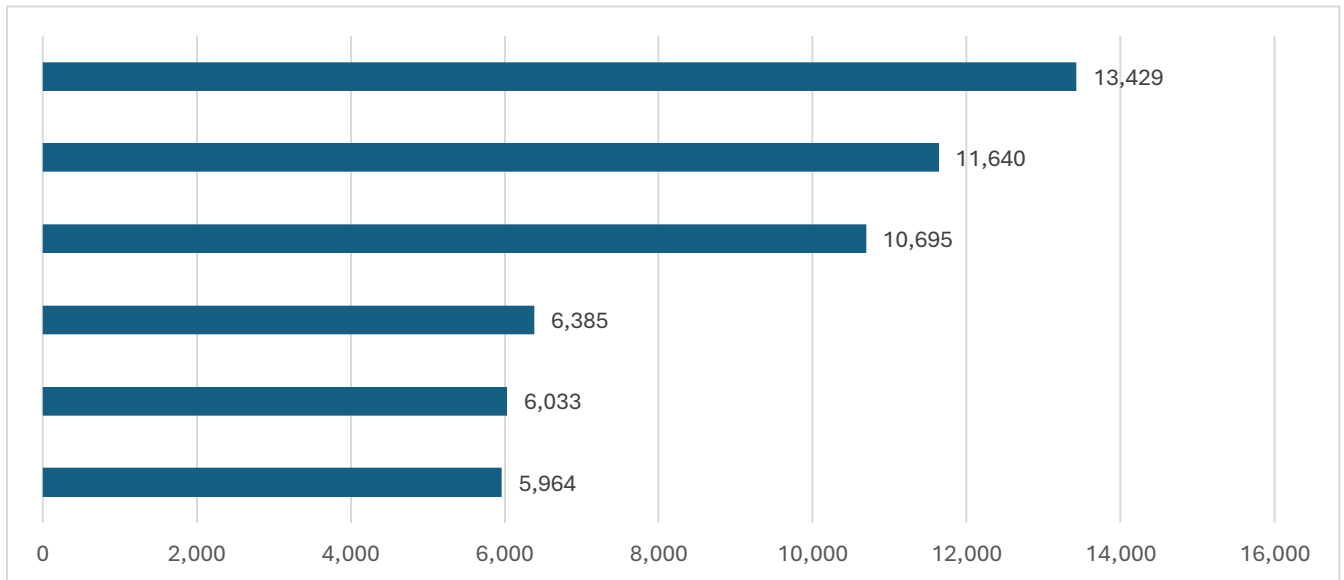


Figure A1: Tennessee Quarterly Census of Employment and Wages

2024

Quarterly Census of Employment and Wages

The Tennessee QCEW records the total number of establishments in East Tennessee at 73,720. Here, the most notable industries are retail trade, with 9,454 establishments, professional, scientific, and technical services, with 9,402 establishments, and health care and social assistance, with 8,814 establishments. Accommodation and food services rank similarly in both surveys, with 6,339 establishments, indicating a consistent strength in the region's hospitality industry. The construction industry, at 6,210 establishments, emerges as a key contributor to

the regional economy, in line with broader national trends emphasizing infrastructure development and construction activities.

The employment data for the Middle Region of Tennessee, which increased by 0.7% to 1,379,560 in 2024 from 2023, provides a relevant context for understanding economic growth trends in other regions as well. Although this data pertains to the middle region, it suggests a general upward trend in employment, which may also be influencing business growth in East Tennessee. The correlation between the increase in employment and the growth of various sectors, such as healthcare, retail, and construction, is likely reflective of broader regional economic dynamics.

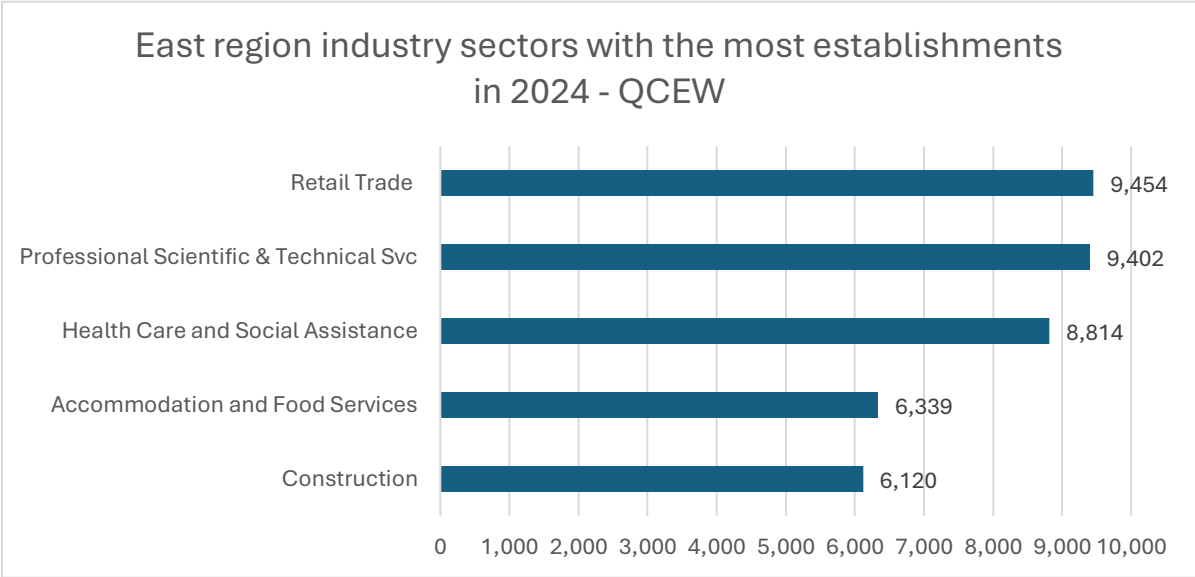


Figure A2: Tennessee Quarterly Census of Employment and Wages 2024

In conclusion, East Tennessee's economic landscape the Tennessee QCEW, is marked by a robust presence of small businesses, especially in the healthcare,

retail, and service sectors. The growth of health care services, the predominance of small businesses, and the strength of industries like retail and construction indicate a balanced and diversified economy in the region.

Employer and Establishment Analysis in Middle Tennessee (2024)

The economic landscape of Middle Tennessee in 2024 reflects a diverse and growing regional economy, anchored by a wide variety of service-oriented industries and a strong foundation of small businesses. The Tennessee Quarterly Census of Employment and Wages (QCEW) provides a detailed picture of the employers and establishments that define the region’s business environment. The data illustrate the primary economic drivers in the area and highlight where employment and enterprise growth are most concentrated.

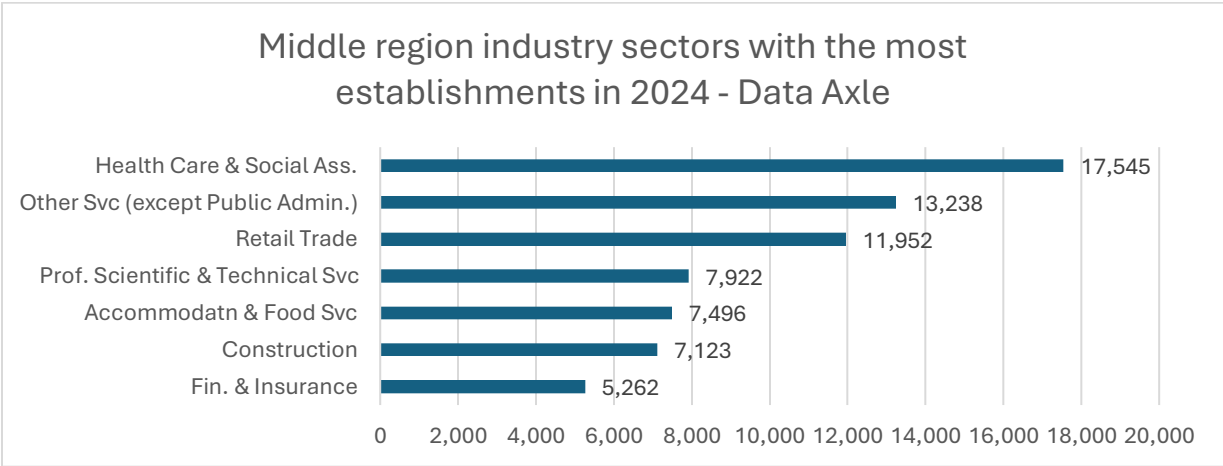


Figure A3: Employer information provided by Data Axle®, Omaha, NE, 800/555-5211

Quarterly Census of Employment and Wages

The Tennessee QCEW reports a total of 108,959 establishments in Middle Tennessee in 2024. These establishments represent businesses participating in the state’s unemployment insurance system and reporting payroll employment. Within this dataset, professional, scientific, and technical services emerge as the leading sector, with 16,307 establishments comprising 14.96 percent of the total. Retail trade follows with 11,272 establishments, accounting for 10.35 percent, and healthcare and social assistance closely trails with 11,230 establishments, or 10.31 percent. Construction stands out as a major contributor to regional business activity, with 8,625 establishments making up 7.91 percent of the total, highlighting the ongoing development and infrastructure growth occurring in the region. Accommodation and food services also maintain a strong presence, with 7,916 establishments, or 7.26 percent, serving both residents and the region’s growing number of visitors and tourists.

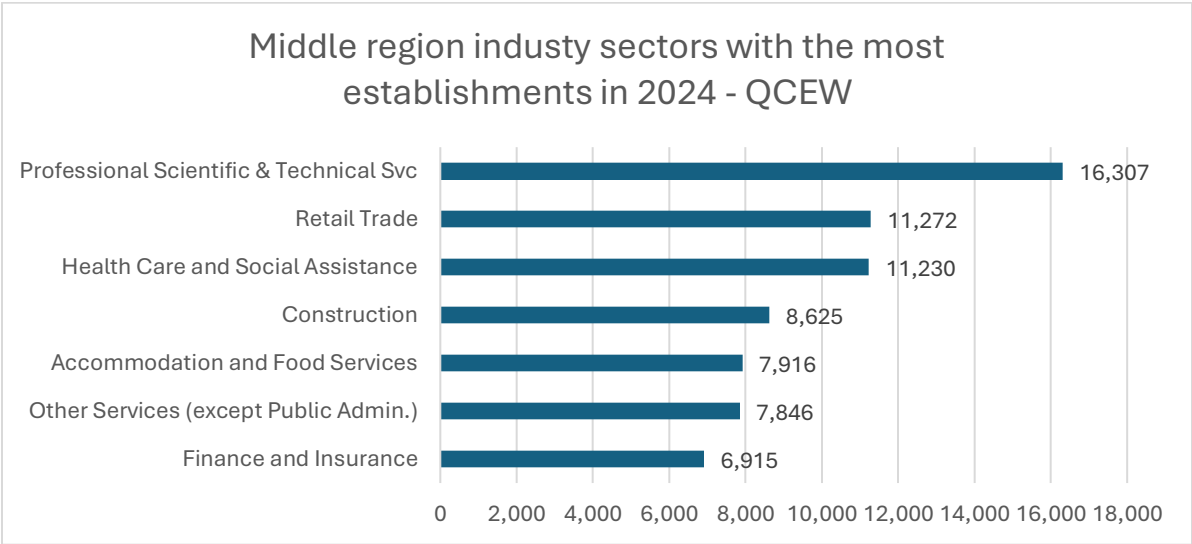


Figure A4: Tennessee Quarterly Census of Employment and Wages 2024

The data demonstrate that Middle Tennessee’s economy is primarily driven by service-based industries with a strong representation in health care, professional services, retail, and hospitality. These sectors not only account for most businesses and establishments but are also deeply embedded in the region’s day-to-day economic functioning. The large number of health care establishments, particularly in ambulatory services, points to a health care infrastructure that supports both urban and rural populations across the region. The strong presence of professional, scientific, and technical service businesses highlights the role of knowledge-based employment and the increasing importance of sectors such as legal services, architecture, engineering, and business consulting. Retail and food services continue to serve as vital employment hubs, indicating robust consumer demand and population-driven growth in Middle Tennessee communities.

