

hampton roads: a comparative tour

Hampton Roads: A Comparative Tour

The 2002 “State of the Region” comparative tour covered a wide swath of statistical categories that compared Hampton Roads with the nation and selected metropolitan areas. The purpose of the comparison was to create quantitative reference points so that, in a limited way, we could measure ourselves according to national standards. In this issue we attempt to update a few of last year’s statistics and go further in depth within particular themes.

As with last year’s report, a group of comparable metropolitan areas was selected to aid in the analysis. Inclusion within the comparison group is based on three primary factors: proximity, size and affinity with Hampton Roads.

Bread, Butter And Jobs

How big is the regional economy? If Hampton Roads were an independent country, it would rank among the top one-third of all countries. **Graph 1 discloses that the value of the economic activity of Hampton Roads is roughly equivalent to that of Syria. Relative to other metropolitan areas in the United States, Hampton Roads ranks among the top 15 percent and is roughly one-eighth the size of New York City (see Graph 2).**

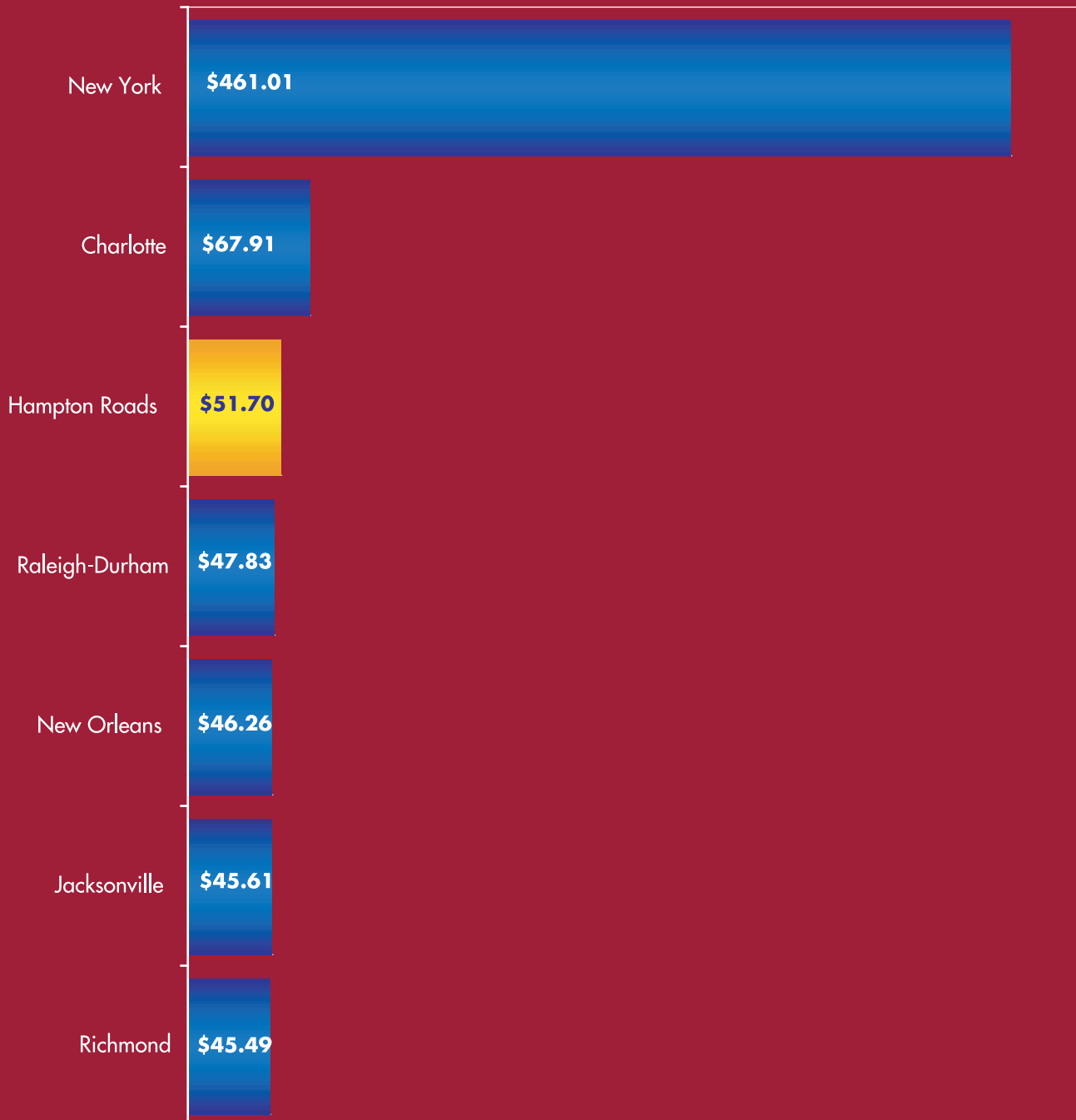
Graph 3 illustrates that the Hampton Roads economy grew slowly in the latter half of the 1990s. However, Graph 4 shows the region has reversed this circumstance since 2000. **Our employment growth was 4.2 percent above the national average for 2000-02.** Coincidentally, our unemployment rate in 2002 was well below the national average (Graph 5). Graph 6 indicates that this has been true consistently since 1990.

GRAPH 1
COMPARATIVE INTERNATIONAL SIZE OF
THE HAMPTON ROADS ECONOMY
(Billions of Dollars in Purchasing Power Parity, 2001)



