

IF YOU CAN MAKE IT  
THERE ...  
YOU CAN MAKE IT  
EVEN BETTER IN  
VIRGINIA

*There's no place like home.*

– “The Wizard of Oz” (1939)



**N**ew Yorkers love to boast about the Big Apple and its numerous attractions. And, even if Philly cheesesteak sandwiches were nonexistent, Philadelphians still would brag about the livability of their city. Unprompted, Atlanta's citizens tout that city as a great place to put down roots and earn a living.

Most readers of the State of the Commonwealth Report have visited each of these cities at some time and would agree that each is an alluring place. Nevertheless, the "real," price-adjusted spendable income of a typical Virginian is higher than that earned by the typical New Yorker, Philadelphian or Atlantan ... and, for that matter, more than the typical resident of Charlotte, Jacksonville, Miami, New Orleans and Savannah. **Simply put, once we adjust for differences in the cost of living, the spendable, "real" income of most Virginians exceeds that earned by typical residents of the cities along the East Coast to whom we often are frequently compared. Our dollars go further and our money has more purchasing power than that of our competitors. The moral to the story: If you're concerned about your standard of living, there's hardly any better place to live than Virginia.**

As we shall see, the typical Virginian earns a higher than national average income and also benefits from a cost of living that is below that of residents in selected cities up and down the East Coast. Consider an easy example: Median (50<sup>th</sup> percentile) household income in Lynchburg in 2013 was \$47,444 and Lynchburg's cost-of-living index was right on the national average

at 100. Hence, the real spending power of a typical Lynchburg household in 2013 was  $\$38,138/100 = \$38,138$ . Meanwhile, in New York City (Manhattan), median household income was much higher ( $\$69,659$ ), but Gotham's cost-of-living index was 185.5, yielding a "real" income of  $\$69,659/185.5 = \$37,522$ . Therefore, economically speaking, the typical household in Lynchburg is slightly better off than the typical household in New York City.

Note that we're not attempting to compare the cultural amenities, populations, choices available or lifestyles of Lynchburg and New York City. We'll leave that task to others. Instead, our comparison is a simple, straightforward "real income" comparison: What is the ability of the median (50th percentile) household in each city to purchase goods and services? And, the answer is, the median household in Lynchburg has a greater command over goods and services than the median household in New York City.

Let's look at the evidence in greater detail.

## Virginia Incomes Compared To Others

Table 1 reveals that the median (50th percentile) household income in Virginia was  $\$62,666$  in 2013, more than  $\$10,000$  above the U.S. median value of  $\$52,250$ . Of course, not all Virginia communities enjoy this status. In general, the Commonwealth's rural and older urban areas report lower median household incomes. Northern Virginia communities and newer suburban areas throughout the state boast higher median household incomes. Loudoun and Prince William counties and the city of Chesapeake typify this circumstance.

A household's standard of living, however, depends significantly on the prices it must pay for the goods and services it chooses to purchase. Graph 1 discloses that major differences exist in the cost of living in Virginia cities and counties. Relative to a national average cost-of-living index of 100, Alexandria's cost-of-living index is 137.7 and Arlington County's is 135.3. One of the Commonwealth's lowest cost-of-living indexes is owned by Scott County at 96.7. More often than not, however, the cost-of-living index for

a Virginia city or county exceeds 100, telling us that the cost of living in Virginia typically exceeds the national average.

Fortunately, Virginia's much higher than average incomes more than make up for the higher cost of living most of us face. Table 2 matches city/county cost-of-living indexes to each city/county median household income. Note that Loudoun County has the highest "real," cost-of-living-adjusted median household income in Virginia, followed by its neighbors Fairfax County, Arlington County and Prince William County. Indeed, there are many communities in Virginia that boast "real" median household incomes higher than the U.S. average. **Even after adjusting for the somewhat higher than national average cost of living in many Virginia communities, "real" median household income in the Commonwealth is more than \$8,800 higher than the comparable number for the entire United States.**