Construction’s notable share of establishments underscores the physical growth of the region. This trend is supported by continued urban development in cities like Nashville, Murfreesboro, and Franklin, where commercial and residential building activity remains high. Specialty trade contractors further point to the decentralized nature of construction and renovation services, many of which operate as independent businesses or small firms.

In terms of labor market dynamics, the Middle Tennessee region has experienced growth in employment. Total employment in 2024 reached 1,379,560, reflecting a 0.7 percent increase compared to 2023. This modest yet meaningful gain indicates continued economic expansion and a resilient job market. The growth is likely driven by the same industries that dominate the business landscape—namely health care, professional services, retail, and hospitality—all of

which traditionally account for large shares of regional employment. In particular, the increase in jobs may be attributed to rising demand for outpatient medical care, the proliferation of service-oriented small businesses, and an expanding tourism and food service sector.

Overall, the data suggest that Middle Tennessee maintains a balanced and dynamic economy. Small businesses are the backbone of the region's economic framework, representing nearly 89 percent of employers. Key sectors such as health care, professional services, retail, food services, and construction not only dominate the number of establishments but also align with employment growth and regional development trends. This broad distribution of businesses across critical service and trade sectors reflects an economy that is well-positioned for continued stability and growth. As the population increases and urban areas expand, the strength of these core industries will likely remain central to the region's economic identity.

Employer and Establishment Analysis in West Tennessee

The economic landscape of West Tennessee in 2024 is characterized by a diverse array of employers and business establishments, shaped by both long-standing industry strengths and evolving market trends. This analysis provides a comprehensive look at the distribution of businesses by sector, the prevalence of small enterprises, and overall employment patterns in the region. These insights help paint a detailed picture of the region's business ecosystem and economic health.

Quarterly Census of Employment and Wages

The Tennessee QCEW reports 41,721 active establishments in West Tennessee in 2024. Within this dataset, retail trade leads with 5,629 establishments, making up 13.49% of the total, closely followed by health care and social assistance at 13.47% with 5,620 establishments. Professional, scientific, and technical services also feature prominently, comprising 10.39% of the total with 4,338 establishments. The Accommodation and food services sector contributes 3,523 establishments or 8.44%, while the construction sector represents 6.88% with 2,871 establishments. these numbers confirm the dominant role of retail and healthcare, which together account for over a quarter of all active business establishments in the region.

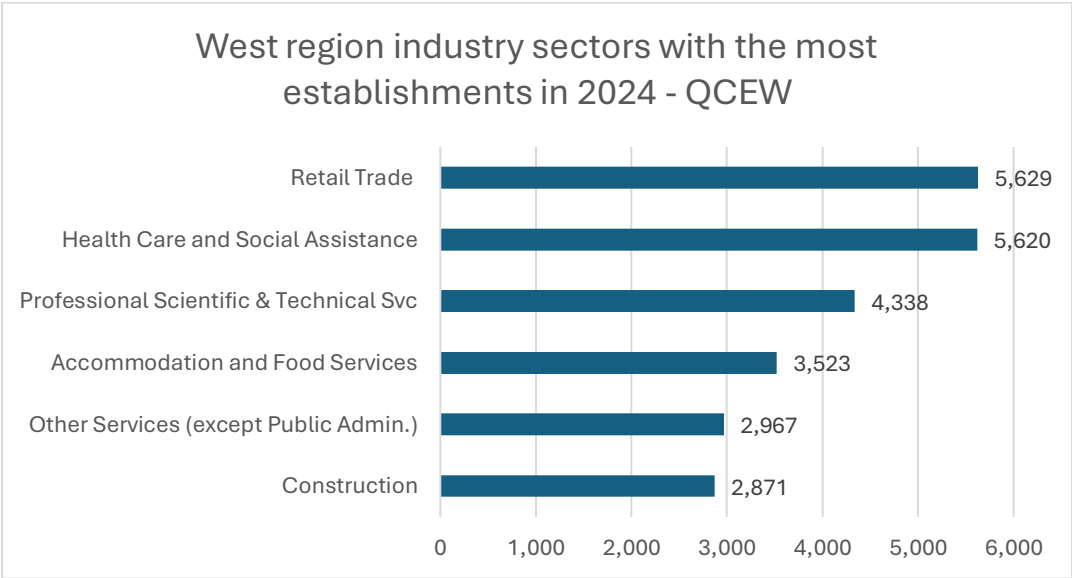


Figure A5: Tennessee Quarterly Census of Employment and Wages 2024

In terms of employment, the total number of jobs in West Tennessee reached 698,166 in 2024. This figure represents a slight decline of 0.5% compared to 2023, indicating a modest contraction in the labor market. While the data does not specify employment figures by sector, the high number of establishments in retail, health care, and accommodation services suggests that these industries likely account for a significant proportion of the workforce. The dip in employment could reflect a range of factors, including adjustments within key industries, changes in labor force participation, or broader economic pressures both within and beyond the region.

Taken together, the data present a clear picture of a regional economy anchored by small businesses and a service-dominated industry mix. They highlight the strong presence of health care, retail, professional services, and hospitality, sectors that not only drive employment but also serve as critical components of local communities. The slight decline in employment levels points to the need for ongoing monitoring and strategic planning to ensure continued economic resilience. These insights are essential for policymakers, economic developers, and business leaders who aim to support sustainable growth and workforce development in West Tennessee.

Regional Analysis of Industry Employment and Wages in Tennessee

Tennessee's regional labor market presents a multifaceted picture of economic activity and transformation, with distinct differences in employment trends and wage patterns across the East, Middle, and West regions. Each region,

while connected by statewide industry pillars such as health care, manufacturing, and education, reveals unique characteristics that underscore the complexity of Tennessee’s evolving economy.

Middle Region

The Middle Region stands out as the economic hub of the state, in 2024 leading with a total employment of 1,379,261 workers—a modest but notable increase of 0.70% from the previous year. This steady growth reinforces the Middle Region's position as Tennessee’s industrial and commercial engine. Health care and social assistance is the region’s largest employer, with 193,386 workers, followed closely by retail, accommodation and food services, manufacturing, and educational services. Beyond employment size, the Middle Region also commands the highest average weekly wage at \$1,356, a reflection of its robust presence in high-paying sectors.

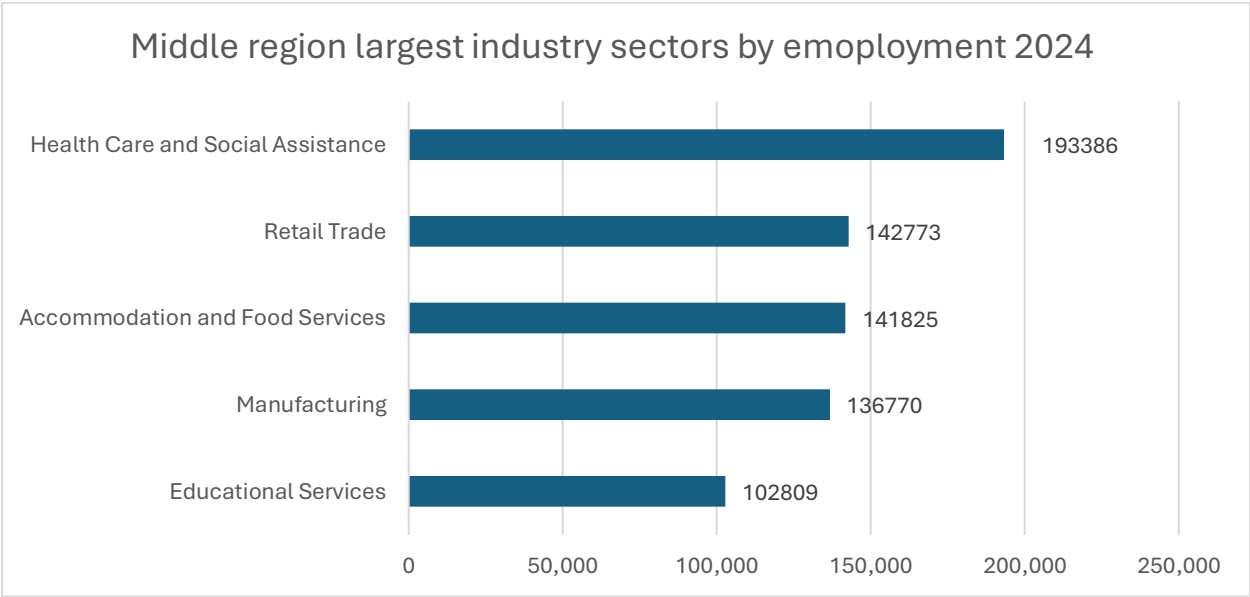


Figure A6: Tennessee Quarterly Census of Employment and Wages

In the Middle Region of Tennessee, the industry sectors with the highest average weekly earnings highlight a strong presence of specialized and technical professions. These include management of companies and enterprises \$2,496; information \$2,382; and finance and insurance \$2, 373.

Fourth on the list is professional, scientific, and technical services, with an average weekly wage of \$2,209, reflecting the high value placed on advanced expertise and innovation in areas like engineering, IT, and consulting. Mining and logging follow at \$2,076, showing that despite being a smaller sector, it commands high pay due to the physical risk and specialized equipment involved. The arts, entertainment, and recreation sector ranks third at \$1,978, likely driven by Nashville's thriving creative economy. Utilities, at \$1,907, also offer strong compensation, consistent with the technical demands and essential nature of the industry. Construction, while lower at \$1,559, still offers solid weekly earnings, especially given the ongoing development and infrastructure growth in the region. Overall, these figures reflect a regional economy that rewards technical skill, creativity, and labor-intensive work.

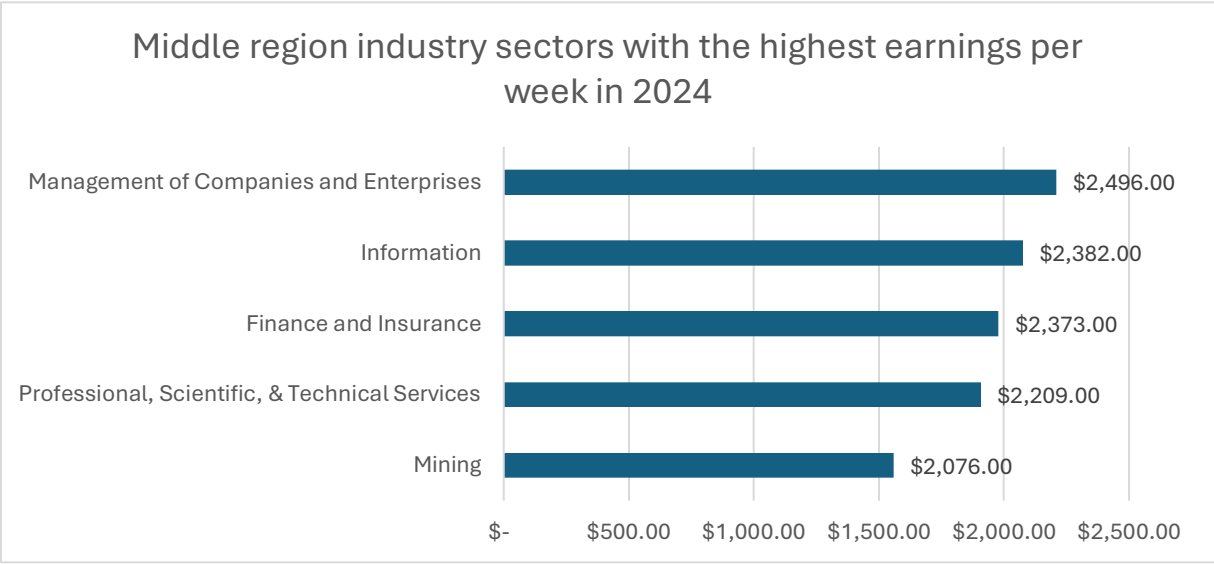


Figure A7: Tennessee Quarterly Census of Employment and Wages

East Region

In the East Region, employment totaled 1,065,642 in 2024, reflecting a 0.99% increase from 2023 and signaling continued growth in this historically manufacturing-focused area. Manufacturing remains the largest industry by employment, supporting over 150,000 jobs, followed closely by health care and social assistance, retail, and accommodation and food services.

