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Dear Reader:

This is Old Dominion University's second annual "State of the Region" Report. While it represents the work of many individuals connected in various ways to Old Dominion, the Report does not constitute an "official" viewpoint of the University, or its president, Dr. Roseann Runte.

This year's Report was produced with the goal of making Hampton Roads an even better place to live. Those who know and love the region of Hampton Roads frequently boast of its numerous strengths and successes, but we do so with the understanding that it would be possible for us to improve the region's performance in certain areas. However, in order to improve our situation, we must have accurate knowledge about "where we are," and what the policy implications are of the various choices in front of us. This year's Report should be quite helpful in supplying such information. At the end of the day, we hope we have stimulated thought and discussion about things that matter.

The 2001 Report focuses on eight issues and topics:

The General Economic Situation in the Region: It's true the region's per capita income trails national averages, but much of the gap between Hampton Roads and the nation disappears when cost of living differentials are taken into account. Further, the region's per capita income gap may not be due so much to lagging wage rates, but rather to much lower levels of business income and wealth for Hampton Roads as compared to other regions.

Major League Sports Teams: There is remarkably little economic evidence in favor of major league sports franchises, even in cities such as Baltimore. Cities and regions that subsidize major league sports teams nearly always find it a losing proposition. If a region, such as Hampton Roads, attempts to attract a major league sports team, then it should do so for reasons of pride and identification rather than economics.

The Port of Hampton Roads: Since the early 1990s, the Port has stagnated in terms of the volume of the cargo it handles. This is due almost solely to a decline in bulk cargo (mostly coal). Nonetheless, the Port continues to provide major economic impetus to the region because it has become much more efficient and competitive over the past decade.

African Americans in Hampton Roads: This year's Report surveyed more than 1,100 Hampton Roads residents, about half of whom were African American. African Americans see several issues differently than other citizens do. Notably, they have a different perspective on the role and effectiveness of the policy of affirmative action. African Americans also are much more likely to vote Democratic and attend church than the region's other citizens. This is the first significant public-opinion poll ever taken of African Americans in Hampton Roads.

State Legislative Redistricting: The region's political power in the Commonwealth has fallen precipitously over the past decade. The recent legislative redistricting process reduced the number of Hampton Roads delegates and senators by about 15 percent, and the region has lost nearly all of its most senior and powerful legislators. We are at a low ebb in terms of political clout in Richmond, but brighter times may be on the horizon.

The Dillon Rule: While the Dillon Rule does not explicitly appear in many Virginia statutes, it is the accepted legal and legislative standard in Virginia. In essence, it says no city, town, county or region may exercise any power not explicitly granted it by the General Assembly. We argue that the Dillon Rule, while not without points in its favor, has outlived its usefulness.

Banking in Hampton Roads: The economic impact of the disappearance of the headquarters of large banks from the region, and from Virginia, has been quite negative. In this chapter we contrast Virginia and Hampton Roads to North Carolina, and demonstrate that the wave of banking mergers and consolidations that occurred over the past two decades, but particularly in the 1990s, has not been good for Hampton Roads.

Private K-12 Education: Here we examine the nature of private and independent K-12 education in Hampton Roads. There is great diversity in private education in the region. Private institutions typically have lower average class sizes, but have fewer computers and offer lower teacher salaries than do public K-12 schools.

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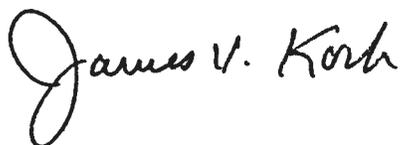
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My hope is that this Report will inform you and stimulate your thinking about regional issues. Hampton Roads is a superb place to live, but we can make it even better.

Sincerely,



James V. Koch

Board of Visitors Professor of Economics and
President Emeritus
Old Dominion University