That no free government, nor the blessings of liberty, can be preserved to any people, but by a firm adherence to justice, moderation, temperance, frugality, and virtue; by frequent recurrence to fundamental principles; and by the recognition by all citizens that they have duties as well as rights, and that such rights cannot be enjoyed save in a society where law is respected and due process is observed.

– Constitution of the Commonwealth of Virginia, Article I, Section 15

A COMMONWEALTH COMING TOGETHER OR GROWING APART?
Virginia, honoring a venerable English tradition, fashions itself a Commonwealth. Only Kentucky, Massachusetts and Pennsylvania lay similar claims. Historically, Commonwealth status has implied that government and public affairs are conducted democratically with an eye toward the common good – that the collective welfare of all citizens should provide the guiding behavioral principle for public policy.

Cynics might argue that the notion of a Commonwealth does not apply in the case of Virginia today. Economic opportunity appears to be concentrated in Northern Virginia, Richmond and Hampton Roads. Rural areas, especially in southwestern Virginia, are adversely impacted by the decline of coal, an opioid crisis and underinvestment in public education. Political party identification now seems to be synonymous with where you live, with urban areas tending to vote Democratic and rural areas tending to lean Republican. Do we live in a Commonwealth or are we growing apart? Over the coming years, will Virginia become, in effect, two states, sharing a name but not a destiny?

Before we address this question, however, it is appropriate to note that the Commonwealth ideal never meant to imply precise equality of socioeconomic circumstances and outcomes for all Virginians. Instead, the notion of a Commonwealth has focused on shared values, such as democratically elected governments
that philosophical approach recognizes that Virginia is a large and remarkably diverse state. Should we expect a resident of Jonesville in Lee County (a city located on a meridian of longitude slightly west of Detroit, Michigan) to have the same preferences and outcomes as someone living 500 miles east along the ocean in Virginia Beach? Should jobs and incomes in Fairfax County's McLean be expected to match those in Danville, one of Virginia’s distinctive independent cities?

They don’t, and they won’t. We should not expect uniformity among the citizens of Virginia. The challenge is to craft efficient and effective policies that adapt to local conditions while promoting the welfare of the Commonwealth at large. Not an easy task.

In this chapter, we shed light on the extent to which diversities of circumstances and outcomes exist in today’s Virginia. We can neither critique nor promote effective policies without having accurate information about those policies at arm’s reach. The distributions of income and wealth in Virginia provide important information about the extent to which there is a shared economic destiny. Over the course of this and coming reports, we will delve into what makes Virginia unique and how it can prosper in the coming years.

Our approach is to divide Virginia into regions to highlight geographic differences and then drill down within each region to see how a variety of people are faring with respect to key social and economic indicators. At the very least, we will find that the impressive diversity of topography that exists in Virginia carries over to economic, demographic and social characteristics.

Out Of Many Regions, One Commonwealth

There are many ways to divide Virginia to highlight its regions. In fact, some confusion arises because of the proliferation of administrative, statistical and other subdivisions of the Commonwealth. Virginia comprises 95 counties and 38 independent cities that are distinct from each other. There are also numerous other divisions, including administrative districts, planning districts, public health districts, judicial circuits and districts, and multiple others reflecting service districts of state government. The federal government also classifies many of Virginia’s cities and counties by metropolitan statistical areas (MSA) or micropolitan statistical areas (MiSA), as well as census districts, among others.

For purposes of our analysis, we focus on the nine descriptive regions designated by GO Virginia. They hold the advantage of being easy to identify in terms of the areas they represent, even though they mix urban and rural regions. Figure 1 identifies the nine regions.

GO Virginia is a bipartisan, business-led economic development initiative designed to improve the ways in which Virginia’s diverse regions collaborate on economic and workforce development activities. GO Virginia, with funding from the General Assembly, provides incentives to business, education and government to encourage their participation in programs that will generate more high-paying, private-sector jobs. The organization’s Growth & Opportunity Board, made up of senior business leaders, oversees regional councils that are responsible for recommending the allocation of funds to the most promising and productive projects.

GO Virginia effectively has been in operation since April 2016 when the General Assembly approved the concept and provided initial funding. The organization’s first round of project grants were awarded in December 2017. GO Virginia’s promise is immense. Whether it actually will be able to alter the Commonwealth’s growth path remains to be seen.
FIGURE 1
THE NINE GO VIRGINIA REGIONS

1. Southwest
2. West Central
3. Southside
4. South Central
5. Hampton Roads and the Eastern Shore
6. Eastern
7. Northern
8. Valley
9. Central

Source: GO Virginia, www.govirginia.org
Demographic Change

Virginia is currently the 12th most populous state in the nation with a 2017 estimated population of 8,470,020. Virginia’s population ranking in the U.S. has waxed and waned, in large part due to economic circumstance. In the 1870 census, Virginia ranked as the 10th most populous state; however, by 1930, the Commonwealth had declined to the 20th most populous state in the nation. The advent of World War II and rapid expansion of the federal government led to an influx of people to Virginia, increasing the population at a much faster rate than many other states.