Even more interesting, however, are the comparisons one can draw between Virginia and other cities along the East Coast. Table 3 adds median household incomes and cost-of-living indexes for Atlanta, Charlotte, Jacksonville, Miami, New Orleans, New York City, Philadelphia and Savannah. Graph 2 illustrates these numbers. The following facts emerge:

- **All eight of the comparable cities have "real" median household incomes below those of Virginia and the United States as a whole.**
- **"Real" median household income in Virginia in 2013 was more than \$13,000 higher than the next highest East Coast comparable city, Charlotte.**
- **Even one of the Commonwealth's more rural counties, Scott, has a "real" annual median household income that is \$2,000 higher than that of New York City (Manhattan) and \$12,000 higher than that of Philadelphia.**
- **"Real" annual median household income in Loudoun County is an astonishing \$71,000 higher than that in New York City (Manhattan).**
- **All of Virginia's older, more urbanized cities – Hampton, Newport News, Norfolk, Portsmouth, Richmond and Roanoke – have "real" annual median household incomes that are at least \$7,000 more than the comparable number for Philadelphia.**

• There is not a single city or county in Virginia that does not have a higher “real” annual median household income than Philadelphia.

• Virginia has a higher “real” annual median household income than any of the five individual boroughs of New York City (see box on Page 91). Virginia’s “real” 2013 median household income exceeded that of the Bronx by more than \$42,000 and that of Brooklyn by more than \$37,000.

**TABLE 1**

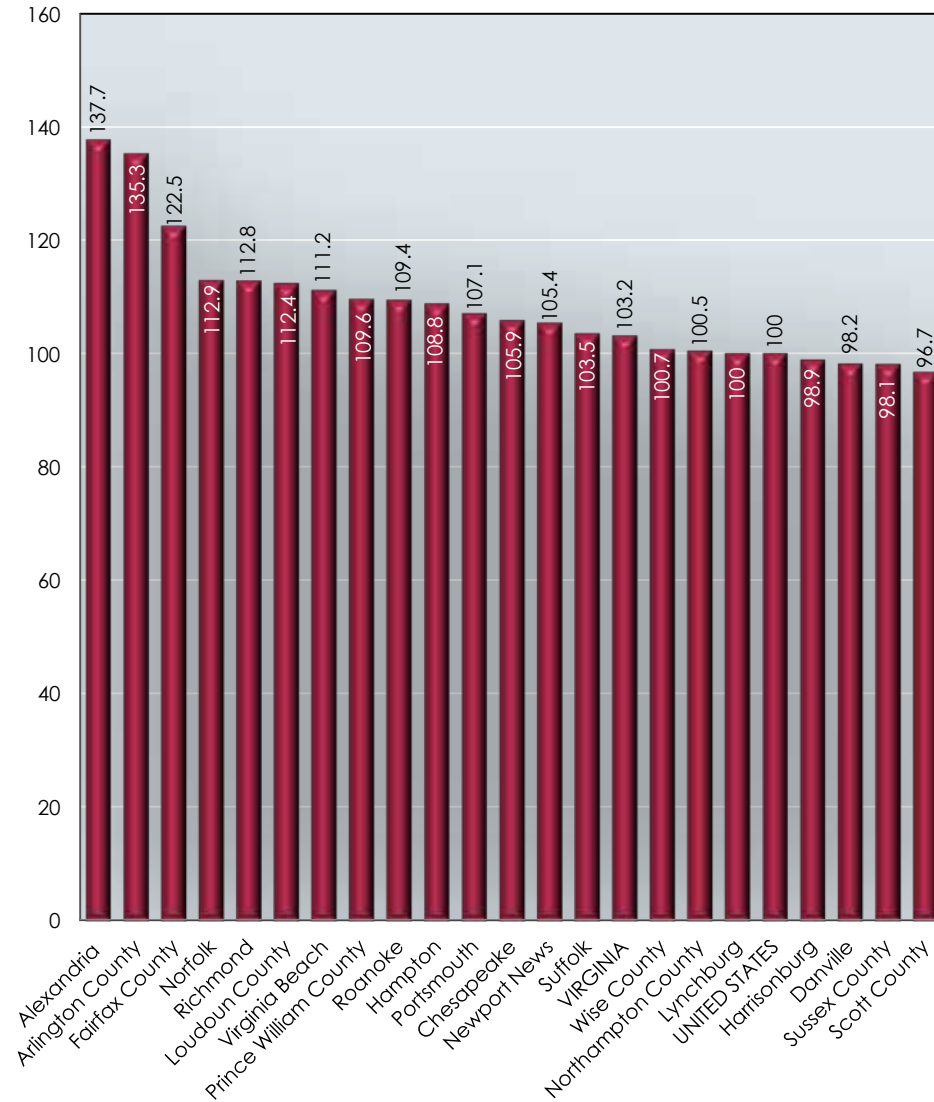
**MONEY AND “REAL” MEDIAN HOUSEHOLD INCOMES: VIRGINIA CITIES AND COUNTIES, 2013**