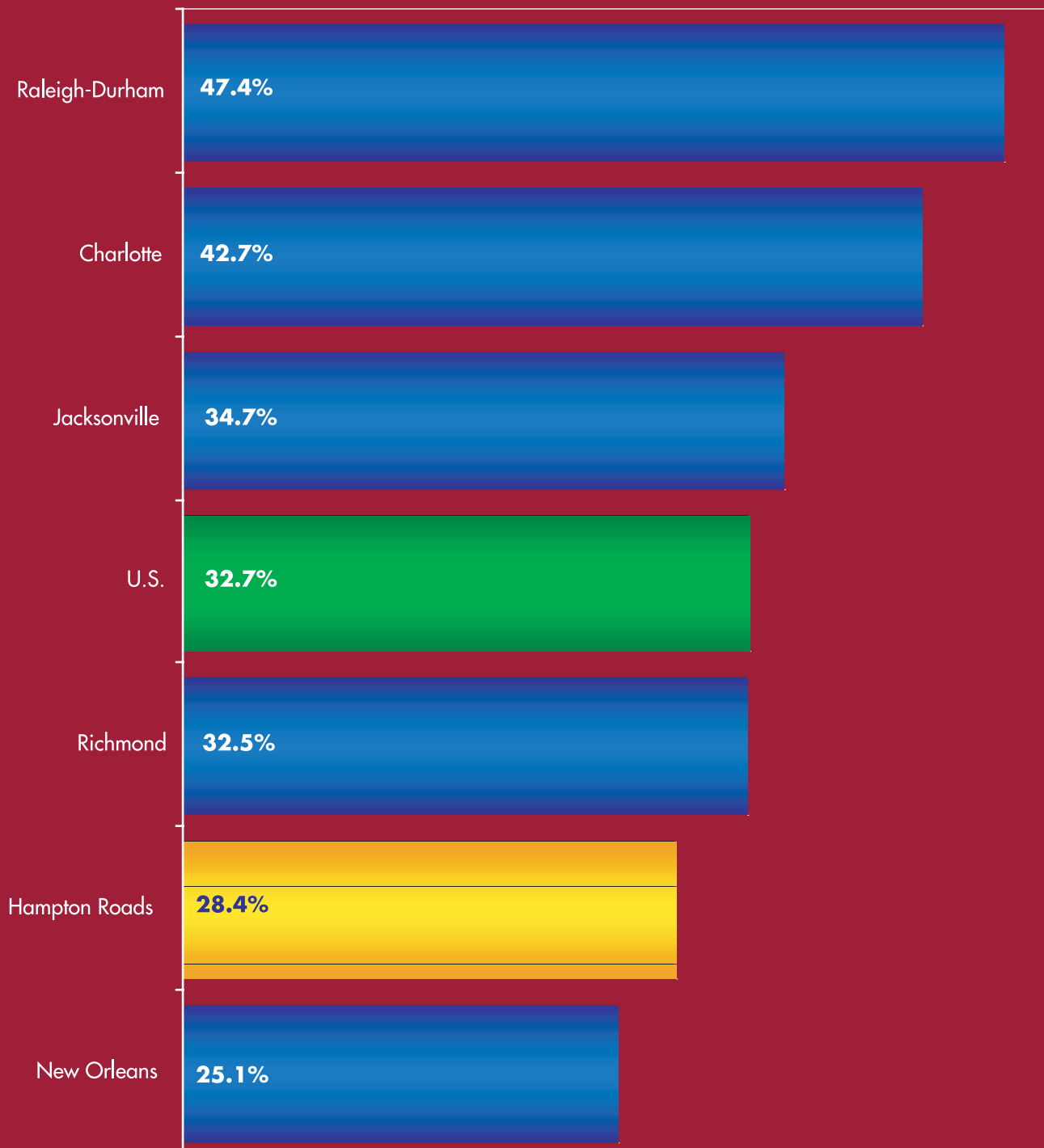
Sources: World Bank and the Old Dominion University Economic Forecasting Project

GRAPH 2
COMPARATIVE METRO SIZE OF THE HAMPTON ROADS ECONOMY
(Gross Product, Billions of Dollars, 2001)



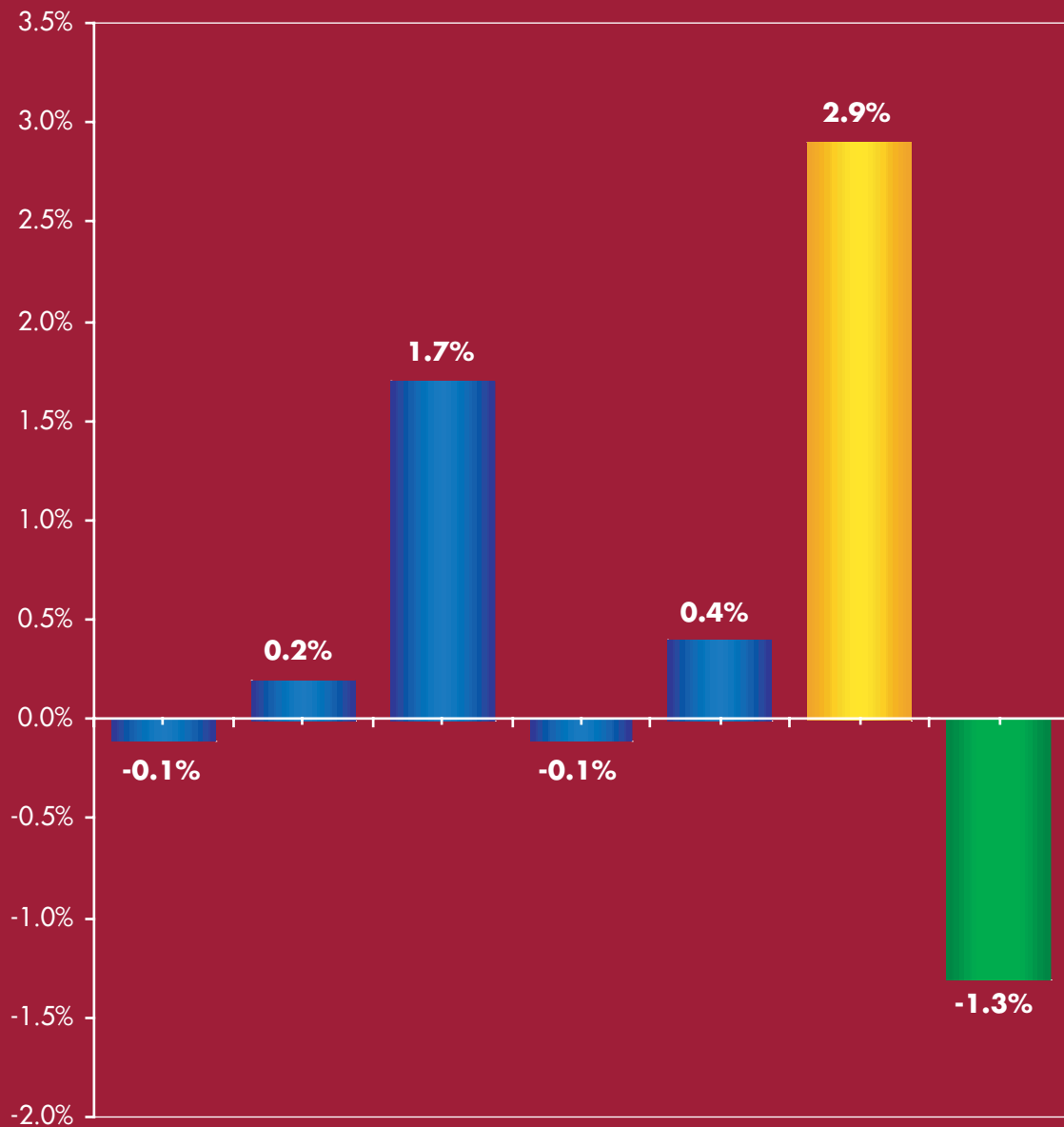
Sources: Standard and Poor's DRI and the Old Dominion University Economic Forecasting Project