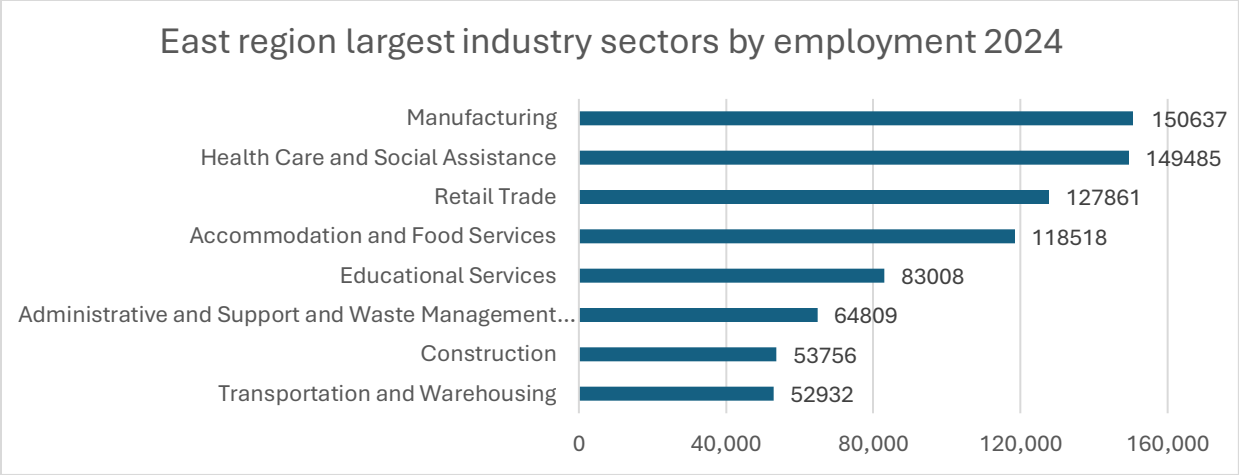


Figure A8: Tennessee Quarterly Census of Employment and Wages

In the East Region , the highest-earning industry sectors reflect a strong reliance on essential services, information-driven work, and capital-intensive fields. Management of companies and enterprises has the highest earning per week for an industry sector, with an average wage of \$2135 a week. Utilities follow with average weekly earnings of \$2,063, underscoring the high compensation associated with maintaining energy and water infrastructure, which often requires specialized skills and operates under strict safety standards. Professional, scientific, and technical is third in the region with an average weekly wage of \$1,895 . The region serves as home to the Oak Ridge- scientific and innovation hub; also, one of the highest paid industries in Southeast. Following closely is the information sector at \$1,810, highlighting the importance of media, telecommunications, and data services in the region's modern economy. Mining, with an average weekly wage of \$1,782, remains a lucrative but likely smaller industry, offering high pay due to the physical demands and specialized operations involved. Lastly, finance professionals earn an average of \$1,776 per week, reflecting the competitive nature of banking, insurance, and investment services. Together, these figures suggest the East

Region’s top-paying sectors are a mix of infrastructure, technology, and financial expertise, each playing a critical role in the region’s economic foundation.

West Region

The West Region experienced a slight employment decline, dropping by 0.48% to 698,032 jobs in 2024, down from 701,394 in 2023. This decrease, though modest, contrasts with the growth seen in the other regions and may reflect deeper structural or sector-specific challenges. Health care and social assistance remains the dominant employer in the West, accounting for over 109,000 jobs, followed by transportation and warehousing, manufacturing, retail, and accommodation and food services.

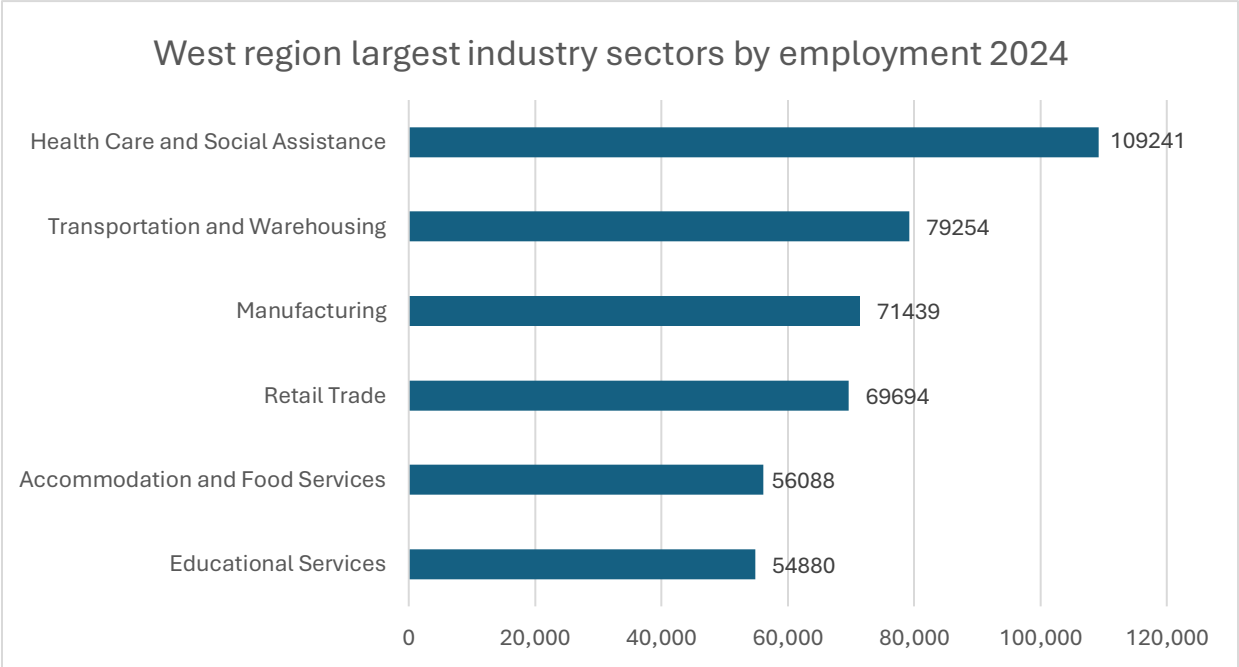


Figure A9: Tennessee Quarterly Census of Employment and Wages

Interestingly, despite the contraction in employment, the West Region reports high wages in certain sectors. The management of companies and enterprises industry boasts an impressive weekly wage of \$2,957—the highest across all regions—while finance and insurance, utilities, and wholesale trade also offer substantial earnings. Wage growth in the West has been significant in mining, as well as in real estate, rental, and leasing, finance and insurance, and information. These gains suggest that while overall employment may be decreasing, key industries are continuing to grow in profitability and labor value.

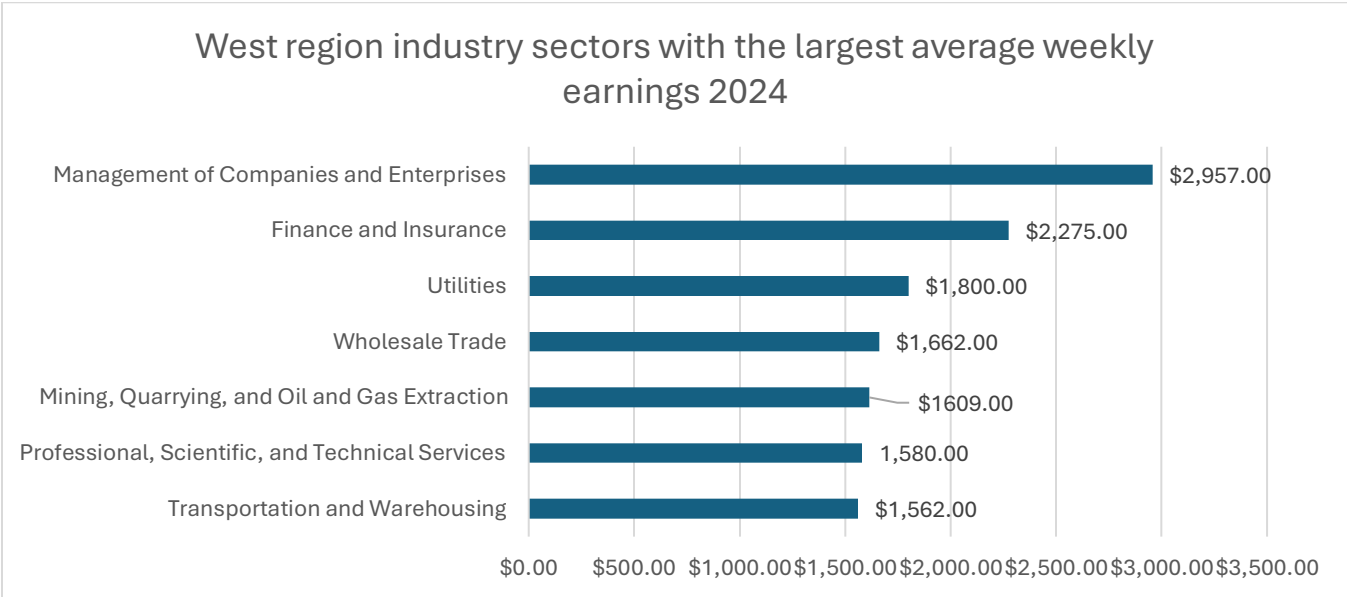


Figure A10: Tennessee Quarterly Census of Employment and Wages

Observations across the state

Across the state, some clear patterns emerge. Health care and social assistance consistently ranks as a top employer in all three regions, underscoring its central role in the state's economy. Manufacturing also remains vital, particularly

in the East and Middle, while the growth of high-wage industries such as information, finance, and professional services points to a gradual shift toward a more knowledge-based economy. Wage growth in these sectors reflects increasing demand for skilled labor and the expanding influence of technology and capital-intensive industries.

However, regional disparities are evident. The Middle Region not only leads in total employment but also in wage strength, suggesting a greater concentration of high-value industries and potentially better access to economic opportunities. The East Region, while more industrially rooted, is making gains in service and professional sectors that could signal future wage growth and economic diversification. The West Region presents a more complex picture: despite boasting some of the highest wages by industry, it faces an overall employment decline, hinting at uneven development or the shedding of lower-wage jobs.

Tennessee's labor market in 2024 reveals a state in transition—anchored by legacy industries like manufacturing and health care yet increasingly influenced by emerging sectors such as information and finance. The data points to a broadly resilient economy, but one marked by regional distinctions that policymakers and business leaders should consider. Sustaining employment growth in the East and Middle while addressing the employment contraction in the West will be crucial for fostering balanced statewide development. Investment in education, workforce training and support, and infrastructure, particularly in lagging regions, will be key to ensuring that all areas of Tennessee share in the state's economic momentum.