<b>CITY OR COUNTY</b>	<b>MEDIAN HOUSEHOLD INCOME</b>	<b>NUMBER OF HOUSEHOLDS</b>
Loudoun County	\$122,238	106,997
Fairfax County	\$110,292	389,908
Arlington County	\$103,208	94,454
Prince William County	\$ 98,071	132,442
Alexandria	\$ 85,706	65,369
Chesapeake	\$ 69,743	79,421
Suffolk	\$ 66,085	30,492
Virginia Beach	\$ 65,219	164,944
<b>Commonwealth of Virginia</b>	<b>\$ 62,666</b>	<b>3,055,863</b>
<b>United States</b>	<b>\$ 52,250</b>	<b>116,291,033</b>
Newport News	\$ 51,027	69,211
Hampton	\$ 50,705	52,511
Portsmouth	\$ 46,166	36,690
Norfolk	\$ 44,747	85,557
Richmond	\$ 40,496	84,833
Sussex County	\$ 39,635	3,704
Scott County	\$ 38,355	9,692
Roanoke	\$ 38,145	42,494
Lynchburg	\$ 38,138	28,556
Harrisonburg	\$ 38,048	15,701
Wise County	\$ 36,218	15,406
Northampton County	\$ 33,635	5,149
Danville	\$ 30,786	18,659

Sources: Income and household numbers for cities and counties come from the U.S. Census Bureau, American Fact Finder, <http://quickfacts.census.gov/qfd/states/51000.html>; cost-of-living data come from The Council for Community and Economic Research, [www.c2er.org](http://www.c2er.org).

GRAPH 1

COMPARING THE COST-OF-LIVING INDEXES OF SELECTED VIRGINIA CITIES AND COUNTIES TO THE VIRGINIA AND UNITED STATES AVERAGES



Source: The Council for Community and Economic Research, [www.c2er.org](http://www.c2er.org)

**TABLE 2**

**MEDIAN MONEY AND "REAL" HOUSEHOLD INCOMES: VIRGINIA CITIES AND COUNTIES VS. VIRGINIA AND THE UNITED STATES, 2013**

<b>CITY OR COUNTY</b>	<b>MEDIAN HOUSEHOLD INCOME</b>	<b>COST-OF-LIVING INDEX</b>	<b>"REAL" MEDIAN HOUSEHOLD INCOME</b>
Loudoun County	\$122,238	112.4	\$108,753
Fairfax County	\$110,292	122.5	\$ 90,034
Arlington County	\$103,208	135.3	\$ 76,281
Prince William County	\$ 98,071	109.6	\$ 89,481
Alexandria	\$ 85,706	137.7	\$ 62,241
Chesapeake	\$ 69,743	105.9	\$ 65,857
Suffolk	\$ 66,085	103.5	\$ 63,850
Virginia Beach	\$ 65,219	111.2	\$ 58,650
Virginia	\$ 63,907	103.2	\$ 61,925
United States	\$ 53,046	100.0	\$ 53,046
Newport News	\$ 51,027	105.4	\$ 48,413
Hampton	\$ 50,705	108.8	\$ 46,604
Portsmouth	\$ 46,166	107.1	\$ 43,106
Norfolk	\$ 44,747	112.9	\$ 39,634
Richmond	\$ 40,496	112.8	\$ 35,901
Sussex County	\$ 39,635	98.1	\$ 40,403
Scott County	\$ 38,355	96.7	\$ 39,664
Roanoke	\$ 38,145	109.4	\$ 34,867
Lynchburg	\$ 38,138	100.0	\$ 38,138
Harrisonburg	\$ 38,048	98.9	\$ 38,471
Wise County	\$ 36,218	100.7	\$ 35,966
Northampton County	\$ 33,635	100.5	\$ 33,468
Danville	\$ 30,786	98.2	\$ 31,350