GRAPH 3
COMPARATIVE ECONOMIC GROWTH
(Gross Product Increase from 1996 to 2001)



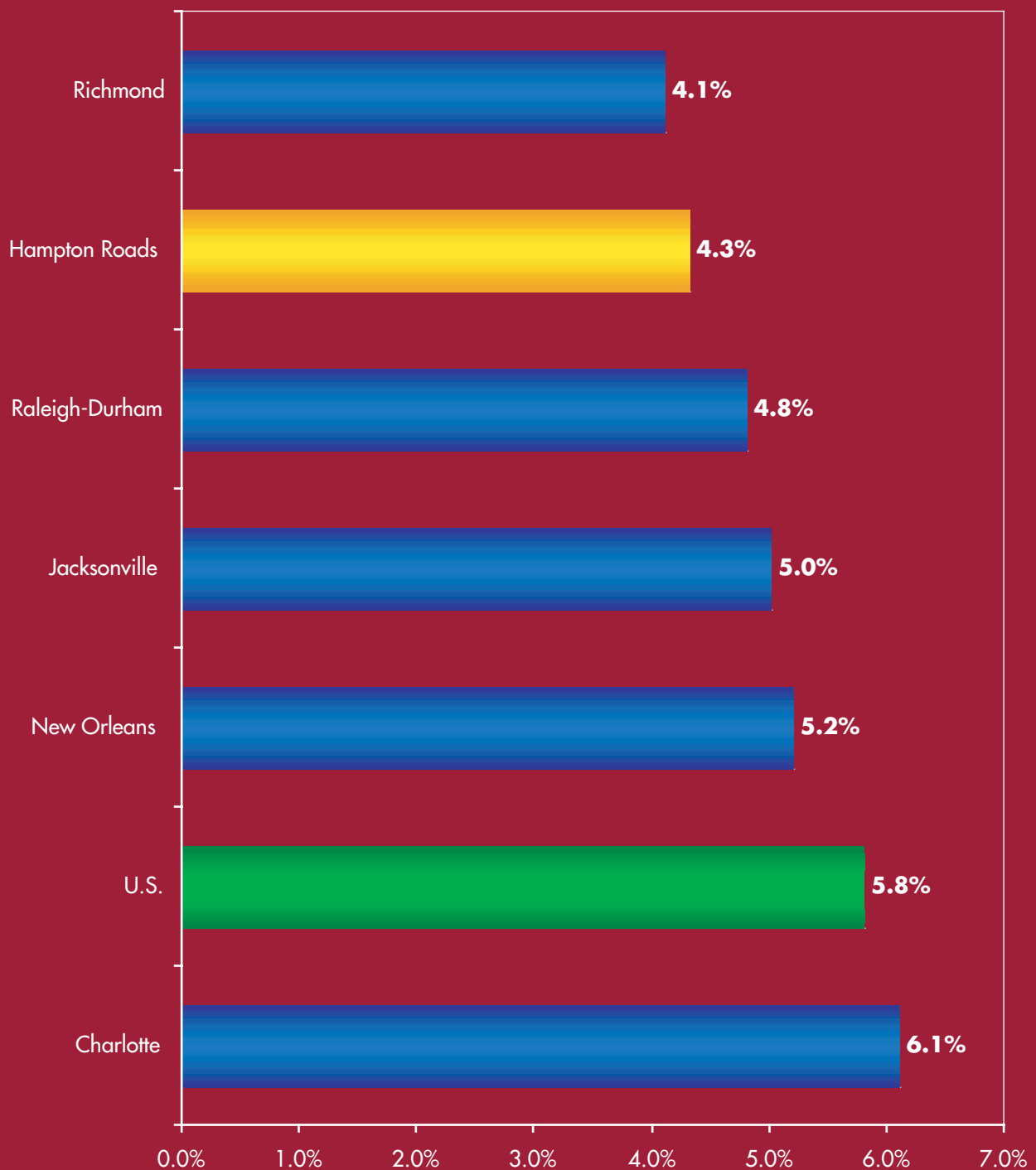
Source: The Old Dominion University Economic Forecasting Project

**GRAPH 4
EMPLOYMENT GROWTH
(2000-02)**



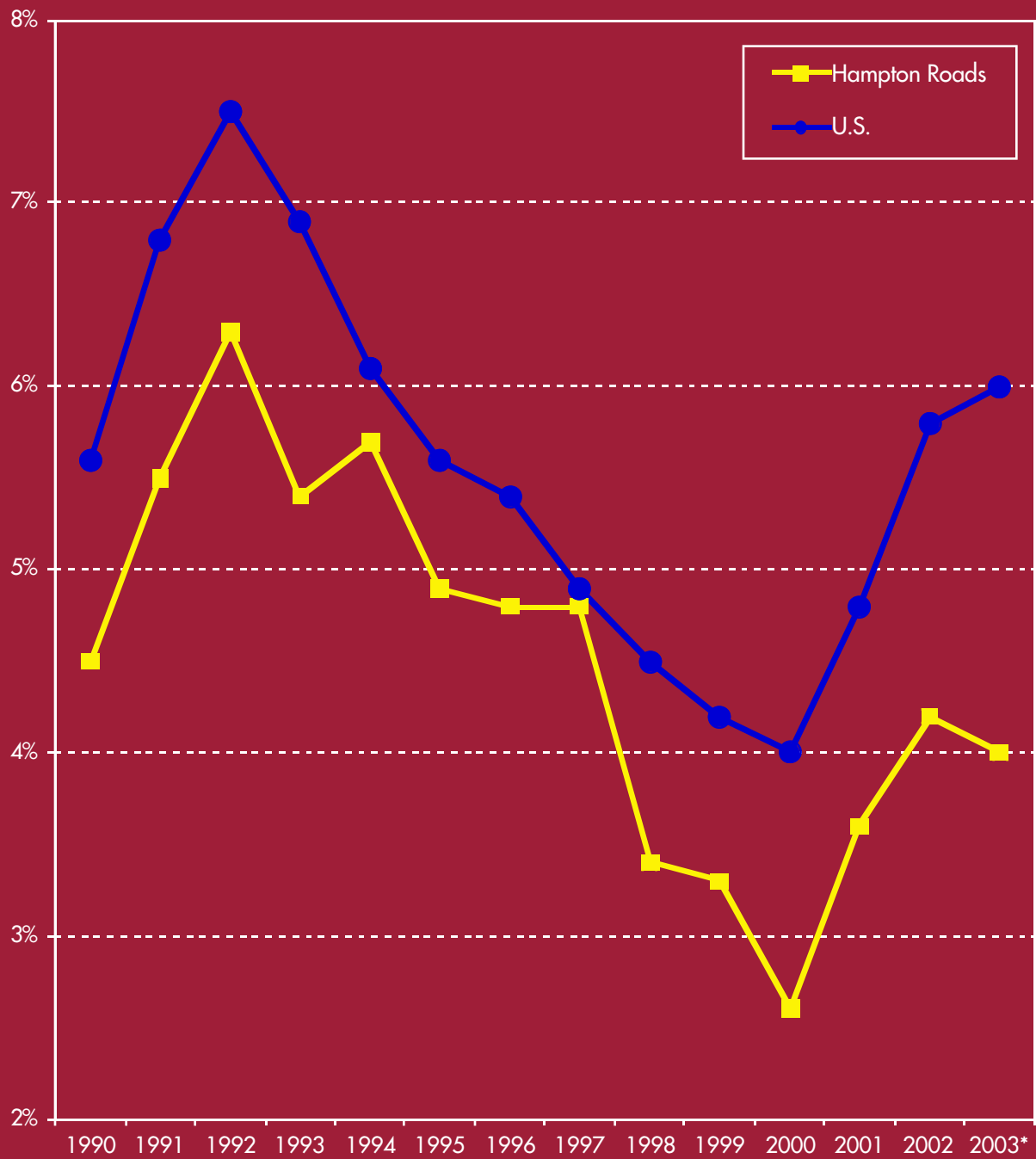
Sources: Bureau of Labor Statistics and the Old Dominion University Economic Forecasting Project