An Overview of Workforce Demographics and Educational Attainment in East Tennessee

The East Region of Tennessee, comprising the East, Northeast, and Southeast Labor Workforce Development Areas (LWDAs), presents a nuanced economic and demographic profile. A careful analysis of labor force participation, poverty levels, disability rates, and educational attainment reveals both strengths and areas of concern within the region's workforce. Compared with statewide averages, East Tennessee exhibits slightly lower labor engagement and educational outcomes, coupled with elevated poverty and disability rates—factors that collectively shape its economic outlook.

Labor Force Participation and Economic Conditions

The labor force participation rate (LFPR) in the East Region is 58.8%, trailing behind Tennessee's statewide rate of 62.1%. Within the region, Southeast Tennessee shows the highest LFPR at 60.4%, followed by East at 59.5%, and Northeast significantly lower at 55.0%. This disparity suggests weaker workforce engagement in the Northeast, possibly influenced by demographic or structural economic differences.

Poverty rates reinforce these disparities. The regional poverty estimate of 14.17% slightly exceeds the state average of 13.77%. While the East LWDA reports a below-average poverty rate of 13.56%, the Northeast stands out with the highest rate at 16.18%. This higher poverty rate aligns with the Northeast's lower labor force participation, indicating economic hardship and limited access to opportunities for segments of the population.

Disability, both in and out of the workforce, further compounds economic challenges. The East Region's unemployment rate among individuals with disabilities is 18.30%, compared to 16.04% statewide. Again, Northeast Tennessee reflects the highest rate at 21.20%, suggesting systemic barriers to employment for individuals with disabilities in that area. Additionally, 34.26% of those not in the labor force in East Tennessee report having a disability, higher than the state average of 30.90%. This indicates a significant portion of potential workers are excluded from economic participation due to health or accessibility challenges.

Educational Attainment by Race and Ethnicity

Educational attainment is a critical component of workforce readiness and economic development. In East Tennessee, 56.4% of adults aged 25 and older have attended some college or earned a higher degree, slightly below the state average of 58.2%. Among the three subregions, Southeast Tennessee leads with 58.9%, while Northeast lags at 53.18%.

White individuals make up most of the region's adult population, accounting for approximately 88% (1,538,500 of 1,748,061). Among this group, 89.7% have at least a high school diploma, and 27.9% have obtained a bachelor's degree or higher. These rates are nearly aligned with statewide figures (90.9% with high school or higher; 31.8% with bachelor's or higher), suggesting relatively consistent educational outcomes for this demographic across the state.

Black individuals represent a smaller share of the population (95,075 people, or about 5.4% of the regional adult population). Among them, 88.1% have completed high school or more, which is comparable to white counterparts.

However, only 19.1% of Black adults in the East Region have attained a bachelor's degree or higher—significantly below the regional average and the state average for Black residents (22.8%). This gap suggests limited upward mobility for Black residents and points to a potential area for educational and workforce development investment.

Hispanic adults make up about 3.9% of the East Tennessee workforce population (67,381 individuals). High school completion among Hispanics stands at 66.7%, which is markedly lower than both white (89.7%) and Black (88.1%) counterparts. Only 18.6% of Hispanics in the region have a bachelor's degree or higher, slightly below the rate for Black residents. Compared to the statewide Hispanic population, where 66.9% have a high school diploma and 19.9% have a bachelor's degree or higher, East Tennessee reflects similar trends but suggests ongoing educational disparities.

Observed Trends and Implications

Across East Tennessee, a consistent trend is the educational and economic disadvantage faced by the Northeast subregion. This area exhibits the lowest labor force participation, highest poverty, and highest disability-related unemployment. These indicators suggest systemic challenges that require targeted interventions, particularly around health access, workforce retraining, and education.

Educational attainment varies significantly by race. While white residents fare relatively well in terms of high school and college completion, Black and Hispanic

populations lag, particularly in higher education attainment. These disparities suggest that workforce development strategies in East Tennessee must prioritize access to education, career training, and inclusive hiring practices to improve economic outcomes for all racial and ethnic groups.

Another key theme is the high percentage of individuals with disabilities outside the labor force. With over one-third of non-participants in the workforce citing a disability, improving accessibility and support systems could help integrate more individuals into the labor market, boosting overall regional productivity.

The workforce demographics of East Tennessee paint a picture of a region with potential but marked by challenges in participation, poverty, and educational equity. While the Southeast shows relative strength in labor force engagement and educational attainment, the Northeast lags significantly, indicating a need for targeted economic and educational investment. Racial disparities in educational outcomes also highlight systemic inequities that must be addressed to create a more inclusive and dynamic workforce. With a strategic focus on educational attainment, disability inclusion, and regional equity, East Tennessee can better harness the full potential of its workforce.

The state of Tennessee has implemented several programs to slowly combat the negative effects of the socioeconomic factors mentioned above. In East Tennessee—where communities face high poverty rates, limited access to postsecondary education, and youth unemployment—state-supported initiatives have been tailored to address these challenges holistically. Through the Tennessee Opportunity Pilot Initiative (TOPI), multi-generational, community-based strategies are being tested to reduce poverty. While the GROWWTH program originated in

West Tennessee, its model of integrating workforce training, financial literacy, childcare, transportation assistance, and wellness services is informing similar pilot efforts in rural and Appalachian regions of East Tennessee.

To improve educational outcomes, programs like Tennessee Promise and the broader Drive to 55 campaigns offer last-dollar scholarships and mentorship for students pursuing degrees or certificates at community and technical colleges. These programs are critical in East Tennessee counties where college-going rates and access to financial support are lower than the state average. Additionally, the state funds extended learning initiatives such as LEAPs and 21st Century Community Learning Centers to support academic enrichment in low-performing schools.

Youth unemployment is also being addressed through the Youth Employment Program (YEP), which provides paid job placements for individuals ages 14–24. In counties like Greene, Cocke, and Claiborne, the program connects youth to local employers while providing wages, mentorship, and career exposure. Finally, individuals with disabilities—including veterans—receive support through Vocational Rehabilitation (VR) services and American Job Centers, which offer job placement, skills training, and accommodations such as assistive technology and accessible transportation. These efforts reflect Tennessee’s growing investment in supporting vulnerable populations across East Tennessee.

Workforce Demographics and Economic Landscape of Middle Tennessee

The Middle Region of Tennessee, composed of the Northern Middle, Southern Middle, and Upper Cumberland Labor Workforce Development Areas (LWDAs), provides a diverse and nuanced view of the state's workforce and economic dynamics. Through examining labor force participation, poverty levels, disability status, and educational attainment—both broadly and by demographic subgroups—we can gain insight into the opportunities and disparities shaping the regional economy.

Labor Force Participation and Economic Indicators

The labor force participation rate (LFPR) in the Middle Region stands at 65.5%, higher than Tennessee's overall rate of 62.1%. Within the region, the Northern Middle LWDA leads with 68.8%, suggesting a highly engaged labor market. In contrast, Southern Middle (59.5%) and Upper Cumberland (54.9%) fall significantly below both the regional and state averages, signaling areas with less workforce participation and likely fewer employment opportunities.

Poverty statistics reveal a sharp divergence within the Middle Region. The region overall reports a poverty rate of 11.66%, which is lower than the state average of 13.77%. Notably, Northern Middle has a significantly lower poverty rate of 10.42%, well below the state and regional averages. Meanwhile, Southern Middle (17.53%) and Upper Cumberland (19.07%) report substantially higher rates, suggesting deeper economic challenges in these subregions. The disparity indicates

that while the region may appear economically stable, economic hardship remains concentrated in its more rural or underserved areas.

Disability and Workforce Exclusion

The percentage of unemployed individuals with a disability in the Middle Region is 15.34%, slightly lower than the state average of 16.04%. Northern Middle reports the lowest rate at 14.36%, while Southern Middle (17.53%) and Upper Cumberland (19.07%) reflect higher levels of unemployment among individuals with disabilities, pointing to potential barriers to employment such as accessibility, transportation, or availability of inclusive jobs.

Similarly, among those not participating in the labor force, 26.75% in the Middle Region report having a disability—lower than the state average of 30.90%. However, internal differences remain notable: Northern Middle reports the lowest non-participation rate due to disability (23.11%), whereas Southern Middle (33.16%) and Upper Cumberland (34.86%) once again show the greatest levels of disengagement. These figures highlight systemic obstacles faced by individuals with disabilities in more rural parts of the region, which may limit economic inclusion.

Educational Attainment by Race and Region

Educational attainment is a crucial factor in shaping economic opportunity, and the Middle Region, overall, fares better than the state, with 61.14% of residents aged 25 and over having at least some college education compared to Tennessee's 58.2%. However, regional differences are stark: Northern Middle leads with 66.91%,

while Southern Middle (48.80%) and Upper Cumberland (47.79%) fall well below the state average.

In the Middle Region, white individuals aged 25 and over comprise 1,576,247 of the population. Of these, 91.9% (1,448,408) have a high school diploma or higher, and 35.2% (555,005) hold a bachelor's degree or higher. Northern Middle demonstrates stronger educational outcomes among this group: 94% are high school graduates, and 42.9% have a bachelor's degree. This is notably higher than Southern Middle, where only 88.9% are high school graduates and 21% hold a bachelor's degree, and Upper Cumberland, with 86.5% and 18.8%, respectively. These figures suggest that higher education is more accessible and likely more emphasized in the Northern Middle area.

The Black population aged 25 and over in the Middle Region numbers 235,850. Among them, 90.4% (213,339) are high school graduates or higher, and 29.1% (68,571) hold a bachelor's degree or more. Northern Middle again leads, with 91% high school attainment and 30.9% bachelor's degree attainment. In contrast, Southern Middle reports 85.6% with high school education and only 12.7% with bachelor's degrees. Upper Cumberland presents similar patterns with 84.5% and 17.7%, respectively. These statistics show regional inequality in educational access and highlight persistent disparities in higher education attainment among Black residents outside the urban core.

The Hispanic population in the Middle Region totals 133,827. Educational attainment is lower in this group compared to others: 69.8% have at least a high school education, and only 21.1% (28,172) have a bachelor's degree or higher. Northern Middle reflects better outcomes with 70.1% high school attainment and

22.4% bachelor's attainment. In contrast, Southern Middle and Upper Cumberland show significant challenges: only 42.6% and 37.3% of Hispanic individuals have a high school diploma, respectively, and 14.5% and 15.2% have a bachelor's degree. These low attainment levels point to structural inequities, such as language barriers, immigration-related issues, and fewer education resources, particularly in more rural areas.

Trends and Observations

A clear pattern emerges across the data: Northern Middle LWDA consistently shows stronger economic and educational indicators. Its low poverty rate (10.42%), high labor force participation (68.8%), and superior educational attainment across all racial groups suggest a more vibrant and inclusive economy. The region likely benefits from urban proximity, more diversified industries, and better access to educational institutions.

In contrast, Southern Middle and Upper Cumberland LWDAs reveal considerable challenges. Higher poverty, lower labor force participation, and lower educational attainment—particularly among Hispanic and Black populations—point to systemic disparities. These may stem from a combination of rural isolation, underinvestment in education and workforce development, and fewer employment opportunities.

Disability statistics further reinforce this divide. Northern Middle appears better equipped to include individuals with disabilities in the workforce, while Southern Middle and Upper Cumberland exhibit higher rates of disability among

those unemployed or outside the labor force, underlining the need for more accessible and supportive employment infrastructure.

The Middle Region of Tennessee demonstrates a region divided between growth and stagnation. While Northern Middle reflects a strong, inclusive, and educated workforce, Southern Middle and Upper Cumberland lag in key areas such as poverty reduction, educational attainment, and disability inclusion. Addressing these disparities will require targeted investments in education, economic development, and accessibility infrastructure—particularly in underserved and rural areas. A comprehensive, equity-focused approach is essential to ensure that all residents of Middle Tennessee can participate in and benefit from the state’s economic progress.