More recently, Virginia has continued to grow, albeit slowly. From 2010 to 2017, the population increased by 475,218 or about 5.9 percent. While this represents an absolute increase in the population, the annual rate of population growth has tapered off in the current decade to its slowest rate of increase since the 1920s (see Graph 1). The Weldon Cooper Center’s Demographics Research Group at the University of Virginia estimates that Virginia will continue to grow steadily in the coming years and by 2030 become the 11th-largest state. By 2040, our state is predicted to be home to more than 10 million people – which would make it the 10th-largest state.

While Virginia’s population has grown in recent decades, all areas of the Commonwealth have not been growing equally fast and, indeed, some (mostly in the south and southwest areas of Virginia) have lost population. In the 2000s, 103 cities and counties increased in population while 30 localities declined in size.4 Forty-nine localities in Virginia grew by 10 percent or more in the 2000s. This decade, however, 72 cities and counties have grown while 61 have become smaller. Only 13 localities in the Commonwealth have grown by 10 percent or more this decade, a sign of slowing population growth.

Figure 2 reveals that the geographic center of Virginia’s population also moved eastward from the 1940s to the 1970s, but then began a dramatic shift northward. By 2040, that center will be near Fredericksburg. At that time, half the state’s population will live in Northern Virginia, which we define as the area bordered on the south by Fredericksburg, on the north by the Potomac River and on the west by the Shenandoah Valley. Some observers refer to the northernmost sector of the state with the most population as NOVA, Northern Virginia, and the remainder of the state as ROVA, the rest of Virginia.

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4 One locality, Newport News, remained essentially unchanged in population from the 2000 to 2010 Census.
Nearly 80 percent of Virginia’s estimated 2017 population lives in five regions: Eastern, Hampton Roads-Eastern Shore, Northern, South Central and West Central. As illustrated in Table 1, two regions, Southside and Southwest, lost population this decade, while three others (Valley, Hampton Roads and West Central) grew slower than the Commonwealth as a whole. The double-digit growth in the Northern region continued to pull the population center of Virginia toward Fredericksburg.

Figure 3 provides a visual picture of population growth rates. Red and orange represent those counties and cities that lost population from 2010 to 2017. Yellow represents those localities with moderate increases in population, while green and blue represent those localities with more robust population growth. Buchanan County, for example, represented in red, lost about 8.7 percent of its population from 2010 to 2017. On the other hand, Loudoun County, represented in blue, experienced population growth of approximately 26.8 percent over the same period.

More than 60 cities and counties experienced population declines this decade, including an almost solid swath of cities and counties stretching from Virginia’s southern border meeting Ohio through to the midsection of the Commonwealth. If there is a lesson here, it is that population growth across Virginia has been very uneven in this decade. This, in turn, reflects the perceived presence or absence of economic opportunity.

Ten cities and counties accounted for 48 percent of Virginia’s population in 2017 (Graph 2). Given current trends, it is reasonable to expect that a majority of the Commonwealth’s residents will live in these 10 cities and counties by the 2020s. As the population of Virginia becomes increasingly concentrated in urban areas, the divide between urban and rural areas will increase, leading to less of a Commonwealth and more like two states sharing the same geographical designation.

### Table 1

<table>
<thead>
<tr>
<th>Region</th>
<th>April 1, 2010, Census</th>
<th>July 1, 2017, Estimate</th>
<th>Numeric Change</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Southwest</td>
<td>401,745</td>
<td>381,647</td>
<td>-20,098</td>
<td>-5.00%</td>
</tr>
<tr>
<td>West Central</td>
<td>707,990</td>
<td>730,759</td>
<td>22,769</td>
<td>+3.22%</td>
</tr>
<tr>
<td>Southside</td>
<td>384,034</td>
<td>368,302</td>
<td>-15,732</td>
<td>-4.10%</td>
</tr>
<tr>
<td>South Central</td>
<td>981,199</td>
<td>1,039,423</td>
<td>58,224</td>
<td>+5.93%</td>
</tr>
<tr>
<td>Hampton Roads-Eastern Shore</td>
<td>1,715,524</td>
<td>1,759,886</td>
<td>44,362</td>
<td>+2.59%</td>
</tr>
<tr>
<td>Eastern</td>
<td>663,988</td>
<td>724,204</td>
<td>60,216</td>
<td>+9.07%</td>
</tr>
<tr>
<td>Northern</td>
<td>2,230,623</td>
<td>2,301,308</td>
<td>70,685</td>
<td>+12.13%</td>
</tr>
<tr>
<td>Valley</td>
<td>508,933</td>
<td>534,485</td>
<td>25,552</td>
<td>+5.02%</td>
</tr>
<tr>
<td>Central</td>
<td>400,766</td>
<td>430,006</td>
<td>29,240</td>
<td>+7.30%</td>
</tr>
<tr>
<td>Virginia Totals</td>
<td>7,994,802</td>
<td>8,470,020</td>
<td>475,218</td>
<td>+5.94%</td>
</tr>
</tbody>
</table>

Sources: U.S. Census Bureau, 2010 Decennial Census and 2017 Population Estimates, and the Dragas Center for Economic Analysis and Policy, Old Dominion University
GRAPH 1