GRAPH 5
UNEMPLOYMENT RATES
(2002)



Source: U.S. Bureau of Labor Statistics

GRAPH 6
YEARLY UNEMPLOYMENT RATE IN HAMPTON ROADS AND THE U.S.
(1990-2003)



*Estimated

Sources: U.S. Bureau of Labor Statistics and the Old Dominion University Economic Forecasting Project

Much has been said about the fact that per capita income in Hampton Roads has for many years trailed national averages. However, once we adjust for differences in the cost of living (see Graph 7), we find that the region's per capita income was 98.6 percent of the U.S. average in 2000 (see Graph 8). **Further, because of military compensation increases and other factors, by the end of 2003, Hampton Roads' price-adjusted income per capita is likely to exceed the national average by about 1.2 percent. Things are looking up.**

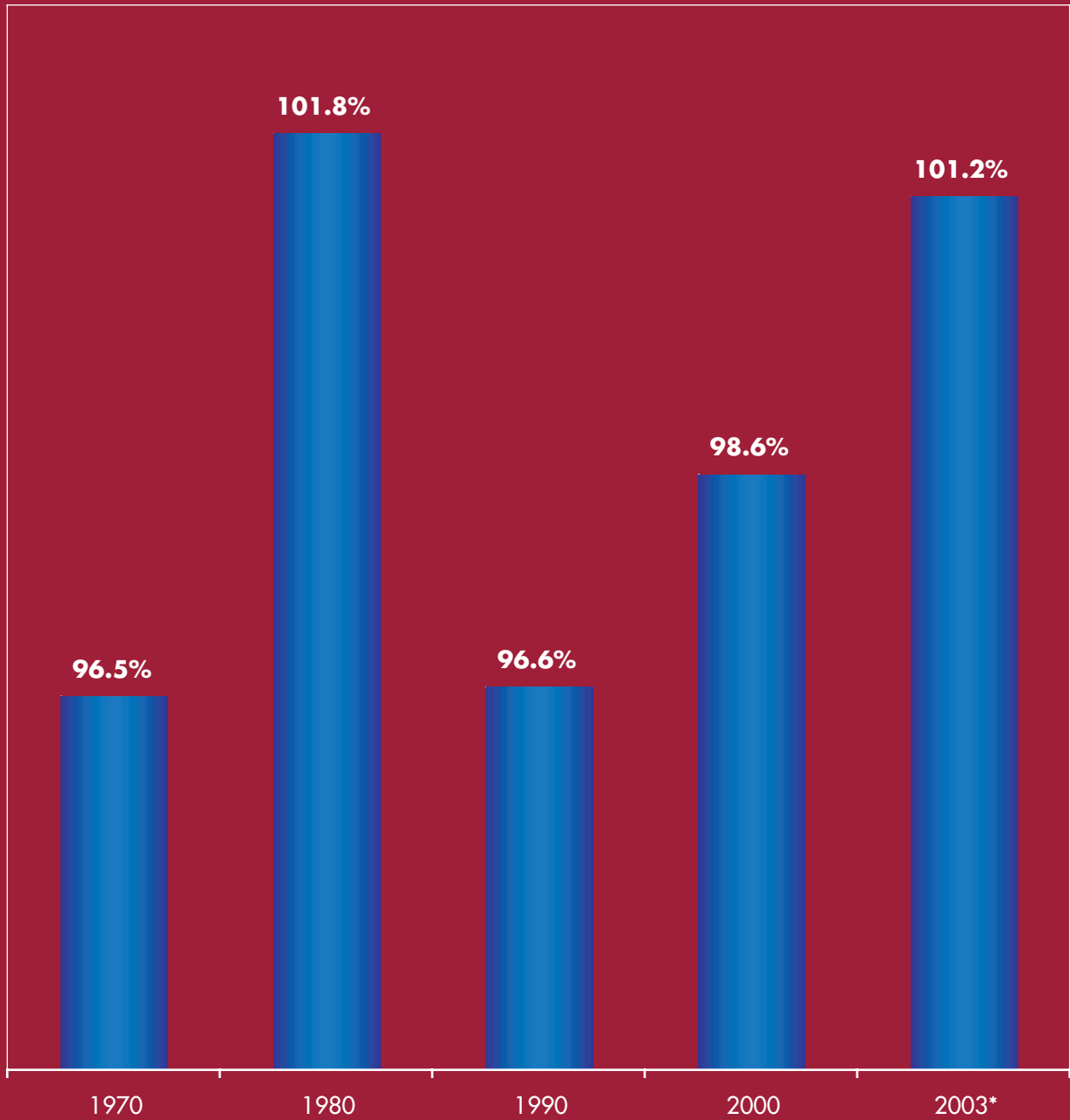
Despite the apparent similarity between the national standard of living and that of Hampton Roads, a closer look reveals *most* of the region's residents enjoy a considerably higher standard of living than do *most* Americans. For example, the average household in New York City has a lower average income than does the average household in Hampton Roads. Indeed, as Graph 9 reports, the bottom 60 percent of households in Hampton Roads are better off economically than the bottom 60 percent of households in New York City, and this does not even take into account the huge cost of living difference between the two regions. **Once living costs are considered, perhaps as many as 85 percent of households in Hampton Roads are better off economically than comparable households in New York City.** The Big Apple has a few people who earn very high incomes, thus inflating the average household income in that city. The typical New Yorker, however, is not doing as well economically as the typical resident of Hampton Roads.