The state of Tennessee has implemented several programs to slowly combat the negative effects of the socioeconomic factors mentioned above. In Middle Tennessee, a region that includes both the rapidly growing metro area of Nashville and several economically distressed rural counties, the state has deployed a range of programs to address poverty, educational disparities, and employment barriers. Notably, the Tennessee Opportunity Pilot Initiative (TOPI) is supporting community-based solutions that target families with complex needs. Programs in Middle Tennessee integrate workforce training, family support services, financial literacy, and transportation access to help participants transition out of poverty.

Educational attainment is also a central focus. Through the Tennessee Promise program, high school graduates across Middle Tennessee receive last-dollar scholarships to attend community and technical colleges, helping ease the financial burden for low-income and first-generation college students. These

scholarships are part of the larger Drive to 55 initiatives, which aims to ensure that at least 55% of working-age adults hold a postsecondary credential by 2025. To support K–12 students, afterschool enrichment is provided through the 21st Century Community Learning Centers and LEAPs programs, which are particularly active in districts with high concentrations of economically disadvantaged students.

Youth unemployment is being addressed through the Youth Employment Program (YEP), which places young people ages 14–24 in paid jobs with public and private employers across the region. In Metro Nashville, the POWER Youth initiative offers structured internships and job training for teens and young adults. For individuals with disabilities—including veterans—Vocational Rehabilitation (VR) and American Job Centers provide job readiness training, assistive technology, and employer matching services. These initiatives reflect a growing regional effort to build equity and opportunity for Middle Tennessee’s most vulnerable populations.

Analysis of the Workforce Demographics and Economic Characteristics of the West Region of Tennessee

The West Region of Tennessee, encompassing the Greater Memphis, Northwest, and Southwest Labor Workforce Development Areas (LWDAs), presents a complex socioeconomic landscape characterized by varied labor force participation, poverty levels, disability employment gaps, and educational attainment across racial and ethnic groups. This analysis explores the state of the regional economy and workforce demographics, with a particular focus on

educational attainment by race and ethnicity, offering a data-driven overview of the region's challenges and opportunities.

Labor Force Participation and Unemployment

The overall labor force participation rate (LFPR) in the West Region stands at 60.9%, slightly below the statewide average of 62.1%. Within the region, Greater Memphis has the highest participation rate at 63.9%, exceeding the state average, suggesting a relatively more engaged workforce. Conversely, Northwest and Southwest Tennessee lag significantly, with LFPRs of 54.3% and 55.2%, respectively. These figures indicate underutilized labor potential, particularly in the rural subregions.

The regional disparity in workforce engagement is mirrored by poverty rates. West Tennessee exhibits a higher poverty rate (17.21%) than the state average (13.77%), with Southwest Tennessee showing the highest poverty rate at 18.5%. Although Greater Memphis, an urban hub, has a marginally lower rate (16.94%) than the regional average, it still surpasses the state figure, underscoring economic hardship across the region.

Disability and Workforce Inclusion

Disability-related employment metrics also reveal noteworthy disparities. The percentage of unemployed individuals with a disability in the West Region is 14.33%, slightly better than the state average of 16.04%. However, regional differences persist. Northwest Tennessee reports the highest unemployment rate

among people with disabilities at 21.36%, well above both the regional and state averages, indicating challenges in integrating disabled individuals into the workforce in that area.

Additionally, the percentage of individuals not in the labor force who have a disability is 32.92% for the West Region, exceeding the state average of 30.90%. Northwest (37.92%) and Southwest (36.60%) again show the highest shares, suggesting that disability presents a more significant barrier to labor force participation in these areas compared to Greater Memphis (29.40%).

Educational Attainment Overview

Educational attainment is a critical factor influencing both employment opportunities and economic outcomes. In West Tennessee, 55.64% of residents aged 25 and over have attained some college education or higher, which is below the state average of 58.2%. Once again, Greater Memphis outperforms the regional average at 60.95%, while Northwest (44.07%) and Southwest (45.76%) fall considerably short. These figures highlight a geographic educational gap that correlates closely with lower labor force participation and higher poverty rates.

Educational Attainment by Race and Ethnicity

The white population makes up the largest demographic group with 570,294 individuals aged 25 and over in West Tennessee. Of these, 91.3% (520,936) have graduated high school or higher, slightly below the state's 91.0%. However, 32.5% (185,484) have earned a bachelor's degree or higher, which is significantly below

the state average of 31.8% (1,170,280 out of 3,685,041), though only marginally so. Educational outcomes for white individuals are generally higher in Greater Memphis, where 43.6% hold at least a bachelor's degree, compared to 19.8% in Northwest and 20.7% in Southwest Tennessee.

The Black population in West Tennessee comprises 390,518 individuals aged 25 and older. Of these, 88.4% (345,107) are high school graduates or higher, close to the state average of 89%. However, only 19.9% (77,896) have earned a bachelor's degree or higher, compared to the statewide Black average of 22.8%. Notably, the disparity is more pronounced in Northwest (11.0%) and Southwest (11.7%), while Greater Memphis fares better at 21.4%, yet still lags the state average for Black residents.

The Hispanic population in West Tennessee is comparatively smaller, with 47,459 individuals aged 25 and over. Among them, 59.6% (28,298) are high school graduates or higher, significantly lower than the state average of 67.0%. Only 18.7% (8,884) have a bachelor's degree or higher, which is below the state average of 19.9% for Hispanics. Educational attainment is highest in Greater Memphis, where 19.8% of Hispanics hold a bachelor's degree or more, while Northwest (12.6%) and Southwest (15.8%) again fall behind.

Observations and Trends

The data paints a portrait of a region marked by uneven development. Greater Memphis emerges as the economic and educational anchor of West Tennessee, with relatively higher labor force participation, lower disability-related

workforce exclusion, and better educational attainment. However, the Northwest and Southwest regions face persistent structural challenges, including lower educational attainment, higher poverty rates, and more significant barriers to employment for individuals with disabilities.

Across racial and ethnic lines, disparities in educational outcomes are evident. While the white population tends to have higher educational attainment across the board, Black and Hispanic populations are disproportionately underrepresented in higher education, particularly in the rural subregions. This educational gap aligns with the economic disparities observed across the region and suggests a need for targeted workforce development and educational initiatives that are both inclusive and geographically sensitive.

The West Region of Tennessee presents a diverse but divided economic and educational landscape. While urban centers like Greater Memphis show relative strength, rural areas remain hindered by lower educational attainment, limited workforce participation, and higher poverty rates. Addressing these disparities—particularly in educational access and attainment for historically underrepresented groups—will be essential to building a more resilient and inclusive regional economy. Strategic investment in education, disability workforce integration, and rural economic development will be crucial to closing these gaps and fostering long-term economic stability across all three LWDAs.

The state of Tennessee has implemented several programs to slowly combat the negative effects of the socioeconomic factors mentioned above. In West Tennessee, where persistent poverty, low educational attainment, and high

unemployment remain deeply rooted—particularly in rural and urban pockets like Haywood, Lauderdale, and parts of Memphis—the state has piloted several targeted interventions. One of the most prominent is the Tennessee Opportunity Pilot Initiative (TOPI), with the GROWWTH program (Growing Relational and Occupational Wealth in West Tennessee Households) serving as a flagship model. Administered by the Tennessee Department of Human Services, GROWWTH combines workforce training, parenting support, wellness programs, and practical resources like childcare and discounted transportation to help low-income families, especially single mothers, achieve self-sufficiency

To address gaps in educational access, the Tennessee Promise program offers last-dollar scholarships and mentoring to high school graduates attending community or technical colleges—critical in regions where tuition costs and access are significant barriers. These efforts are supported by the Drive to 55 initiatives, which seeks to increase the number of working-age Tennesseans with a degree or credential by 2025. Meanwhile, at the K–12 level, the state has invested in 21st Century Community Learning Centers and LEAPs programs to deliver academic support and enrichment in under-resourced schools across West Tennessee.

Youth unemployment is being directly addressed through the Youth Employment Program (YEP), which provides paid opportunities to thousands of young people across the region. For individuals with disabilities—including veterans—Tennessee offers services through Vocational Rehabilitation (VR) and American Job Centers, which provide customized career counseling, skills development, assistive technology, and inclusive job placement services. These

efforts represent a strategic push to reduce barriers and foster opportunity in some of the state's most economically vulnerable communities.

Tennessee Job Outlook to 2032: A Regional Analysis by Industry and Occupation

Tennessee's labor market is undergoing dynamic changes as the state continues to grow and diversify its economy. Each of its three regions—East, Middle, and West Tennessee—displays distinct trends in employment by industry and occupation. These trends reflect both the economic strengths of each area and the evolving needs of employers and communities. This analysis explores the projected job outlook to 2032, comparing Local Workforce Development Areas (LWDAs) within each region and drawing comparisons among the regions themselves. The findings present a comprehensive view of where job growth is expected, in which industries and occupations, and what implications these projections carry for workforce development efforts across the state.

East Tennessee Region

The East Tennessee region, comprising the East, Southeast, and Northeast LWDAs, presents a balanced employment landscape with consistent demand across a mix of service and manufacturing industries. Health care and social assistance stands out as the leading employer throughout the region. In the East LWDA alone, it is projected to employ nearly 90,000 individuals by 2032, while similar dominance is observed in the Southeast and Northeast LWDAs, with over 55,000 and 38,000 jobs respectively. Growth in this sector is projected to remain steady generally between two and three percent across the region, suggesting stable but ongoing expansion.

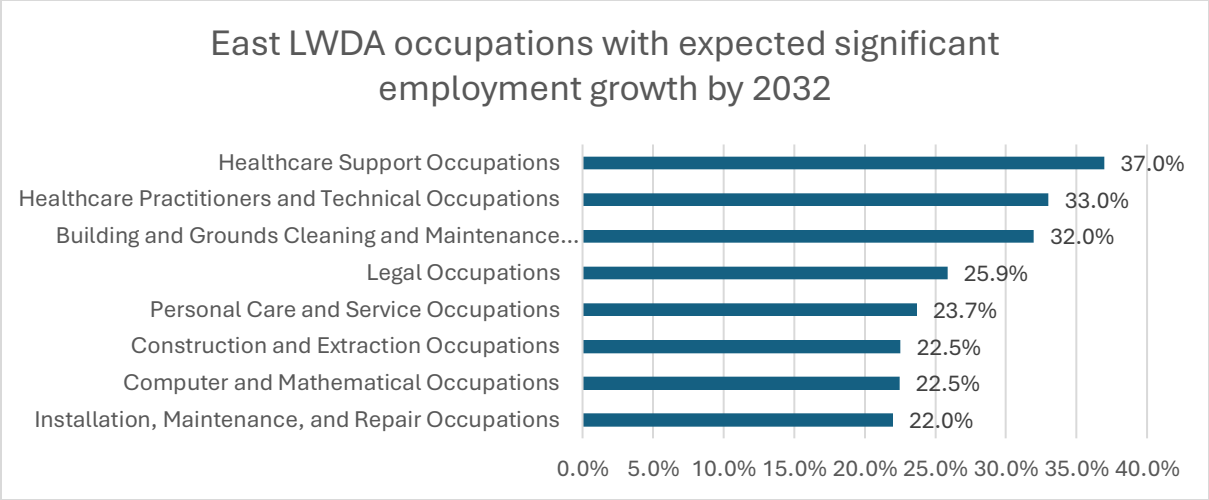


Figure A11 Tennessee Quarterly Census of Employment and Wages 2024. State of Tennessee LWDA Long Term Employment Projections 2032

Other key industries in East Tennessee include accommodation and food services, retail, and manufacturing, with manufacturing being the second largest sector in both the Northeast and Southeast LWDA. These sectors remain central to the economic fabric of the region but are projected to grow more modestly. For instance, manufacturing—while employing over 79,000 in East LWDA—shows less than one percent growth, indicating that while it remains a major employer, it may not be a significant source of new jobs in the coming decade. The most rapidly growing industries include management of companies and enterprises and construction in the Northeast and Southeast; health care and social assistance; and professional, scientific, and technical industries in the Southeast.