ANNUAL POPULATION GROWTH IN VIRGINIA, 1920-2017

Sources: Demographic Research Group, University of Virginia and U.S. Census Estimates of the Components of Resident Population Change, April 1, 2010, to July 1, 2017
FIGURE 3
RECENT POPULATION CHANGE BY COUNTY: VIRGINIA, 2010-2017

Sources: U.S. Census Bureau, 2010 Decennial Census and 2017 Population Estimates, and the Dragas Center for Economic Analysis and Policy, Old Dominion University
GRAPH 2
POPULATION OF THE 10 LARGEST CITIES AND COUNTIES: VIRGINIA, 2017

Sources: U.S. Census 2017 Population Estimates and the Dragas Center for Economic Analysis and Policy, Old Dominion University
Seeking Fortunes Elsewhere: Domestic Migration

While the population of Virginia grew 5.5 percent between 2010 and 2017, this overall increase masks a troubling development: Many Virginians are leaving and seeking their fortunes elsewhere. Since 2013, Virginia has experienced a net outflow of individuals to other states. In 2016-2017, the net outflow of residents to other domestic locations was 12,395. This is a significant change in circumstance for Virginia, which traditionally attracted more people from other states than it lost to them (Graph 3).

Why would more Virginians choose to leave than residents of other states decide to move here? While Virginia now has more jobs than prior to the Great Recession, other states have higher rates of job growth. One recent impediment to the growth of the Virginia economy is no mystery – stagnant federal spending, especially defense spending. Virginia ranks second among the states in terms of federal spending per person. Approximately 40 percent of this spending emanates from the Department of Defense. Plausibly, the recent upsurge of federal spending has the potential to reverse this flow.

The Internal Revenue Service (IRS) publishes annual data on domestic migration that we use to explore where new Virginians are coming from and where Virginians are going. Between 2015 and 2016, the largest inflows to Virginia from other states were from California, Florida, Maryland, New York, North Carolina and Texas. Outflows from Virginia were largely to the same set of states. More than 60,000 Virginians moved to California, Florida, Georgia, Maryland, North Carolina and Texas between 2015 and 2016.

Putting this together paints a picture of net domestic migration (inflows minus outflows) for the Commonwealth. Figure 4 shows that net domestic migration is highest from New York (4,727), New Jersey (2,543), Maryland (2,534) and Pennsylvania (1,409). Net domestic migration is lowest to Florida (-8,762), North Carolina (-5,992), Texas (-4,480), Georgia (-2,233) and Tennessee (-2,151).

Between 2015 and 2016, 221,869 people moved to Virginia from other states and 241,099 Virginians moved to other states. All told, Virginia’s net loss was 19,230. The Commonwealth is no longer as attractive a destination for residents of other states as it was in the past. The challenge will be to create jobs and opportunities to reverse this trend.

For localities in Virginia, the most recent data come from the U.S. Census through 2017. It should be no surprise that domestic outflows are the primary reason that many towns and counties have lost population this decade (Figure 5). While most of Northern Virginia and the Valley regions, for example, experienced positive net domestic migration, many other cities and counties have experienced outflows. Fairfax County, for example, lost over 79,000 residents to other domestic destinations between 2010 and 2017. The city of Alexandria also lost about 10,500 residents this decade. Another perspective is that domestic outflows from Fairfax County, Hampton, Newport News and Virginia Beach this decade were greater in sum than the gains from all the other cities and counties combined.

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5 A potential complication is the inflow and outflow of military personnel. To determine migration, the IRS compares two consecutive years of individual tax filings. If a person changes geographic location from one year to the next, they are considered a mover. A military service member stationed in Hampton Roads who did not change their filing address even though they physically moved would not show up as a migrant. A service member who did change their filing address upon moving to Hampton Roads would be considered a migrant if they moved from another county, state or country.
GRAPH 3

VIRGINIA NET DOMESTIC MIGRATION OF INDIVIDUALS, 1991-2017

Sources: University of Virginia Weldon Cooper Center (2017) and the Dragas Center for Economic Analysis and Policy, Old Dominion University. *All years based on Internal Revenue Service Statistics of Income Migration data, except for 2014-2015, which is based on U.S. Census Bureau state estimates due to a change in the IRS methodology. 2016-17 is also based on Census Bureau state estimates due to data availability.
FIGURE 4
2015-2016 NET DOMESTIC MIGRATION FOR VIRGINIA

Sources: Internal Revenue Service, 2015-2016 Statistics of Income Migration Data, and the Dragas Center for Economic Analysis and Policy, Old Dominion University
FIGURE 5
DOMESTIC MIGRATION, APRIL 1, 2010, TO JULY 1, 2017

Sources: U.S. Census Bureau, 2010 Decennial Census and 2017 Population Estimates, and the Dragas Center for Economic Analysis and Policy, Old Dominion University
International Migration: Coming To The Commonwealth

With Virginia experiencing net negative domestic migration in recent years, how has it managed to grow in population? One reason is the natural increase in the population, while the other is net positive international migration. The Commonwealth, simply put, is a desirable destination for people starting a new life in the United States.