Sources: Income and household numbers for cities and counties come from the U.S. Census Bureau, American Fact Finder, <http://quickfacts.census.gov/qfd/states/51000.html>, except for the Virginia cost-of-living number, which comes from The Wall Street Journal (Feb. 20, 2015), [www.wsj.com](http://www.wsj.com). Other cost-of-living data come from The Council for Community and Economic Research, [www.c2er.org](http://www.c2er.org).

**TABLE 3**

**ACTUAL AND “REAL” MEDIAN HOUSEHOLD INCOMES: VIRGINIA CITIES AND COUNTIES VS. VIRGINIA AND THE UNITED STATES, 2013**

<b>CITY OR COUNTY</b>	<b>ACTUAL MEDIAN HOUSEHOLD INCOME</b>	<b>COST-OF-LIVING INDEX</b>	<b>“REAL,” COST-OF-LIVING-ADJUSTED MEDIAN HOUSEHOLD INCOME</b>
Loudoun County	\$122,238	112.4	\$108,753
Fairfax County	\$110,292	122.5	\$ 90,034
Prince William County	\$ 98,071	109.6	\$ 89,481
Arlington County	\$103,208	135.3	\$ 76,281
Chesapeake	\$ 69,743	105.9	\$ 65,857
Suffolk	\$ 66,085	103.5	\$ 63,850
Alexandria	\$ 85,706	137.7	\$ 62,241
<b>Virginia</b>	<b>\$ 63,907</b>	<b>103.2</b>	<b>\$ 61,925</b>
Virginia Beach	\$ 65,219	111.2	\$ 58,650
<b>United States</b>	<b>\$ 53,046</b>	<b>100</b>	<b>\$ 53,046</b>
Newport News	\$ 51,027	105.4	\$ 48,413
Charlotte	\$ 52,375	108.6	\$ 48,227
Hampton	\$ 50,705	108.8	\$ 46,604
Jacksonville	\$ 47,557	105.2	\$ 45,206
Portsmouth	\$ 46,166	107.1	\$ 43,106
Atlanta	\$ 46,631	114.1	\$ 40,869
Sussex County	\$ 39,635	98.1	\$ 40,403
Miami/Dade County	\$ 43,100	107.0	\$ 40,280
Scott County	\$ 38,355	96.7	\$ 39,664
Norfolk	\$ 44,747	112.9	\$ 39,634
Harrisonburg	\$ 38,048	98.9	\$ 38,471
Lynchburg	\$ 38,138	100	\$ 38,138
New York City (Manhattan)	\$ 69,659	185.5	\$ 37,552
Richmond	\$ 40,496	112.8	\$ 35,901

**TABLE 3**

**ACTUAL AND “REAL” MEDIAN HOUSEHOLD INCOMES: VIRGINIA CITIES AND COUNTIES VS. VIRGINIA AND THE UNITED STATES, 2013**

CITY OR COUNTY	ACTUAL MEDIAN HOUSEHOLD INCOME	COST-OF-LIVING INDEX	“REAL,” COST-OF-LIVING-ADJUSTED MEDIAN HOUSEHOLD INCOME
Wise County	\$ 36,128	100.7	\$ 35,877
Roanoke	\$ 38,145	109.4	\$ 34,867
New Orleans	\$ 37,146	107.1	\$ 34,683
Philadelphia	\$ 37,146	134.5	\$ 27,618

Sources: Income and household numbers for cities and counties come from the U.S. Census Bureau, American Fact Finder, <http://quickfacts.census.gov/qfd/states/51/51107.html>, except for the Virginia cost-of-living number, which comes from The Wall Street Journal (Feb. 20, 2015), [www.wsj.com](http://www.wsj.com). Other cost-of-living data come from The Council for Community and Economic Research, [www.c2er.org](http://www.c2er.org).