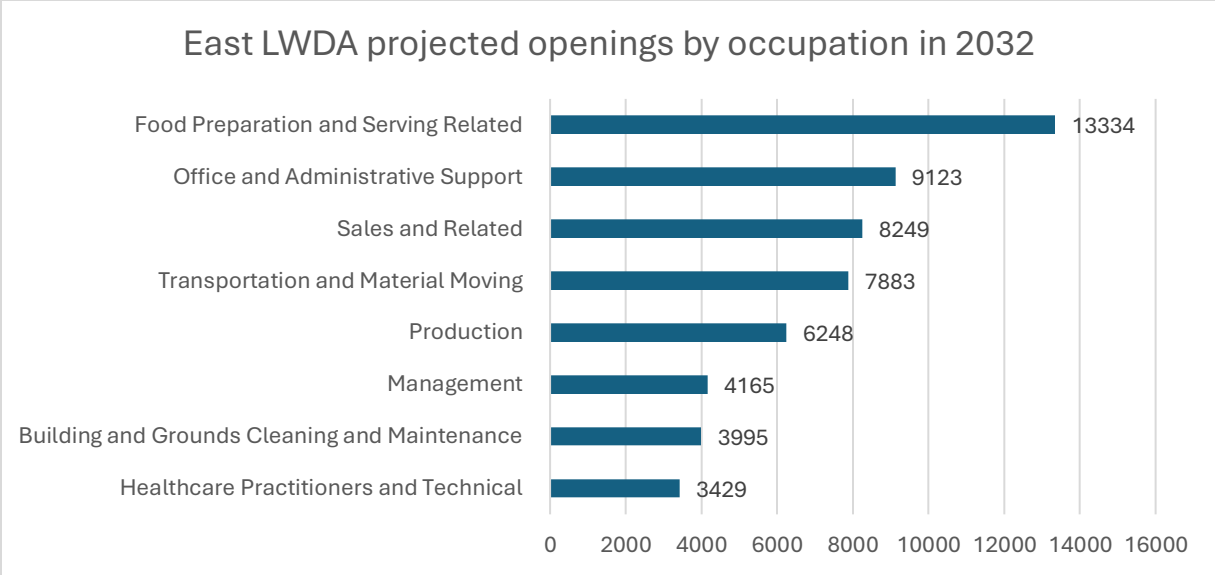


Figure A12. Tennessee Quarterly Census of Employment and Wages 2024. State of Tennessee LWDA Long Term Employment Projections 2032

Occupationally, East Tennessee’s labor force is projected to largely remain engaged in office and administrative support, food preparation and serving, and transportation and material moving roles. These categories represent the highest number of positions across all three LWDAs, with food service and healthcare occupations leading in net new job creation. The East LWDA alone anticipates over 12,000 new jobs in food service and nearly 12,400 in healthcare practitioner and technical roles. Nearly 8,000 jobs are expected to be created in management occupations. Notably, while total employment across the East LWDAs varies in size, the rate of occupational growth in areas like healthcare support, building and grounds maintenance, and personal care suggests a growing demand for supportive and community-focused services.

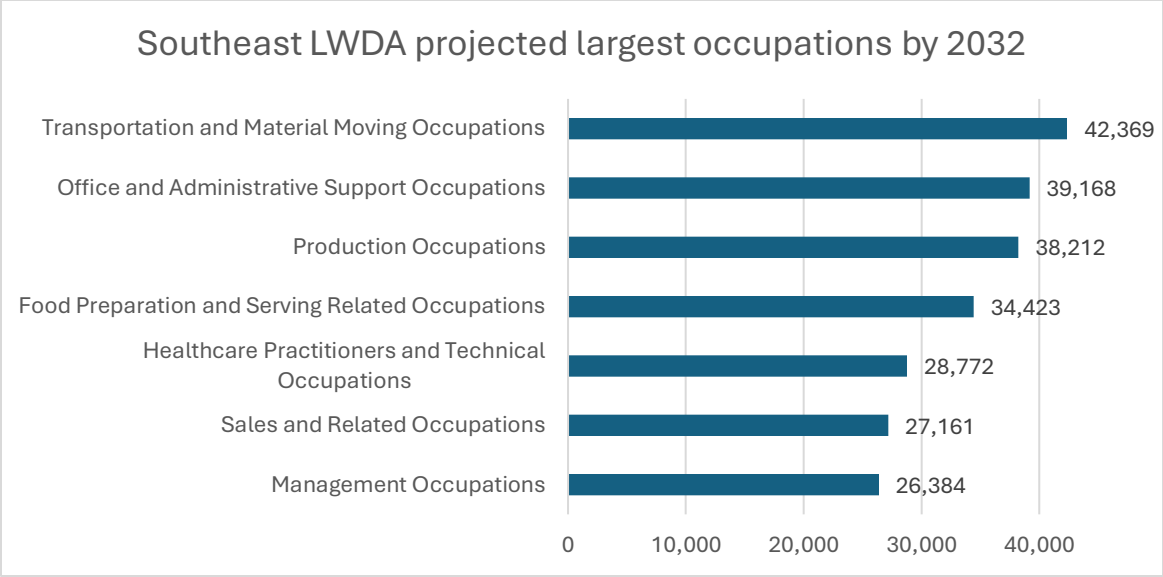


Figure A13. Tennessee Quarterly Census of Employment and Wages 2024. State of Tennessee LWDA Long Term Employment Projections 2032

The projected growth in percent terms highlights emerging strengths in the region. Healthcare support roles are expected to grow by as much as 37 percent in the East LWDA and similarly high rates in the Southeast. Other fast-growing occupations include legal, personal care, and computer and mathematical fields. These indicators suggest that even as East Tennessee remains grounded in traditional sectors, it is gradually transitioning toward a more service- and health-oriented economy.

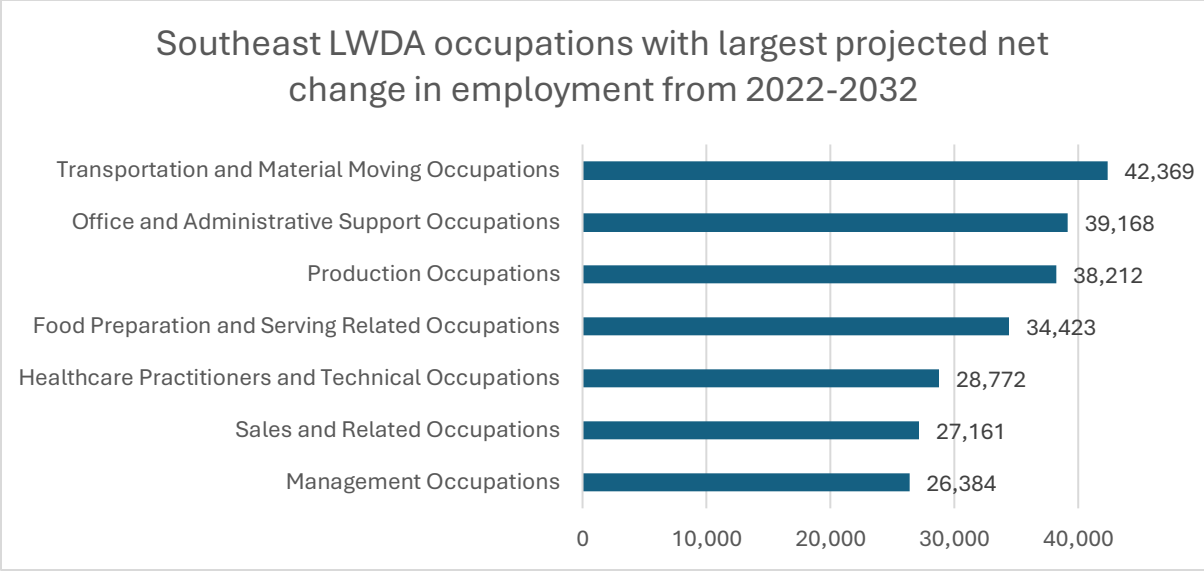


Figure A14: Tennessee Quarterly Census of Employment and Wages 2024. State of Tennessee LWDA Long Term Employment Projections 2032

Middle Tennessee Region

Middle Tennessee, encompassing the Northern Middle, Southern Middle, and Upper Cumberland LWDA, is projected to experience the most substantial job growth in the state. Anchored by the economic momentum of the Nashville metropolitan area, this region reflects both the volume and diversity of employment expansion. Northern Middle LWDA stands out with a projected total employment of nearly 1.45 million jobs by 2032, more than double that of any single LWDA in East or West Tennessee. This area also expects to add more than 266,000 new jobs, driven largely by sectors such as health care and social assistance, transportation and warehousing, and education services.

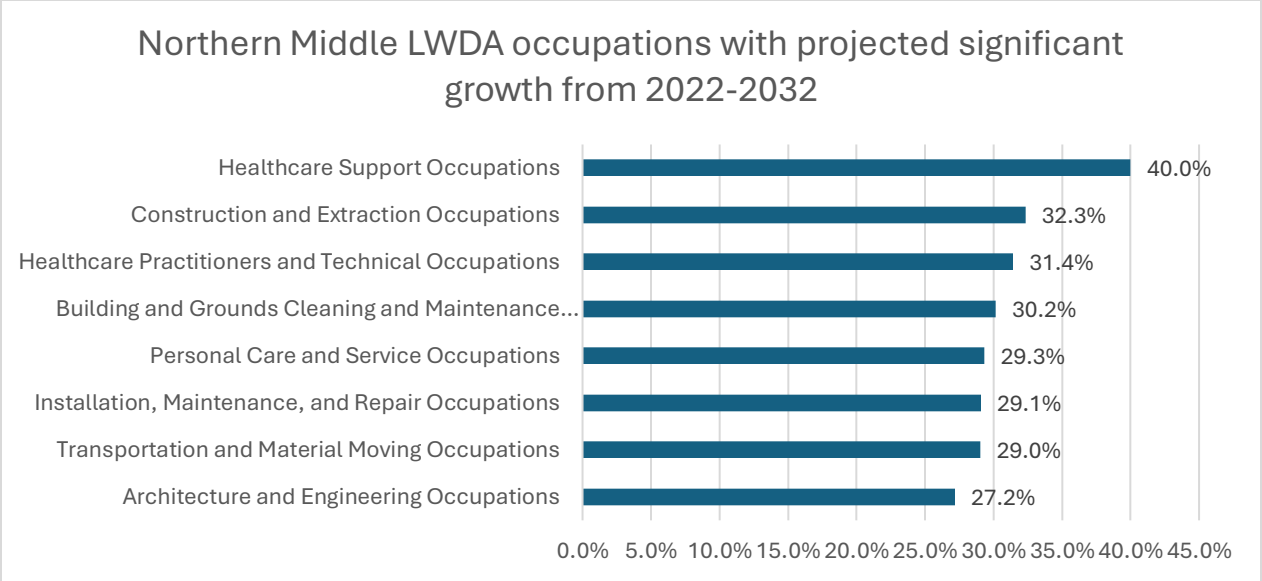


Figure A15. Tennessee Quarterly Census of Employment and Wages 2024. State of Tennessee LWDA Long Term Employment Projections 2032

Occupational growth in Northern Middle is particularly noteworthy. Transportation and material moving occupations are expected to surpass 169,000 positions, reflecting the region’s strategic location as a logistics hub. Healthcare practitioners and technical roles, management, and office support also account for substantial job numbers and growth. Management, business and financial, and computer and mathematical occupations together are expected to add more than 50,000 jobs in this LWDA by 2032.