Graph 4 illustrates how domestic and international migration have fared this decade. The inflows from international migration have offset the recent outflows of Virginians to other states. In 2017, for example, while 12,395 Virginians left for other states, 33,365 new residents arrived from foreign locations. Overall net migration was positive, with 20,970 additional residents in the Commonwealth.

Yet, as with many other things, some regions of Virginia are faring better than others. Table 2 shows that Southwest and Southside lost population from 2016 to 2017 because deaths outnumbered births and net domestic out-migration was higher than net international migration. Hampton Roads-Eastern Shore lost almost 10,000 residents to other states, although international migration offset some of this outflow. Without international migration, Virginia would have grown much more slowly the last four years. Figure 6 illustrates net international migration by city and county from 2010 to 2017.

International migration varies across the Commonwealth. Areas that are economically attractive tend to pull people from other countries. Immigrant communities may attract foreign migrants as new arrivals seek out others with similar backgrounds and experiences. One only needs to sample the diversity of food in Northern Virginia, Richmond or Hampton Roads to grasp the impact that international migration has on our communities. A Commonwealth should serve as a place that people want to live and many people are leaving their countries to live in Virginia.

Given that international immigration has helped fuel the Commonwealth’s economic engine, we are concerned about recent shifts in immigration policy. One consequence of the change in rhetoric and policy is a decline in international students. The National Science Foundation recently reported that the number of international students in the U.S. fell by 2.2 percent at the undergraduate level and 5.5 percent at the graduate level from fall 2016 to fall 2017. International students not only typically pay full tuition, but many desire to remain in the United States after completion of their education. Immigrants, for example, have founded around half of startups in the U.S. that are valued at more than $1 billion. Whether through policy or rhetoric, curtailing these students not only places financial pressures on colleges and universities, but also undermines one of the foundations of economic growth for the United States.

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GRAPH 4
DOMESTIC, INTERNATIONAL AND NET MIGRATION IN VIRGINIA, 2011-2017

Sources: U.S. Census Bureau, 2017 Population Estimates, and the Dragas Center for Economic Analysis and Policy, Old Dominion University
### TABLE 2

**COMPONENTS OF TOTAL POPULATION CHANGE: VIRGINIA, 2017**

<table>
<thead>
<tr>
<th>Region</th>
<th>Natural Increase in the Population</th>
<th>Net Domestic Migration</th>
<th>Net International Migration</th>
<th>Total Change in the Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Southwest</td>
<td>-1,528</td>
<td>-2,492</td>
<td>89</td>
<td>-3,931</td>
</tr>
<tr>
<td>West Central</td>
<td>293</td>
<td>-297</td>
<td>1,932</td>
<td>1,928</td>
</tr>
<tr>
<td>Southside</td>
<td>-1,255</td>
<td>-978</td>
<td>150</td>
<td>-2,083</td>
</tr>
<tr>
<td>South Central</td>
<td>3,073</td>
<td>3,642</td>
<td>2,870</td>
<td>9,585</td>
</tr>
<tr>
<td>Hampton Roads</td>
<td>7,462</td>
<td>-9,704</td>
<td>3,562</td>
<td>1,320</td>
</tr>
<tr>
<td>Eastern</td>
<td>2,737</td>
<td>3,883</td>
<td>1,293</td>
<td>7,913</td>
</tr>
<tr>
<td>Northern</td>
<td>22,077</td>
<td>-13,683</td>
<td>21,234</td>
<td>29,628</td>
</tr>
<tr>
<td>Valley</td>
<td>830</td>
<td>3,827</td>
<td>1,091</td>
<td>5,748</td>
</tr>
<tr>
<td>Central</td>
<td>1,040</td>
<td>3,407</td>
<td>1,144</td>
<td>5,591</td>
</tr>
<tr>
<td>Virginia Totals</td>
<td>34,729</td>
<td>-12,395</td>
<td>33,365</td>
<td>55,699</td>
</tr>
</tbody>
</table>

Sources: U.S. Census Bureau, Estimates of the Components of Resident Population Change, Various Years, and the Dragas Center for Economic Analysis and Policy, Old Dominion University. Note that “Total Change in the Population” does not include the residual change that cannot be attributed to any specific demographic component.
FIGURE 6
INTERNATIONAL MIGRATION, APRIL 1, 2010, TO JULY 1, 2017

Sources: U.S. Census Bureau, Estimates of the Components of Resident Population Change, Various Years, and the Dragas Center for Economic Analysis and Policy, Old Dominion University
Racial And Ethnic Characteristics

The Commonwealth and its regions are racially and ethnically diverse, more so than the United States and most states, where racial and ethnic groups often are confined to certain cities or regions. Racial and ethnic diversity does vary throughout Virginia, with Northern Virginia, Hampton Roads and the Eastern Shore being among the most diverse regions in the Commonwealth.

The U.S. Census Bureau produces annual estimates of the population and demographic characteristics through the American Community Survey (ACS). Graph 5 reveals that 73.3 percent of Americans identified themselves as white and 12.6 percent as African-American in 2016. About 5 percent classified themselves as Asian, while approximately 1 percent identified as American Indian, Alaska Native, Native Hawaiian or Other Pacific Islander. About 3 percent identified themselves as being of two or more races. Of note, the percentage of individuals who identify as being of two or more races has increased over the last two decades.

