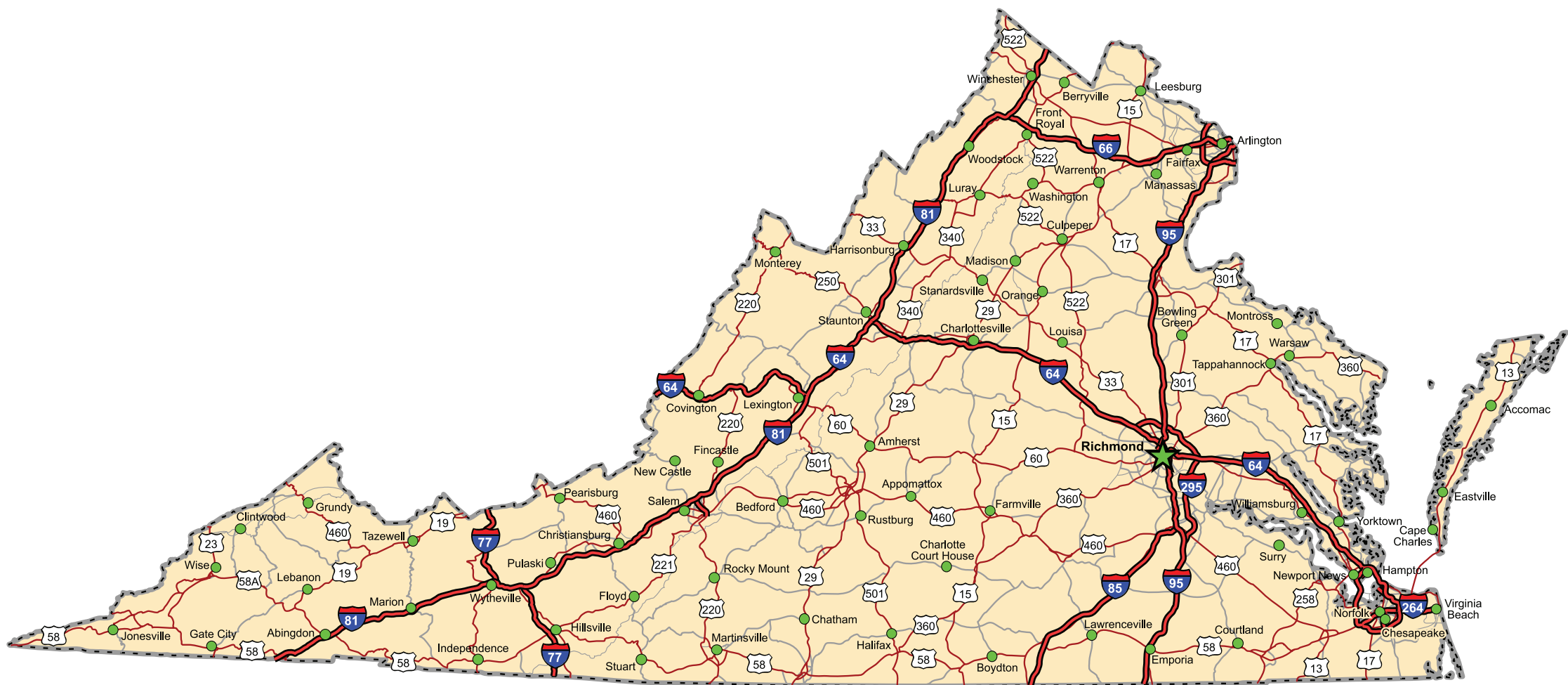




# 2023 State of the Commonwealth Report

■ DRAGAS CENTER FOR ECONOMIC ANALYSIS AND POLICY ■ STROME COLLEGE OF BUSINESS ■ OLD DOMINION UNIVERSITY





December 2023

Dear Reader:

**T**his is Old Dominion University's ninth annual State of the Commonwealth 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, its president, Brian Hemphill, Ph.D., the Board of Visitors, the Strome College of Business or the generous donors who support the activities of the Dragas Center for Economic Analysis and Policy.

Our work seeks to contribute to the conversation about how Virginia can foster growth across the Commonwealth without glossing over the challenges we face. Instead of retreating into partisan enclaves where affirmation is sought over information, we want to encourage difficult conversations to improve economic outcomes for all of Virginia's residents.

The 2023 State of the Commonwealth Report is divided into five parts:

### **Virginia's Economy Grows, but Questions Linger About the Future**

There is good news to report about the economy of the Commonwealth. Economic activity increased in 2022 and 2023. A record number of Virginians were at work or looking for work. Labor force participation increased above pre-pandemic levels. However, this news is tempered by the fact that Virginia grew slower than the nation and Virginians continue to migrate out of the Commonwealth. The Virginia economy should grow in 2024, but work remains to be done to match the economic performance of our peers.

### **A Recovery in Progress: Virginia's GO Virginia Regions**

For some areas of Virginia, the recovery from the economic shock associated with the COVID-19 pandemic has been robust, with evidence emerging of a new expansion in economic activity in 2023. For other areas of the Commonwealth, the recovery would be best characterized as anemic. As we conclude 2023 and look forward to 2024, the economic fate of the Commonwealth looks increasingly bifurcated, with economic activity and population concentrated in a handful of regions. Now, with evidence of a "soft landing" from the turbulence of 2022 increasingly evident, the open question remains: can we spur economic growth across the state?

### **Virginia is for Veterans**

Approximately 1 in 10 Virginian adults ages 18 years and older was a veteran of military service in 2021. The Commonwealth only ranked behind Alaska in the proportion of adults who identified as a veteran of military service in 2021. Virginia ranked first for the share of veterans in the adult population among states with populations greater than 1 million

in 2021. Military veterans in Virginia, on average, are more educated than their civilian counterparts and have higher household incomes. The presence of military veterans and retirees not only provides talents to employers, but also generates billions of dollars of payment transfers and expenditures by the federal government throughout Virginia.

### **Death and Dying in Virginia**

Death and taxes may be inevitable, but where we die is usually not a topic of public policy or discussion. Hospice care is the specialized treatment that provides support and comfort to patients who are terminally ill with a general life expectancy of six months or less. In this chapter, we take a close look at serious disease and hospice care in the United States and Virginia. We examine the demand for hospice care by Medicare beneficiaries as well as the changing nature of hospice care suppliers as now more than two-thirds of hospices nationwide operate as for-profit entities. We ask: what is the state of end-of-life care across Virginia?

### **Virginia's Hotel Industry Grows, but Change is Coming**

This chapter assesses the performance of the hotel industry in the Commonwealth and discusses the challenges facing the hotel industry in 2024 and beyond. To understand the prospects for growth, we examine the recovery from the shock of 2020 and how different areas of the Commonwealth fared with regard to hotel revenue and occupancy. We take stock of the competitive environment and how labor shortages continue to challenge hoteliers. We ask: what does the future hold for the hotel industry in Virginia?

The Strome College of Business and Old Dominion University continue to provide support for the State of the Commonwealth Report. However, it would not appear without the vital backing of the private donors whose names appear below. They believe in Virginia and the power of rational discussion to improve our circumstances but are not responsible for the views expressed in the report. We would like to thank our current and historical donors for their investments in the work of the Dragas Center for Economic Analysis and Policy.

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All nine State of the Commonwealth Reports are available at [www.ceapodu.com](http://www.ceapodu.com).

If you have comments or suggestions, please email us at [rmcnab@odu.edu](mailto:rmcnab@odu.edu).

Sincerely,



Robert M. McNab  
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