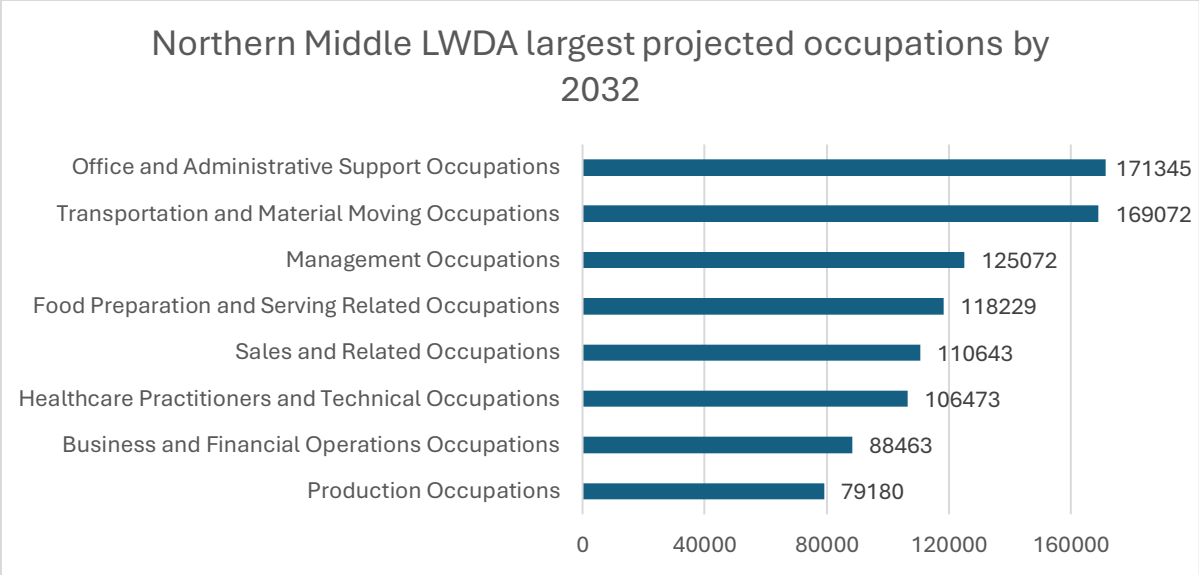


Figure A16. Tennessee Quarterly Census of Employment and Wages 2024. State of Tennessee LWDA Long Term Employment Projections 2032

In percentage terms, Northern Middle LWDA leads the state with a projected occupational growth rate of 22.6 percent. This is largely due to sharp increases in demand for healthcare support (up 40 percent), construction and extraction (32.3 percent), and personal care occupations.

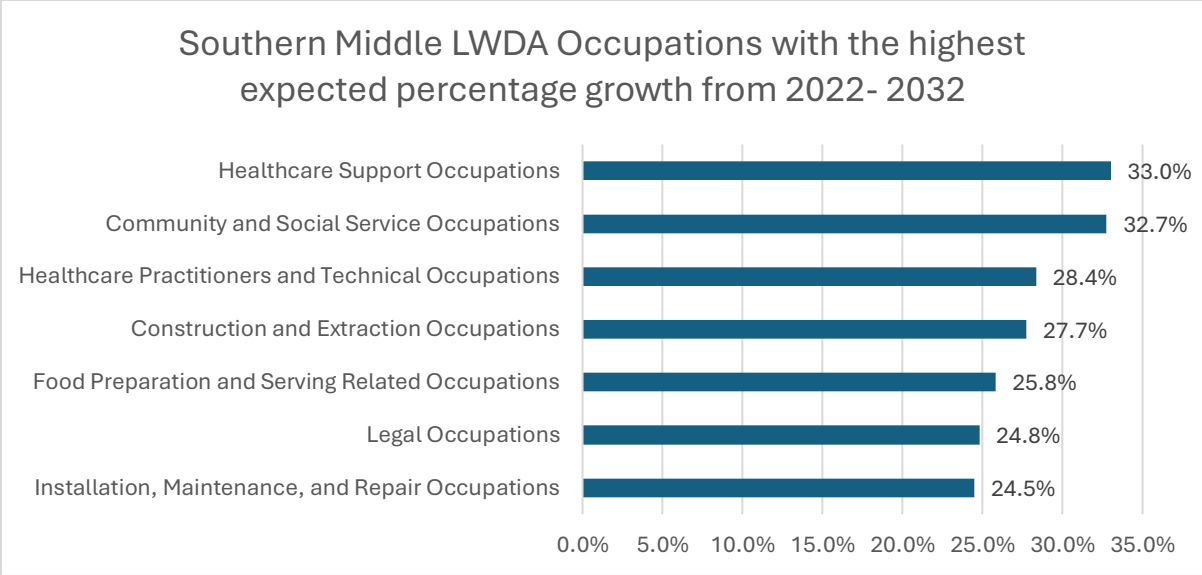


Figure A17. Tennessee Quarterly Census of Employment and Wages 2024. State of Tennessee LWDA Long Term Employment Projections 2032

The Southern Middle and Upper Cumberland LWDAs, though smaller in overall employment, mirror the trends seen in the region’s core. Both areas continue to rely on manufacturing and retail, but with more moderate growth expectations. Healthcare remains a crucial growth driver, with healthcare support occupations growing by over 30 percent in each area. Notably, the Upper Cumberland LWDA projects significant increases in computer and mathematical occupations, a trend aligned with the statewide shift toward technology-based roles.

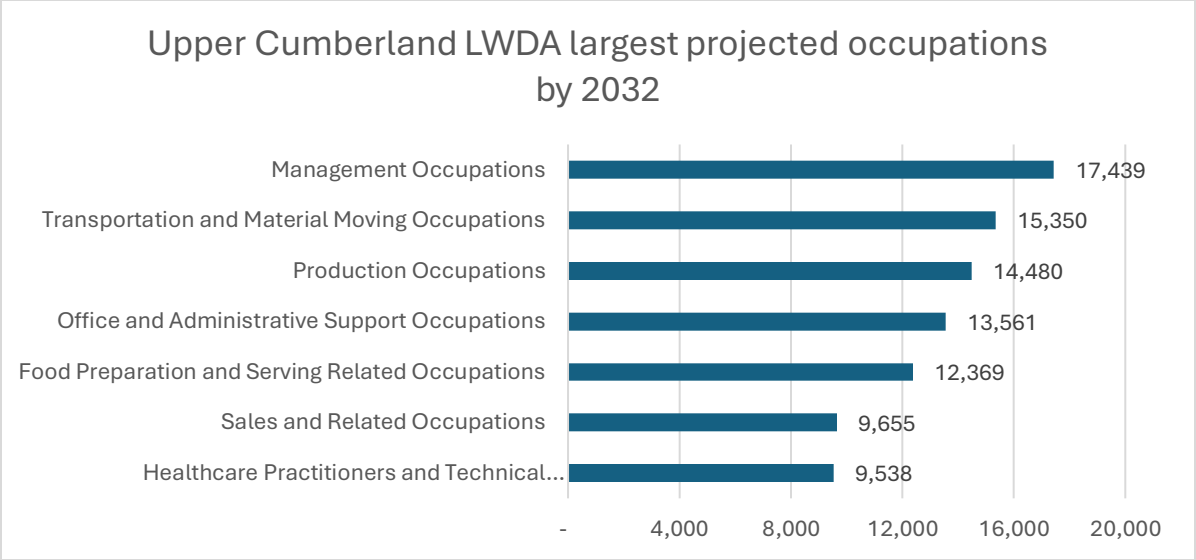


Figure A18. Tennessee Quarterly Census of Employment and Wages 2024. State of Tennessee LWDA Long Term Employment Projections 2032

Collectively, the Middle Tennessee region is defined by its balanced economic base, combining high-volume logistics and healthcare employment with rapid growth in technical and support roles. It is the most economically dynamic region in the state, offering both high job creation and high occupational diversity.

West Tennessee Region

The West Tennessee region, which includes the Greater Memphis, Southwest, and Northwest LWDAs, presents a more mixed picture in terms of employment outlook. While Greater Memphis is the economic engine of the region, with projected total employment of over 630,000 jobs by 2032, its overall growth rate trails behind its eastern and central counterparts. Several industries in Memphis, including retail and administrative and waste services, are expected to experience negative growth, suggesting a regional economic shift away from lower-wage service sectors.

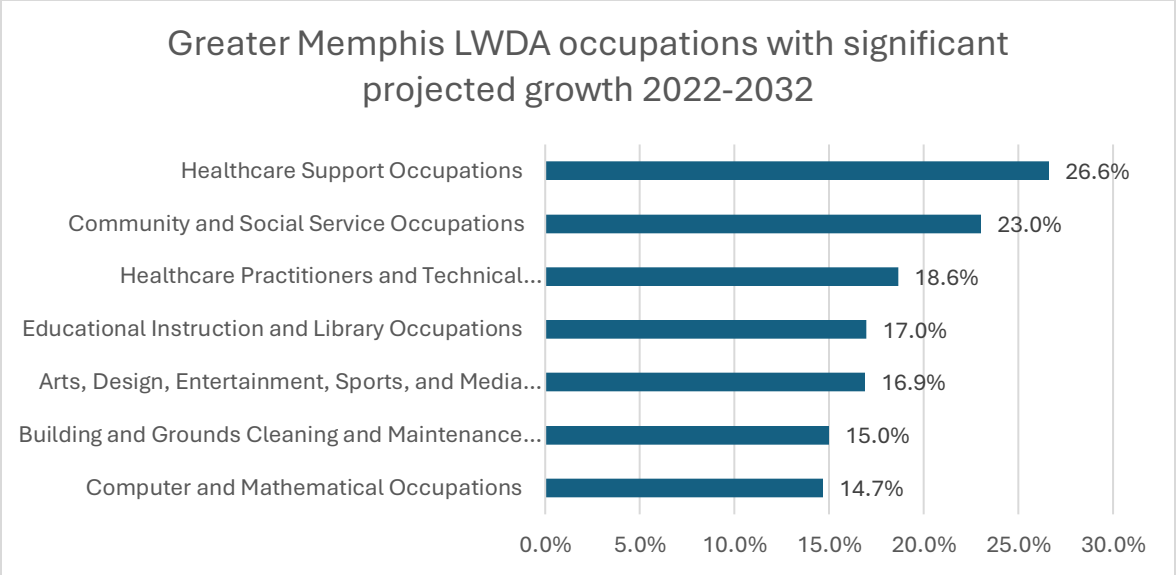


Figure A19. Tennessee Quarterly Census of Employment and Wages 2024. State of Tennessee LWDA Long Term Employment Projections 2032

Despite these contractions, healthcare and transportation are projected to remain strong in Greater Memphis, with healthcare employing over 92,000 and transportation and warehousing employing nearly 81,000 by 2032. These sectors are also among the top contributors to job creation in the area. In terms of occupations, transportation and material moving roles lead in new jobs created, followed closely by healthcare practitioners and support roles. Although total growth is smaller compared to Middle Tennessee, there are still areas of strength—particularly in healthcare support, which is projected to grow by over 26 percent, and community and social service occupations.