According to the U.S. Census, an individual’s response to racial questions is based upon self-identification. The Census Bureau does not instruct individuals which boxes to mark or heritage to claim on the Census products. People who identify with more than one race may choose to provide multiple races in response to the questions about race. Hispanic origin is defined by the U.S. Census Bureau as the heritage, nationality, lineage or country of birth of the individual or of the birth or person’s parents or ancestors before arriving in the U.S. People who self-identify as Hispanic, Latino or Spanish may be of any race. The U.S. Census asks individuals to self-identify their race and whether they are of Hispanic-Latino origin.

In Graph 6, we show that 68.8 percent of Virginians classified themselves as white and 19.2 percent as African-American in 2016. About 6 percent classified themselves as Asian, while about 0.4 percent identified as American Indian, Alaska Native, Native Hawaiian or Other Pacific Islander. Also, 3.4 percent of Virginians identified as being of two or more races. The number of Virginians identifying themselves as being of two or more races has also increased over time.

Table 3 provides regional details of Virginia’s ethnic and racial diversity. The white population reaches a high of 95 percent in the Southwest and a low of 60 percent in Hampton Roads-Eastern Shore. Southside, Hampton Roads-Eastern Shore, Eastern and South Central claim the largest regional proportions of African-Americans. Figure 7 displays African-Americans as a percentage of the population by locality, illustrating how as one travels east in Virginia, the percentage of African-Americans in the population rises.

On a percentage basis, Northern Virginia claims more than three times as many Asian Virginians than the next closest region (South Central). Fairfax County has the largest proportion of Asian Virginians, followed by Loudoun County (Graph 7). The Southwest and Southside regions, on the other hand, are relatively less diverse.

Graph 8 illustrates the percentage of individuals classifying themselves as Hispanic-Latino by locality. As one tracks to the north and east, the percentage of the population that identifies as having Hispanic-Latino origin increases.

While an estimated 17.3 percent of Americans identified themselves as Hispanic-Latino, a much smaller percentage, 8.7 percent, of Virginians classified themselves in similar fashion in 2016. Among Virginia’s regions, the proportion of the Hispanic population varies significantly, from a low of 1.7 percent in the Southwest to a high of 17.1 percent in Northern Virginia.
Source: U.S. Census Bureau, 2012-2016 American Community Survey. Hispanic-Latino individuals self-identify themselves within these categories. Percentages may not sum to 100 percent, as American Indian-Alaska Native and/or Other Pacific Islander are not shown.
GRAPH 6
RACIAL COMPOSITION OF VIRGINIA, 2016

Source: U.S. Census Bureau, 2012-2016 American Community Survey. Hispanic-Latino individuals self-identify themselves within these categories. Percentages may not sum to 100 percent, as American Indian-Alaska Native and/or Other Pacific Islander are not shown.
### Table 3

#### Racial Composition of Virginia’s Population by Regions

<table>
<thead>
<tr>
<th>Region</th>
<th>Total Population</th>
<th>White Alone</th>
<th>African-American Alone</th>
<th>Asian Alone</th>
<th>Other Races Alone</th>
<th>Two or More Races Alone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Southwest</td>
<td>392,112</td>
<td>373,080</td>
<td>10,771</td>
<td>1,455</td>
<td>517</td>
<td>4,625</td>
</tr>
<tr>
<td>West Central</td>
<td>725,993</td>
<td>590,975</td>
<td>95,866</td>
<td>16,358</td>
<td>1,642</td>
<td>16,333</td>
</tr>
<tr>
<td>Southside</td>
<td>374,771</td>
<td>240,486</td>
<td>119,683</td>
<td>2,328</td>
<td>791</td>
<td>6,272</td>
</tr>
<tr>
<td>South Central</td>
<td>1,015,658</td>
<td>655,024</td>
<td>271,976</td>
<td>40,627</td>
<td>3,517</td>
<td>27,804</td>
</tr>
<tr>
<td>Hampton Roads</td>
<td>1,751,779</td>
<td>1,048,055</td>
<td>541,869</td>
<td>63,614</td>
<td>6,931</td>
<td>65,860</td>
</tr>
<tr>
<td>Eastern</td>
<td>700,133</td>
<td>444,749</td>
<td>196,327</td>
<td>14,157</td>
<td>3,305</td>
<td>24,308</td>
</tr>
<tr>
<td>Northern</td>
<td>2,410,710</td>
<td>1,549,816</td>
<td>287,245</td>
<td>346,492</td>
<td>8,157</td>
<td>109,716</td>
</tr>
<tr>
<td>Valley</td>
<td>522,620</td>
<td>472,021</td>
<td>24,465</td>
<td>7,123</td>
<td>1,341</td>
<td>12,149</td>
</tr>
<tr>
<td>Central</td>
<td>416,525</td>
<td>338,752</td>
<td>48,150</td>
<td>10,724</td>
<td>1,241</td>
<td>12,632</td>
</tr>
<tr>
<td>Virginia Totals</td>
<td>8,310,301</td>
<td>5,712,958</td>
<td>1,596,352</td>
<td>502,878</td>
<td>27,442</td>
<td>279,699</td>
</tr>
</tbody>
</table>