The other four boroughs of New York City differ from Manhattan. Here’s how the five boroughs compare to each other and Virginia in terms of “real” median household incomes in 2013:

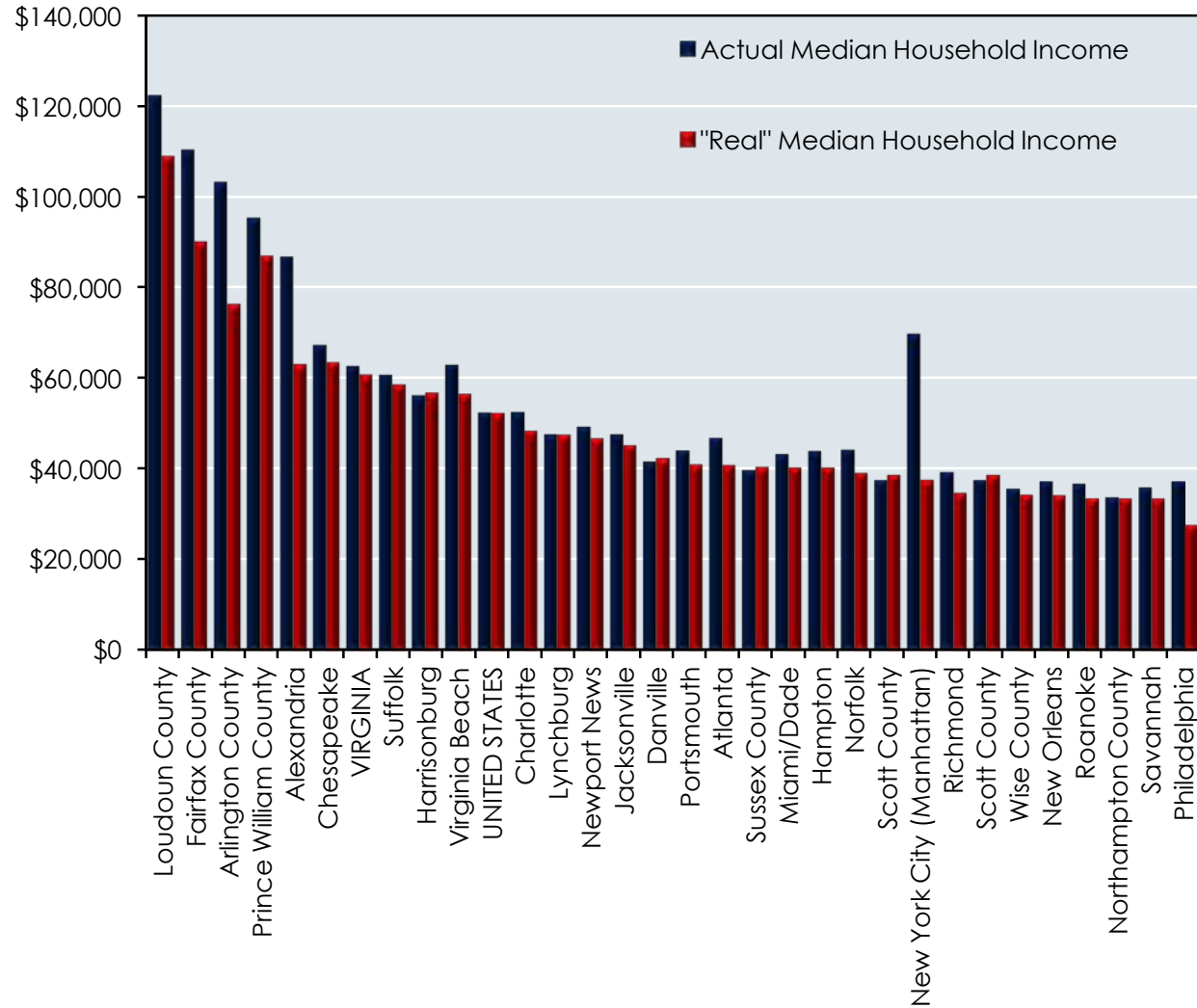
Borough	Median HH Income	COLI	“Real” Income
Virginia	\$62,666	107.0	\$60,722
Staten Island	\$72,569	125.4	\$57,870
Manhattan	\$69,659	185.5	\$37,552
Queens	\$57,001	158.6	\$35,940
Brooklyn	\$46,085	188.3	\$24,472
The Bronx	\$34,388	176.8	\$19,450