GRAPH 7
PER CAPITA INCOME
(Purchasing Power Adjusted, 2001)



Source: The Old Dominion University Economic Forecasting Project

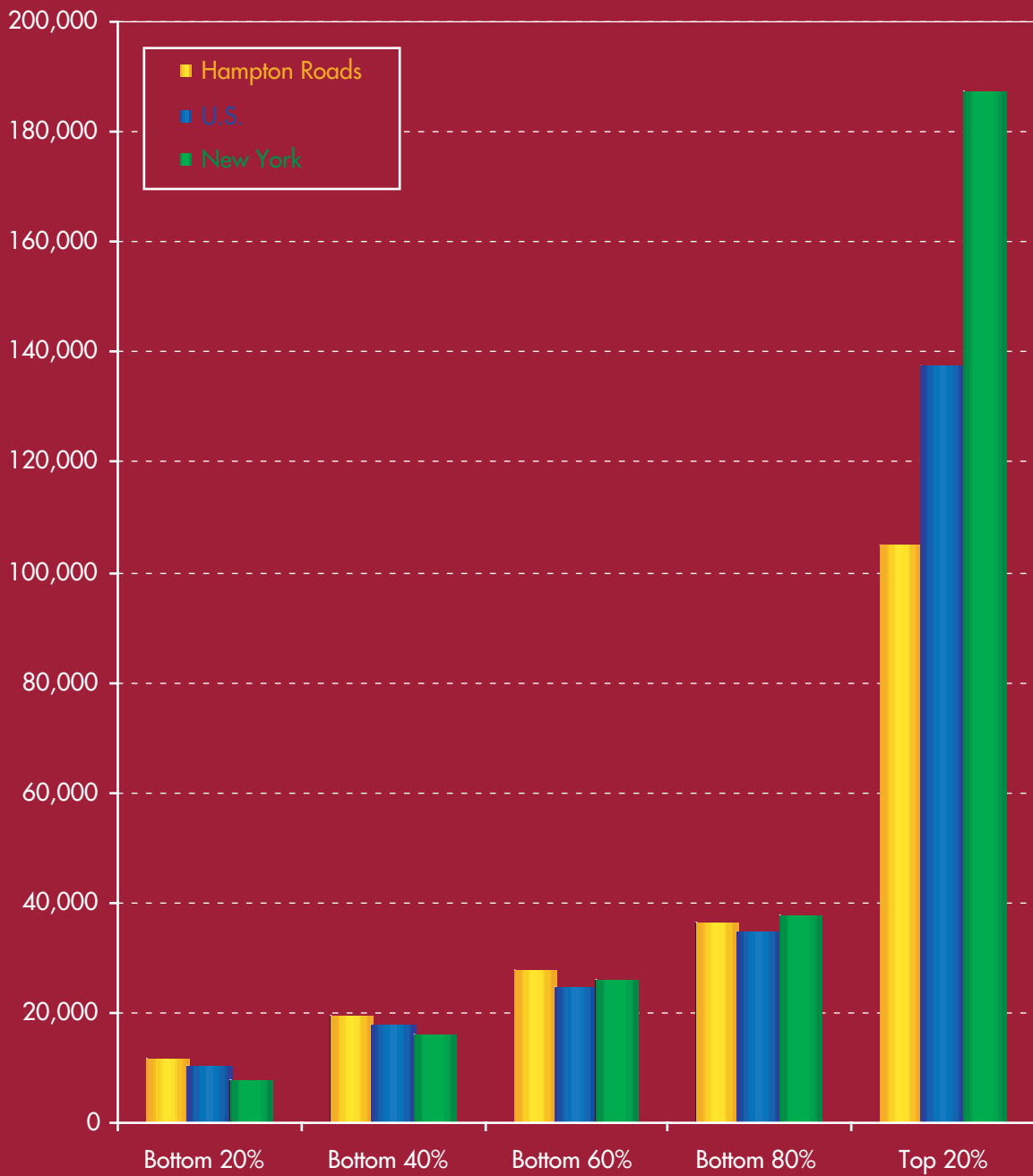
GRAPH 8
HAMPTON ROADS PER CAPITA INCOME AS A
PROPORTION OF U.S. PER CAPITA INCOME
(Adjusted for Purchasing Power)



*Estimated

Source: The Old Dominion University Economic Forecasting Project

GRAPH 9
MEAN HOUSEHOLD INCOME BY CUMULATIVE
POPULATION QUINTILE AND TOP QUINTILE



Source: The Old Dominion University Economic Forecasting Project

The Economics Of Race And Color

Roughly one-third of Hampton Roads residents are black¹ (see Graph 10). As Graph 11 discloses, the median income of black households in Hampton Roads in 2000 was \$30,500, 3.7 percent higher than that of the average black household nationally. **However, as Graph 11 also illustrates, black household incomes in the region are less than two-thirds of those of whites. Specifically, Graph 12 shows that black household incomes were only 62.8 percent of white household incomes in the region in 2000. The national average was 65.8 percent.** The reasons for this are not entirely clear and are beyond the scope of this chapter. Nonetheless, blacks in the region are not doing as well (relatively speaking) as blacks in many other regions of the United States.

