

September 2004

Dear Reader:

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

Our State of the Region reports have the modest goal of stimulating thought and discussions that ultimately will make Hampton Roads an even better place to live. We are proud of our region's many successes, but realize it would be possible to improve our performance. Yet, in order to do so, we must have accurate information about "where we are" and a sound understanding of the policy options available to us.

The 2004 report is divided into six parts:

- **The Regional Economy Continues to Excel:** In 2004, the Hampton Roads economy will grow about 4.7 percent, the highest rate since 1987. Almost three-quarters of this growth is due to increased expenditures within the region by the Department of Defense. This illustrates the relative importance of defense expenditures in our regional economy.
- **How Do We Compare? Hampton Roads Versus Other Regions:** Per capita income in Hampton Roads has been rising and, after we factor in the cost of living, now is about 6 percent above the national average. This is a startling reversal from the late 1990s when the region was well below the national average. Housing prices here continue to be lower than the national average, as is our overall cost of living. Our air is cleaner than the national average and we rate high in terms of cultural amenities, but founder with regard to several measures of educational attainment.
- **What Do We Believe? How Hampton Roads Residents View Their World:** We report the results of a stratified, random poll of 1,189 Hampton Roads residents. They believe that traffic congestion and crime are the most important problems facing the region. For the first time, we develop a Quality of Life Index for Hampton Roads and its individual cities and counties. Not surprisingly, we're not all equally satisfied, and several interesting differences between cities are apparent.
- **The Virginia Symphony Orchestra: The Valiant Struggles of a Cultural Jewel:** The Virginia Symphony Orchestra (VSO) ranks well when compared to orchestras in regions of similar size and wealth, and in maestro JoAnn Falletta boasts a distinguished musical director. However, the symphony has accumulated a debt of approximately \$2 million. Determined fund raising may reduce this debt, but the VSO's ultimate challenge is to attract a larger and more diverse clientele. If it does not, it could join a half dozen other regional orchestras throughout the country that recently have been forced to contract significantly or even declare bankruptcy.
- **Electricity Deregulation: What Impact Will It Have on Hampton Roads?:** The Virginia General Assembly has voted to deregulate electricity in Virginia, but has delayed critical parts of this process until 2010 at the earliest. Recently, the General Assembly seems to have lost some of its stomach for deregulation. Nationally, deregulation usually is associated with lower electricity prices; however, there are notable exceptions. Virginia's electricity prices currently are not high by national standards.
- **The Role and Influence of African American Legislators in Hampton Roads:** African Americans comprise more than three of every 10 residents of Hampton Roads. Only recently, however, has this population translated into a large number of elected representatives in the Virginia General Assembly. This year, there are eight elected African American legislators in Richmond who claim Hampton Roads as their home. We explore their power and influence, noting that many do not yet possess the seniority to wield extensive influence. All eight legislators are Democrats and serve in a statehouse dominated by Republicans.

Old Dominion University, via the president's office, and the College of Business and Public Administration, via the dean's office, continue to be generous supporters of the State of the Region report. The report would not appear each year, however, without the vital backing of private donors, whose names appear below. These individuals believe in Hampton Roads and in the power of rational discussion to improve our circumstances. They deserve kudos for their generosity and foresight.

This report would not have been possible without the generous financial support of the following individuals and organizations:

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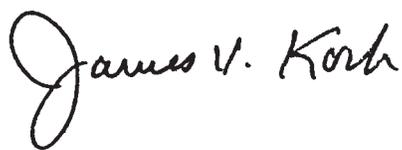
Very special recognition must be given to Vinod Agarwal and Gilbert Yochum of the Old Dominion University Economic Forecasting Project (which Professor Yochum directs). Their timely contributions each year make the report a valuable resource that always features penetrating analyses of the region's economy. They are hard-working, perceptive colleagues whose significant contributions to this report should not go unnoticed.

Special thanks also are due Professor Joshua Behr, who conceived the notion of a Quality of Life Index for Hampton Roads and arranged for a public opinion poll of the region's citizens to generate such a measure. His energy and commitment have been outstanding.

Our hope is that the report will stimulate you to think further about Hampton Roads and that it will generate discussion about our region's future. Do not hesitate to contact me at jkoch@odu.edu should you have comments or questions.

Note that each of the four previous State of the Region reports (2000 through 2003) may be found on the Internet at www.odu.edu/forecasting.

Sincerely,



James V. Koch

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