FIGURE 7
PERCENTAGE OF AFRICAN-AMERICAN POPULATION IN VIRGINIA COUNTIES AND CITIES, 2016

Source: U.S. Census Bureau, 2012-2016 American Community Survey 5-Year Estimates
GRAPH 7

PERCENTAGE OF ASIAN-AMERICAN POPULATION, VIRGINIA:
LARGEST 10 COUNTIES AND CITIES, 2016

Source: U.S. Census Bureau, 2012-2016 American Community Survey 5-Year Estimates
Graph 8
Percentage of individuals who identify as of Hispanic-Latino origin: Virginia, 2016

Source: U.S. Census Bureau, 2012-2016 American Community Survey 5-Year Estimates
Thus, the Commonwealth is a diverse place, more diverse than the United States in terms of its representation of African-Americans and Asian-Americans, but less diverse in terms of its representation of Hispanics-Latinos. Whatever the difficulties Americans and Virginians of differing backgrounds have getting along with each other, these conditions have not deterred sundry individuals from deciding to reside in Virginia. It could be said that Virginia has turned out to be an amenable location for people of many different ethnic and racial backgrounds. In this sense, Virginia appears to have fulfilled at least some of the expectations of a Commonwealth.

The Economic Commonwealth

PER CAPITA INCOME

Per capita income is an approximate measure of the standard of living of a city, county or state. In 2017, Virginia ranked 12th among the states with a per capita income of $54,244, which was 108 percent of the national average. Graph 9 displays income per capita for the U.S. and selected states.

The cost of living in each state, however, makes a difference. An individual living in Danville, for example, has a lower cost of living than a resident of New York, Los Angeles or Seattle. Virginia’s relatively modest cost of living compared to California, New Jersey, New York and other high cost-of-living states enables it to pass by these states when we compute real per capita income adjusted for the cost of living. In Graph 10, we adjust state per capita income by regional price parities to obtain a cost-of-living adjusted state per capita income. The cost-of-living adjustment increases per capita income in relatively low cost-of-living states and decreases it in relatively high cost-of-living states. We obtain estimates of state per capita income that are on an equal cost-of-living basis.

What about income in the various regions of Virginia? The U.S. Census tracks median household income, which we present by region in Graph 11 and by locality in Figure 8. Median household income in Northern Virginia is almost three times that of the Southwest region and twice that of the Valley. In general, as one tracks to the east and north, median household income increases. Undoubtedly, household income is not equally distributed in the Commonwealth. It should be no surprise that economic opportunities, as represented by median household income, are closely correlated with domestic migration. People, as economists are wont to say, follow jobs.

Once again, cost-of-living differentials can make a difference, but cost-of-living indexes are not produced by Virginia region. We estimate real per capita income for Virginia’s regions by utilizing a cost-of-living index for a prominent jurisdiction within each region. In Northern Virginia, for example, we use the Washington, D.C., metropolitan region cost-of-living index as our proxy. The net effect of considering cost-of-living differences is to reduce income disparities, although none of the rankings of the regions change because of the cost-of-living adjustments. After taking the cost of living into account, Northern Virginia’s real per capita income is only 17.3 percent higher than that of the Commonwealth, and 60.5 percent higher than that of Southwest Virginia. These still are very large disparities but are substantially smaller when regional cost-of-living differences are incorporated.

As it is often said, everything is relative. Incomes are more equally distributed in Virginia than they are nationwide. Median household income in Virginia is higher than either New York or California, where incomes are burdened by some of the highest living costs in the country. One only needs to compare real estate prices in many urban areas of California, for example, to see that Virginia has a comparative advantage in the cost of living to many states with similar incomes.

7 Note that the regional cost of living in the Washington, D.C., region is estimated to be 18.6 percent higher than the national average. The differential between cities such as Alexandria and Arlington, and the state, however, exceeds 30 percent.
8 In the 2015 State of the Commonwealth Report, we reported that the Gini Coefficient for the distribution of income in Virginia was .4606, while it was .5994 in New York City and .4690 in the United States. (Higher values signify less equal distributions.)
Graph 9
State Per Capita Incomes, 2017

Source: Bureau of Economic Analysis
GRAPH 10
REAL PER CAPITA STATE INCOMES, 2017

Source: Bureau of Economic Analysis, regional price parities by state for 2016
GRAPH 11
ESTIMATED MEDIAN HOUSEHOLD INCOME BY GO VIRGINIA REGION, 2016

Source: U.S. Census Bureau, 2012-2016 American Community Survey 5-Year Estimates
Figure 8

Median Household Income by City and County: Virginia, 2016

Sources: U.S. Census Bureau, 2012-2016 American Community Survey 5-Year Estimates, and the Dragas Center for Economic Analysis and Policy, Old Dominion University
PROPERTY VALUES

Most people know intuitively that the ownership of property is less equally distributed across individuals than their incomes. This phenomenon has important economic consequences in Virginia. Property constitutes one form of wealth and the “true value” of property as determined by the Virginia Department of Taxation is one criterion that often is used by the General Assembly to allocate funds to local and regional jurisdictions. The “true value” of property and estimates of adjusted gross income are the two variables used to determine the sizes of a variety of payments to local and regional governments, including aid to public schools.