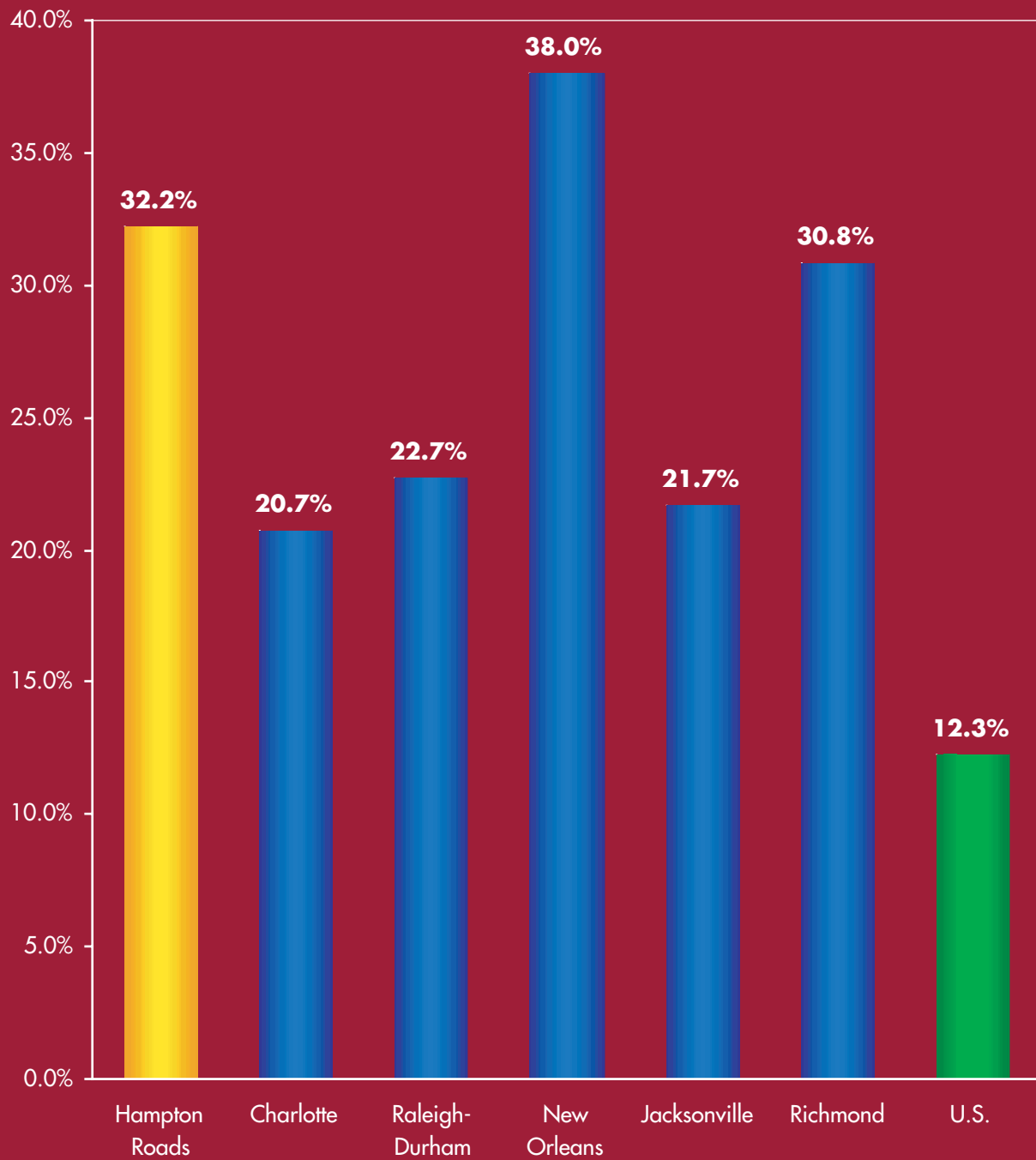
Nearly 21 percent of black citizens in Hampton Roads live in poverty even though the overall regional poverty rate is about 10 percent (see Graph 13). Proportionally, about four times as many blacks as whites live below the poverty line in Hampton Roads. This multiple is only 2.7 for the United States as a whole. Once again, we see that black citizens within Hampton Roads often have not fared as well as blacks in other metropolitan areas and regions.

Economic stress among blacks in Hampton Roads is manifest in many ways, including use of public transportation. Lower-income residents often cannot afford to own or operate an automobile and hence turn to public transportation. This pattern is evident in Graph 14, which depicts greater reliance by blacks on public transportation, not only in Hampton Roads, but also across the nation. This is a reality that should be considered when proposals to cut public transit are discussed.

At the same time, however, blacks in Hampton Roads have a long history of owning their own businesses. Graph 15 reports that Hampton Roads is one of the leading metropolitan areas in the nation in the proportion of businesses owned by blacks. However, the income and poverty data reported in Graphs 11-13 suggest that few of these businesses have achieved great economic success.

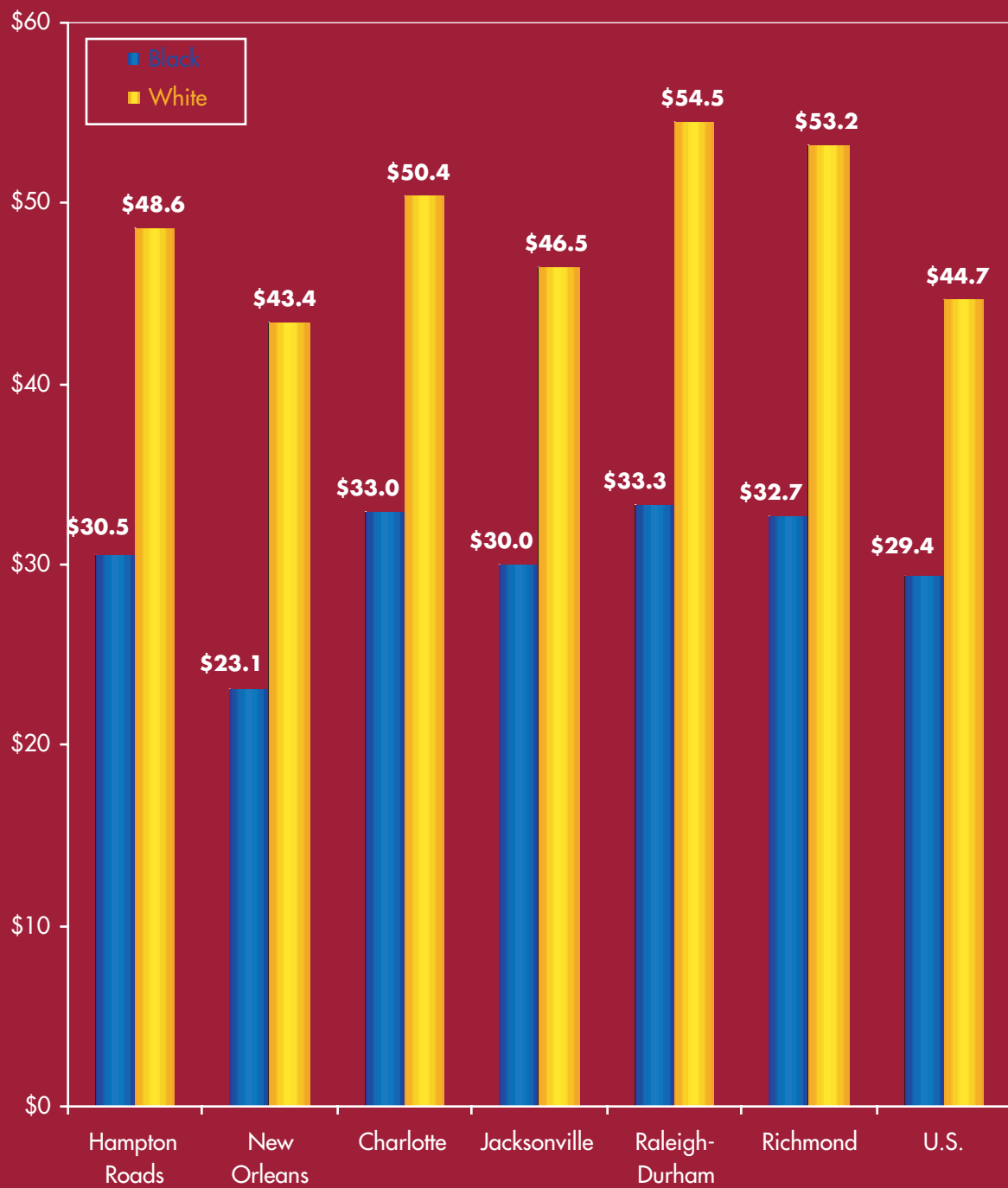
¹ "Black" is the term utilized by the U.S. Census. We use it to represent self-identified African Americans and other people, some of whom are Hispanic, who are dark-skinned and whose original heritage is Africa. Thus, "black" is an inexact term that may pertain to many people of various origins and may as well identify those of mixed ethnic origin. But, it is sufficiently accurate to serve our purposes in this chapter.