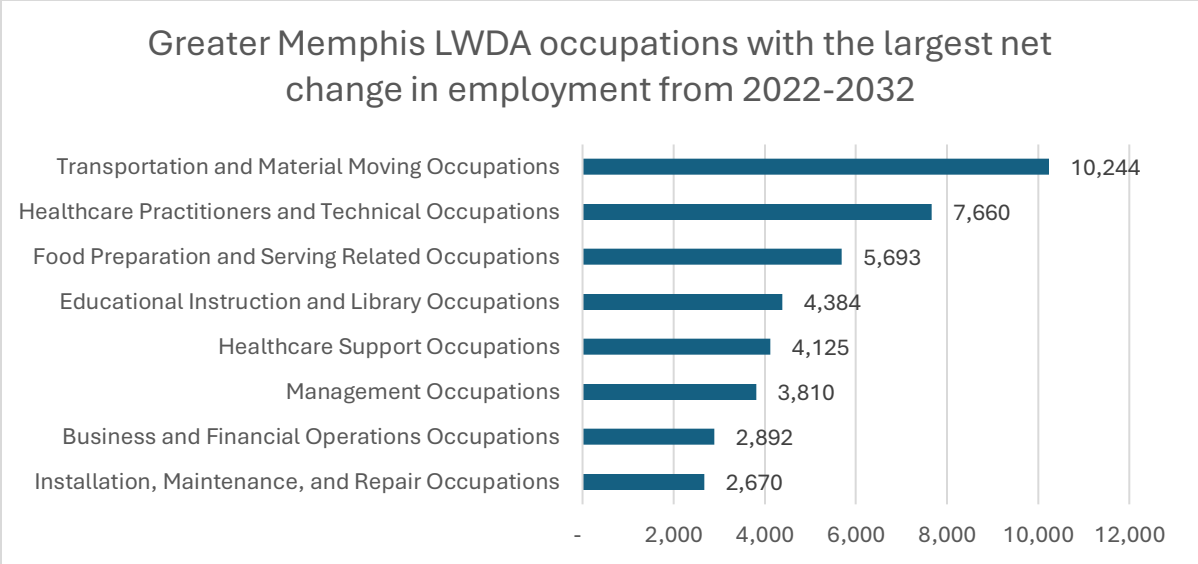


Figure A20. Tennessee Quarterly Census of Employment and Wages 2024. State of Tennessee LWDA Long Term Employment Projections 2032

In Greater Memphis, the occupational groups expected to create more than 2500 jobs over the decade include educational instruction and library, management, business and financial operations, and installation, maintenance, and repair. Although manufacturing is expected to grow slowly, more than 3,000 job openings in production should be created in the next 10 years.

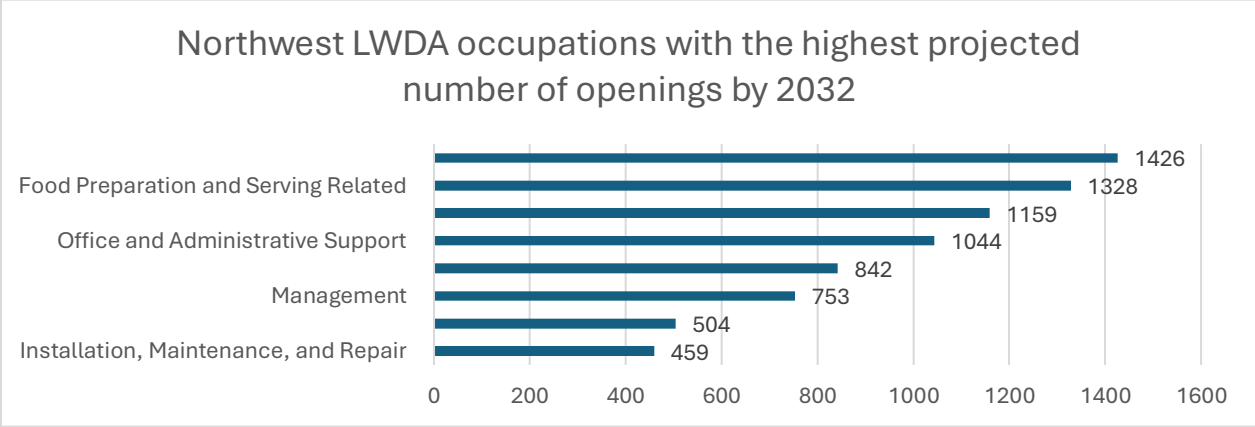


Figure A21: Tennessee Quarterly Census of Employment and Wages 2024. State of Tennessee LWDA Long Term Employment Projections 2032

Southwest and Northwest LWDA, while more rural and smaller in population, are projected to maintain strong employment bases in manufacturing and retail. Net new jobs project modestly in both areas, with growth concentrated in specific occupational fields such as construction, business operations, and healthcare. In the Southwest LWDA, construction and extraction occupations are projected to grow by over 25 percent, while healthcare support is set to increase by more than 27 percent. The occupational groups expected to have the most openings through 2032 are food preparation and serving, production, and transportation and material moving occupations, with more than 600 openings in installation, maintenance, and repair. The Northwest LWDA shows growth in community and social services, computer and mathematical roles, and the skilled trades.

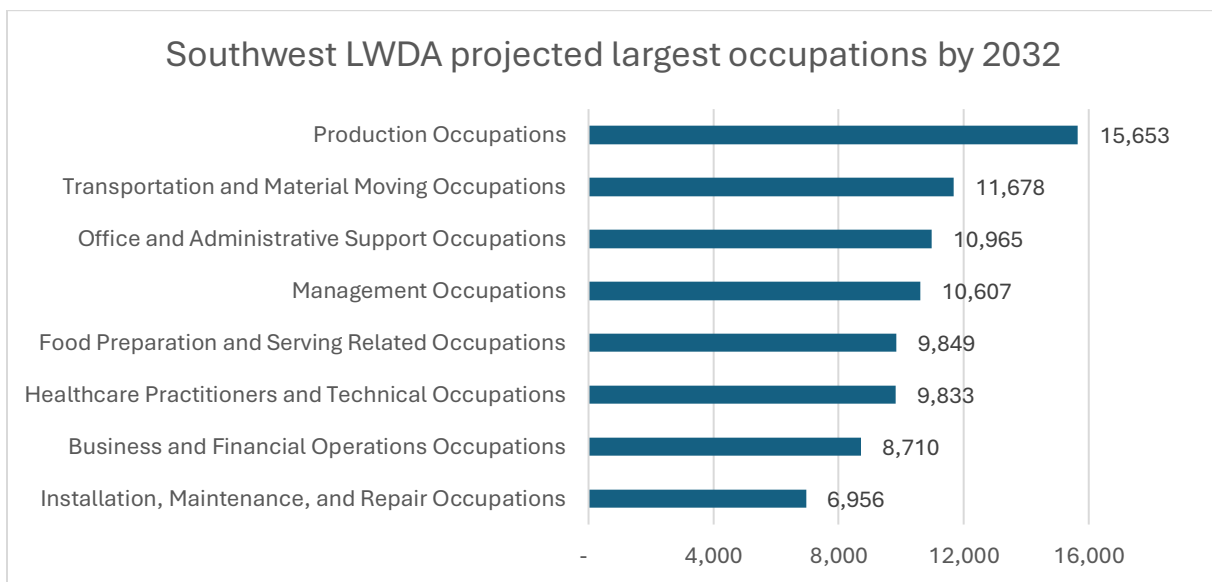


Figure A22. Tennessee Quarterly Census of Employment and Wages 2024. State of Tennessee LWDA Long Term Employment Projections 2032

Overall, West Tennessee's outlook to 2032 faces the challenge of maintaining economic momentum in the face of slower overall growth. However, the region is not without opportunity. Growth in healthcare, construction, and technical fields suggest areas of potential investment and workforce development.

Regional Comparison and Conclusion

When comparing Tennessee's three major regions, clear distinctions emerge in both the scale and nature of employment growth. Middle Tennessee leads in both total employment and net job creation, driven by the economic vitality of the Nashville area and its surrounding LWDA's. It also exhibits the highest projected growth rates, indicating that its expansion is not just in volume but in pace. Healthcare, logistics, and construction-related occupations are projected to remain prominent in this region.

East Tennessee follows with steady, broad-based growth. Its projected employment structure reflects a balance between traditional sectors like manufacturing and retail and fast-growing service-oriented occupations, particularly in healthcare and food services. Professional, scientific, and technical industries are growing rapidly in the Southeast. Percent growth is expected to be substantial in specific support roles, highlighting a shift toward care-based and community-focused employment.

West Tennessee's outlook demonstrates potential in certain specialized fields. Greater Memphis continues to function as a regional hub for healthcare and logistics, although some of its industries are expected to contract. The more rural Southwest and Northwest areas will need targeted economic development strategies to enhance their growth, focusing on education, infrastructure, and job training in high-demand sectors.

In summary, Tennessee's job market to 2032 reflects a state in economic transition. Healthcare and social assistance emerges as the dominant growth sector across all

regions, while occupations related to care, logistics, and skilled trades are projected to gain momentum. Regional differences underscore the importance of localized workforce strategies that build on existing strengths while addressing challenges unique to each area. The next decade presents an opportunity for Tennessee to build a more resilient, inclusive, and future-ready labor market

ⁱ Office of the United States Trade Representative. (2025). *Tennessee State Export Data*. Retrieved from <https://ustr.gov/countries-regions/united-states>

ⁱⁱ Middle Tennessee State University, *The Impact of Auto Tariffs on the Tennessee Economy* (2019) Retrieved from <https://w1.mtsu.edu/globalcommerce/reports/profile/320>

ⁱⁱⁱ The White House. (2025, June). *Fact sheet: President Donald J. Trump increases Section 232 tariffs on steel and aluminum*. <https://www.whitehouse.gov/fact-sheets/2025/06/fact-sheet-president-donald-j-trump-increases-section-232-tariffs-on-steel-and-aluminum/>

^{iv} The White House. (2025, March). *Fact sheet: President Donald J. Trump adjusts imports of automobiles and automobile parts into the United States*. <https://www.whitehouse.gov/fact-sheets/2025/03/fact-sheet-president-donald-j-trump-adjusts-imports-of-automobiles-and-automobile-parts-into-the-united-states/>

^v The White House. (2025, April). *Regulating imports with a reciprocal tariff to rectify trade practices that contribute to large and persistent annual United States goods trade deficits*. <https://www.whitehouse.gov/presidential-actions/2025/04/addressing-certain-tariffs-on-imported-articles/>

^{vi} ABB. (2025, March 3). *ABB to invest \$120 million to expand U.S. manufacturing*. GlobeNewswire. “ABB announced today that it will invest \$120 million in the United States to expand the production capacity of its low voltage electrification products... An \$80 million investment in Selmer, Tennessee will create 50 new jobs.” Retrieved from <https://www.globenewswire.com/news-release/2025/3/3/3035462/0/en/ABB-to-invest-120-million-to-expand-US-manufacturing.html>

^{vii} General Motors. (2025, June 10). *GM to invest \$4 billion in its U.S. manufacturing plants*. Retrieved from General Motors newsroom. “GM will add production of the gas-powered Chevrolet Blazer at Spring Hill starting in 2027” Retrieved from <https://investors.gm.com/news-releases/news-release-details/gm-invest-4-billion-its-us-manufacturing-plants>

^{viii} Tyko, K. (2025, March 10). *Here are the states facing big hits from the E.U.'s retaliatory tariffs on American liquor*. MarketWatch. Retrieved from <https://www.marketwatch.com/story/here-are-the-states-facing-big-hits-from-the-eus-retaliatory-tariffs-on-american-liquor-d8ee83ef?utm>

^{ix} <https://www.dol.gov/sites/dolgov/files/OPA/newsreleases/2025/08/Americas-Talent-Strategy-Building-the-Workforce-for-the-Golden-Age.pdf>

^x <https://www.tn.gov/thec/data-research-reports/reports-studies-pub/supply-and-demand-report.html>

^{xi} Data were analyzed using a nonparametric alternative, the Kruskal-Wallis rank test, to analysis of variance for less than one-year and one-to-two year certificates separately and for the certificate levels combined , comparing the outcomes by two-digit cluster code of the percent of certificate completers who were working in Tennessee for both quarters during the follow-up period and their median wages.