In 2016, property values in Virginia were estimated to be $1.16 trillion, with the Northern Virginia region accounting for almost 45 percent of all the real estate property valuation in the Commonwealth (Table 4). Values in the Northern Virginia region were estimated to be more than $516 billion; this was 18 times the estimated property values in Southwest Virginia, 3.7 times those in the South Central region (dominated by Richmond) and 2.8 times those in the Hampton Roads-Eastern Shore region. As with income, property values are not equally distributed throughout Virginia.

<table>
<thead>
<tr>
<th>Region</th>
<th>True Value of Real Estate</th>
<th>True Value of Public Service Corporations</th>
<th>Total Estimated True Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Southwest</td>
<td>$28,608,102,311</td>
<td>$3,554,748,045</td>
<td>$32,162,850,356</td>
</tr>
<tr>
<td>West Central</td>
<td>$70,367,011,877</td>
<td>$3,558,134,944</td>
<td>$73,925,146,821</td>
</tr>
<tr>
<td>Southside</td>
<td>$28,335,400,125</td>
<td>$4,392,140,998</td>
<td>$32,727,541,123</td>
</tr>
<tr>
<td>South Central</td>
<td>$138,744,340,613</td>
<td>$7,874,629,808</td>
<td>$146,618,970,421</td>
</tr>
<tr>
<td>Hampton Roads</td>
<td>$183,203,108,949</td>
<td>$6,016,811,823</td>
<td>$189,219,920,772</td>
</tr>
<tr>
<td>Eastern</td>
<td>$66,213,229,920</td>
<td>$2,375,318,142</td>
<td>$68,588,548,062</td>
</tr>
<tr>
<td>Northern</td>
<td>$516,576,910,380</td>
<td>$9,885,636,242</td>
<td>$526,462,546,622</td>
</tr>
<tr>
<td>Valley</td>
<td>$59,784,205,249</td>
<td>$4,840,702,990</td>
<td>$64,624,908,239</td>
</tr>
<tr>
<td>Central</td>
<td>$67,693,639,330</td>
<td>$4,996,929,285</td>
<td>$72,690,568,615</td>
</tr>
<tr>
<td>Virginia Totals</td>
<td>$1,159,525,948,754</td>
<td>$47,495,052,277</td>
<td>$1,207,021,001,031</td>
</tr>
</tbody>
</table>

Sources: Virginia Department of Taxation, the 2016 Virginia Assessment/Sales Study, and the Dragas Center for Economic Analysis and Policy, Old Dominion University
ABILITY TO PAY FOR EDUCATION

The General Assembly has directed that the “true value” of property be used along with adjusted gross income and taxable retail sales to produce a “median composite index” that determines how the Virginia Department of Education distributes financial aid to local school districts. The index varies between 0 and .8. The lower the index, the greater the school district’s assessed need for financial support to enable it to meet the Standards of Quality (SOQ) that define minimum learning outcomes expected, if not required, in Virginia public schools.

Eight school districts recorded the highest .8 index, indicating lesser financial need: the cities of Alexandria, Arlington, Fairfax and Falls Church plus Bath, Goochland, Highland and Surry counties. The lowest index was recorded by Lee County (.1779), followed by Buena Vista (.1849), Scott (.1917) and Hopewell (.2032). Graph 12 provides a selection of median composite index values for school districts throughout Virginia. Graph 13 presents the average composite index by region, while Figure 9 illustrates the composite index by locality in Virginia.

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9 The Average Daily Composite Index, for example, is equal to 0.5*((Local TV/Division ADM)/(Statewide Total TV/Statewide ADM)) + 0.4*((Local AGI/Division ADM)/(State AGI/State ADM)) + 0.1 ((Local Taxable Sales/Division ADM)/(State Taxable Sales/State ADM)), where ADM = Average Daily Membership, AGI = Adjusted Gross Income, and TV = True Value of Property.

10 All of these composite index values include nonresident adjusted gross income. The Department of Education also computes indexes that exclude nonresident adjusted gross income.
GRAPH 12
COMPOSITE INDEX VALUES FOR SELECTED VIRGINIA SCHOOL DISTRICTS, 2018-2020 VALUES

Source: Virginia Department of Education, "Composite Index of Local Ability to Pay, 2018-2020"
GRAPH 13
MEAN COMPOSITE INDEXES OF LOCAL ABILITY TO PAY BY REGION:
VIRGINIA DEPARTMENT OF EDUCATION, 2016-2018

Northern: 0.60
Central: 0.52
Eastern: 0.48
Valley: 0.44
South Central: 0.39
Hampton Roads: 0.39
West Central: 0.33
Southside: 0.28
Southwest: 0.27

Sources: Virginia Department of Education, “Composite Index of Local Ability to Pay, 2016-2028.” Average index for divisions in each GO Virginia region by the Dragas Center for Economic Analysis and Policy, Old Dominion University.
FIGURE 9

COMPOSITE INDEXES OF LOCAL ABILITY TO PAY BY COUNTY:
VIRGINIA DEPARTMENT OF EDUCATION, 2016-2018

Sources: Virginia Department of Education, “Composite Index of Local Ability to Pay, 2016-2028” and the Dragas Center for Economic Analysis and Policy, Old Dominion University. In most cases, school divisions are geographically similar to counties.
NUTRITION

Some regard the absence of hunger as the mark of a civilized society. Feeding America, a nonprofit hunger relief organization, reports that 1 in 9 Virginians do not have enough to eat and that it would take more than $468 million on an annual basis to feed them properly (www.feedingamerica.com). Whether or not one agrees with this assessment, data are available that record the number of students within the Commonwealth who are eligible for free and reduced-price school lunches and other nutritional programs available through the Virginia Department of Education’s (VDOE) School Nutrition Programs.