GRAPH 10
BLACKS AS A PERCENTAGE OF TOTAL POPULATION



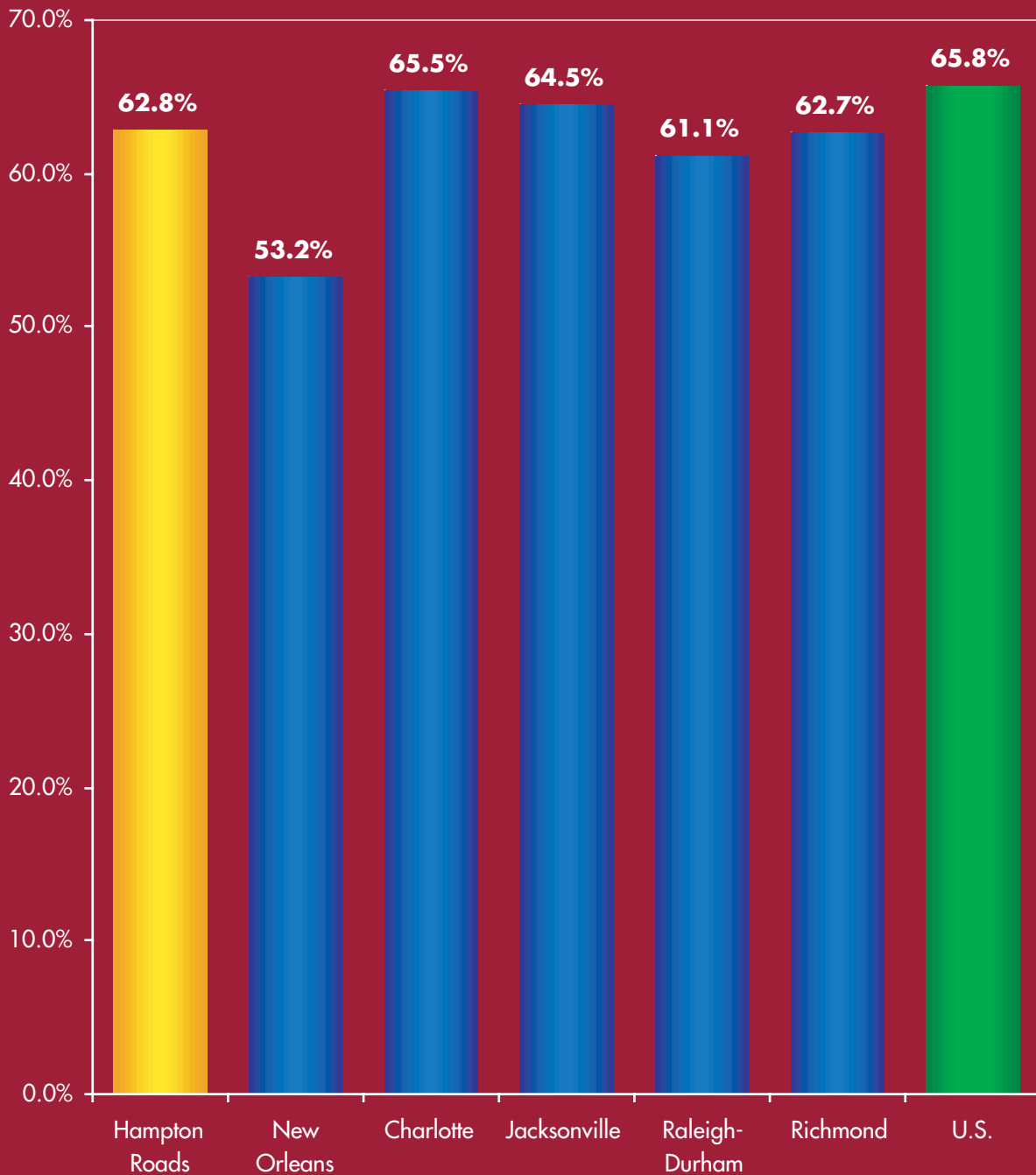
Source: U.S. Bureau of the Census

GRAPH 11
MEDIAN HOUSEHOLD INCOME OF BLACKS AND WHITES
(Thousands of Dollars, 2000)