It is difficult to avoid concluding that the typical Virginia household enjoys a higher financial standard of living than the typical household in New York City.



GRAPH 2

**MEDIAN ANNUAL HOUSEHOLD INCOME DEFLATED BY THE COST OF LIVING: VIRGINIA CITIES AND COUNTIES AND SELECTED EAST COAST CITIES, 2013**



Sources: Income and household numbers for cities and counties come from the U.S. Census Bureau, American Fact Finder, [http://factfinder.census.gov/faces/nav/jsf/pages/community\\_facts.xhtml#none](http://factfinder.census.gov/faces/nav/jsf/pages/community_facts.xhtml#none), except for the Virginia cost-of-living number, which comes from The Wall Street Journal (Feb. 20, 2015), [www.wsj.com](http://www.wsj.com). Other cost-of-living data come from The Council for Community and Economic Research, [www.c2er.org](http://www.c2er.org).

# The Distribution Of Income

Much has been made recently about income inequality. Interestingly, not only does Virginia boast higher “real” median household incomes than its comparators, but also those incomes nearly always are distributed more equally among households in Virginia than elsewhere. Graph 3 reports Gini Coefficients for the Virginia cities and counties we have examined plus the selected eight East Coast comparable cities. The value of a Gini Coefficient can vary between 0 and 1. If a Gini Coefficient is 0, then income is distributed absolutely equally – everyone reports the same income. On the other hand, if a Gini Coefficient is 1, then only one rather fat cat captures all the income.

The Gini Coefficient for the entire United States in 2013 was .4690.<sup>1</sup> Virginia’s Gini Coefficient was .4606. One can see in Graph 3 that each of the 10 comparable cities has a Gini Coefficient above that of the Commonwealth of Virginia. Only four of the 20 Virginia cities and counties have Gini Coefficients higher than that of the United States. Interestingly, Loudoun County, which boasts the highest “real” median household income in Virginia, also has the lowest Gini Coefficient in our sample. This suggests that nearly every household in Loudoun County is doing well.