The VDOE typically utilizes federal guidelines that establish eligibility for free and reduced-price meals in schools. In the 2018-19 school year, this means that children from families with annual incomes less than 185 percent of the federal poverty level are eligible. For a family of four, for example, this means a family income must be under $32,630 (Federal Food and Nutrition Services, Document 2018-09679, May 8, 2018).

On a typical day, 49.8 million breakfasts, 1.5 million lunches and 1.4 million after-school snacks are served in Virginia public schools (Virginia Department of Education, 2018). Meals also are served in the summer. Approximately 44 percent of students were eligible for free and reduced-price lunch in Virginia’s public schools during the 2017-18 school year. Graph 14 displays the five districts with the highest percentage of recipients of free and reduced-price lunch and the five districts with the lowest percentage of recipients, ranging from a low of about 8.5 percent in Falls Church to a high of 100 percent in Danville, Franklin, Martinsville, Petersburg and Richmond.

Graph 15 illustrates that profound differences exist among Virginia’s regions in terms of the percentage of public school students who qualify under federal guidelines for free or reduced-price food at their public school. The percentage of students who qualify for free or reduced-price food in the Southside and Southwest regions is more than twice that in the Northern Virginia region. Somewhat astonishing, however, is that more than 50 percent of students are eligible in five of the nine Virginia regions, including predominantly urban Hampton Roads, where more than 132,000 public school students are eligible.
Source: Virginia Department of Education, School Year 2017-18, Free and Reduced Eligibility Report. We recognize that some schools with 100 percent free or reduced-price lunch participate in the U.S. Department of Agriculture's Community Eligibility Program, which provides free lunch to all students regardless of need. For more information see: https://www.fns.usda.gov/school-meals/community-eligibility-provision.
GRAPH 15

PERCENTAGE OF STUDENTS WHO QUALIFY FOR FREE OR REDUCED-PRICE MEALS UNDER FEDERAL GUIDELINES:
VIRGINIA REGIONS, 2017

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Southside</td>
<td>72.2%</td>
</tr>
<tr>
<td>Southwest</td>
<td>65.1%</td>
</tr>
<tr>
<td>Eastern</td>
<td>53.8%</td>
</tr>
<tr>
<td>West Central</td>
<td>51.4%</td>
</tr>
<tr>
<td>Hampton Roads</td>
<td>50.7%</td>
</tr>
<tr>
<td>Valley</td>
<td>46.2%</td>
</tr>
<tr>
<td>South Central</td>
<td>41.3%</td>
</tr>
<tr>
<td>Central</td>
<td>39.3%</td>
</tr>
<tr>
<td>Northern</td>
<td>31.2%</td>
</tr>
</tbody>
</table>

Sources: Virginia Department of Education, School Year 2017-18, Free and Reduced Eligibility Report, and the Dragas Center for Economic Analysis and Policy, Old Dominion University. Data are for Department of Education regions that approximate GO Virginia regions.
Final Observations

Virginia is geographically and economically diverse. One’s distance from Washington, D.C., the decline of industries such as coal, textiles and tobacco, and the stimulus of defense spending are among the most important reasons why we observe large variations in incomes and wealth throughout Virginia. Average real per capita income in Northern Virginia, for example, is almost 61 percent higher than the comparable figure in Southwest Virginia and about 11 percent higher than the next highest region, Central Virginia.

Population growth is both a cause and effect of income and wealth disparities. At least 40 Virginia towns, cities and counties lost population between 2010 and 2017. The geographic center of Virginia’s population is marching northward almost coincident with I-95 at the rate of about 20 miles annually. Virginia’s population continues to become more diverse, especially in its urban areas. While net domestic migration has been negative recently, international migration has helped offset the outflow of Virginians to other states.

To the extent that the concept of a Commonwealth is interpreted to mean that public policy metaphorically should ensure that no one in Virginia is left behind, selected state policies, especially those involving school funding, help reduce the impact of economic disparities. On the other hand, the Virginia income tax ranks in the lower middle among all states in terms of its income progressivity, and the Commonwealth’s average level of Temporary Assistance for Needy Families benefit payments again places it roughly in the middle of the pack.

In coming years, this report will dive into economic life in Virginia. How have urban and rural areas fared in terms of jobs and income since the Great Recession? How are public schools faring in rural and urban communities? How can Virginia tap into its diverse population, geography and economic circumstances to strengthen the Commonwealth? Finding answers to these and other questions will help us examine ways to improve the common destiny of all Virginians.