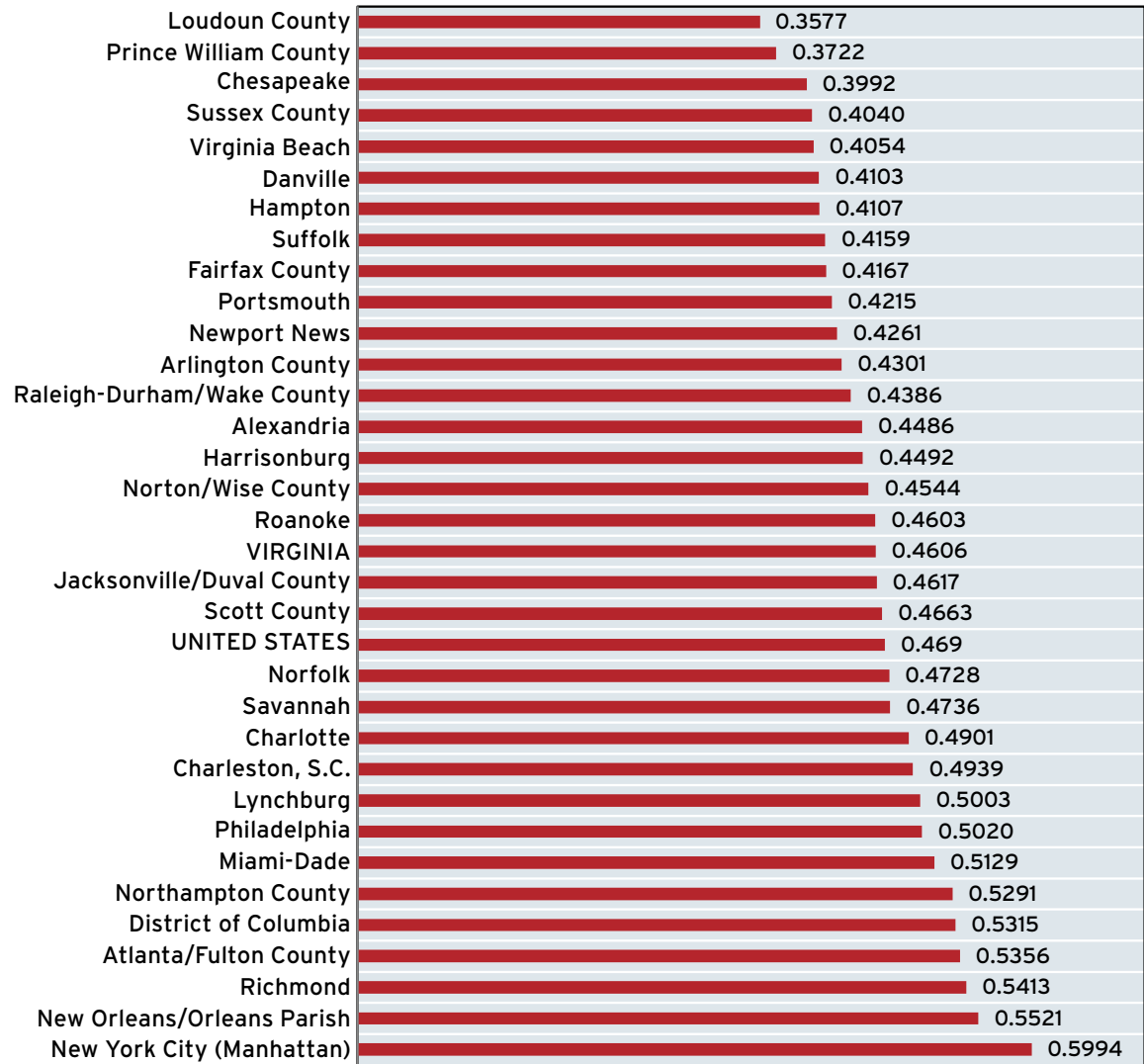
**The bottom line is that Virginia’s higher “real” incomes usually are distributed more equally than those in the United States as a whole. Not only is the typical Virginia household better off than typical households located in other states up and down the East Coast, but also Virginia’s prosperity is shared more equally than usually is the case in other states.**



<sup>1</sup> This is a 2010 number and comes from [http://en.wikipedia.org/wiki/List\\_of\\_U.S.\\_states\\_by\\_Gini\\_coefficient](http://en.wikipedia.org/wiki/List_of_U.S._states_by_Gini_coefficient).

GRAPH 3

COMPARING INCOME INEQUALITY: GINI COEFFICIENTS FOR SELECTED VIRGINIA CITIES AND COUNTIES VS. OTHER EAST COAST CITIES



Source: <https://mmj.vcu.edu/2013/12/20/income-inequality-data>

# Final Thoughts

The Commonwealth of Virginia has a proud and distinguished history. Not all are aware, however, of the scope of its economic achievements. **In fact, if the purchasing power of the typical household in Virginia is the measure of welfare, then Virginia households are better off than the typical household in any of the five boroughs of New York City, or the typical households in Atlanta, Charlotte, Jacksonville, New Orleans, Miami-Dade County, Philadelphia and Savannah.**<sup>2</sup> Further, incomes are more equally distributed in Virginia as a whole than in any of those cities.

While we face numerous challenges, this is a good time to be a Virginian.



<sup>2</sup> Of course, were we to compare Virginia to some of the wealthy suburbs located outside of these eight East Coast locations, then this conclusion would be modified.