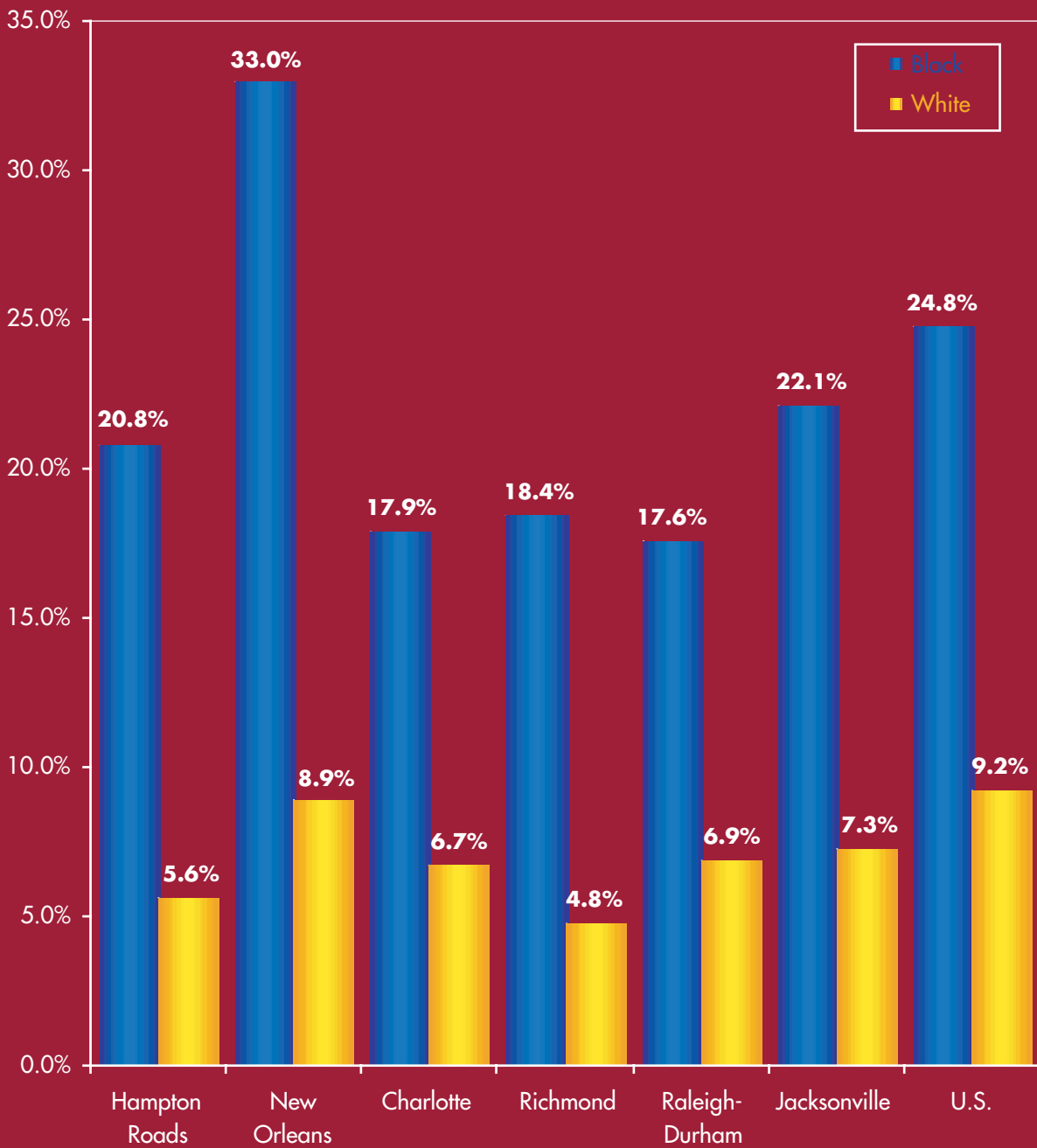
Sources: 2000 Census, U.S. Bureau of the Census and the Old Dominion University Economic Forecasting Project

GRAPH 12
BLACK HOUSEHOLD INCOME AS A PERCENTAGE
OF WHITE HOUSEHOLD INCOME
(2000)



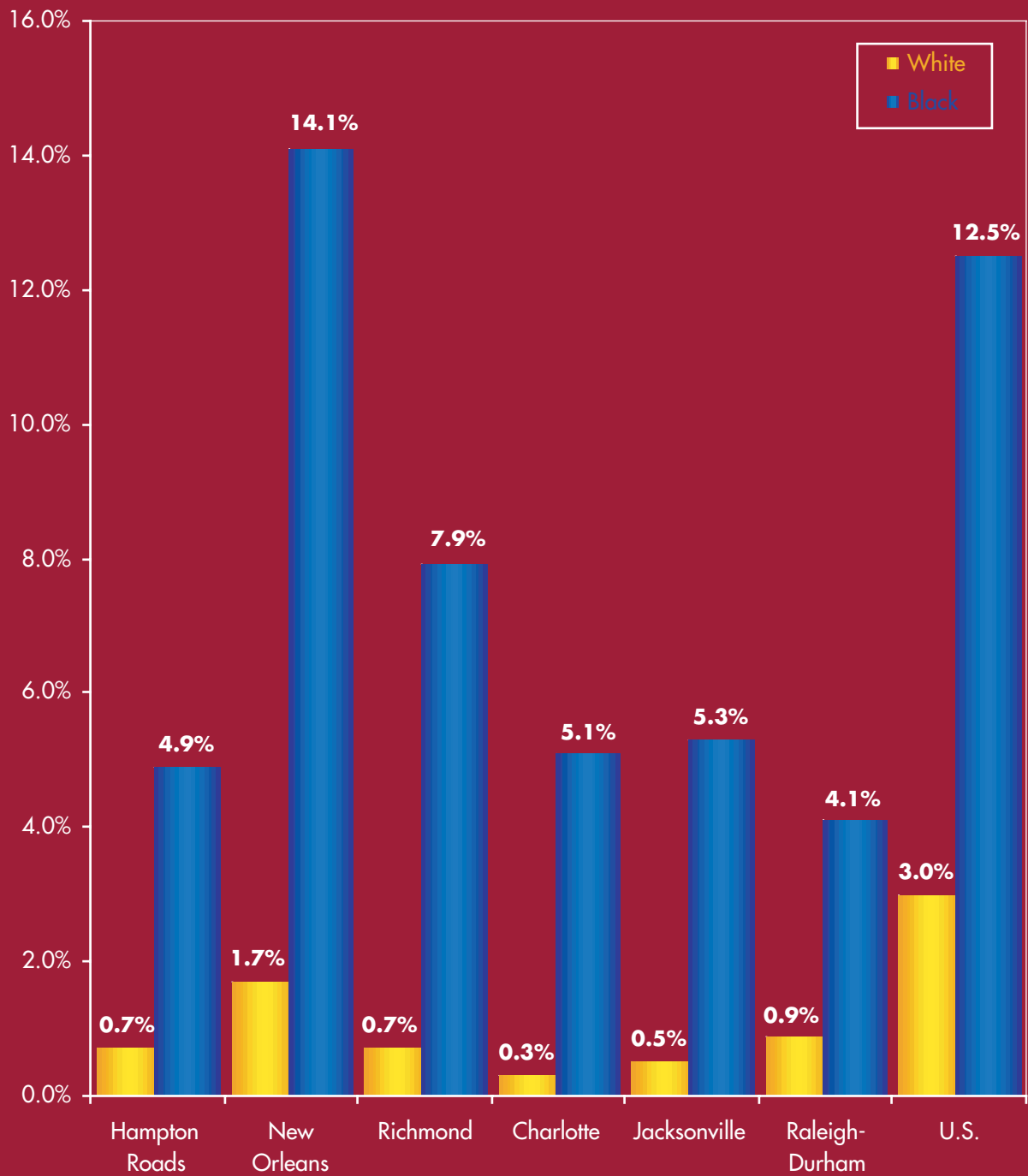
Sources: U.S. Bureau of the Census and the Old Dominion University Economic Forecasting Project

GRAPH 13
PERCENT POPULATION LIVING IN POVERTY
(2000)



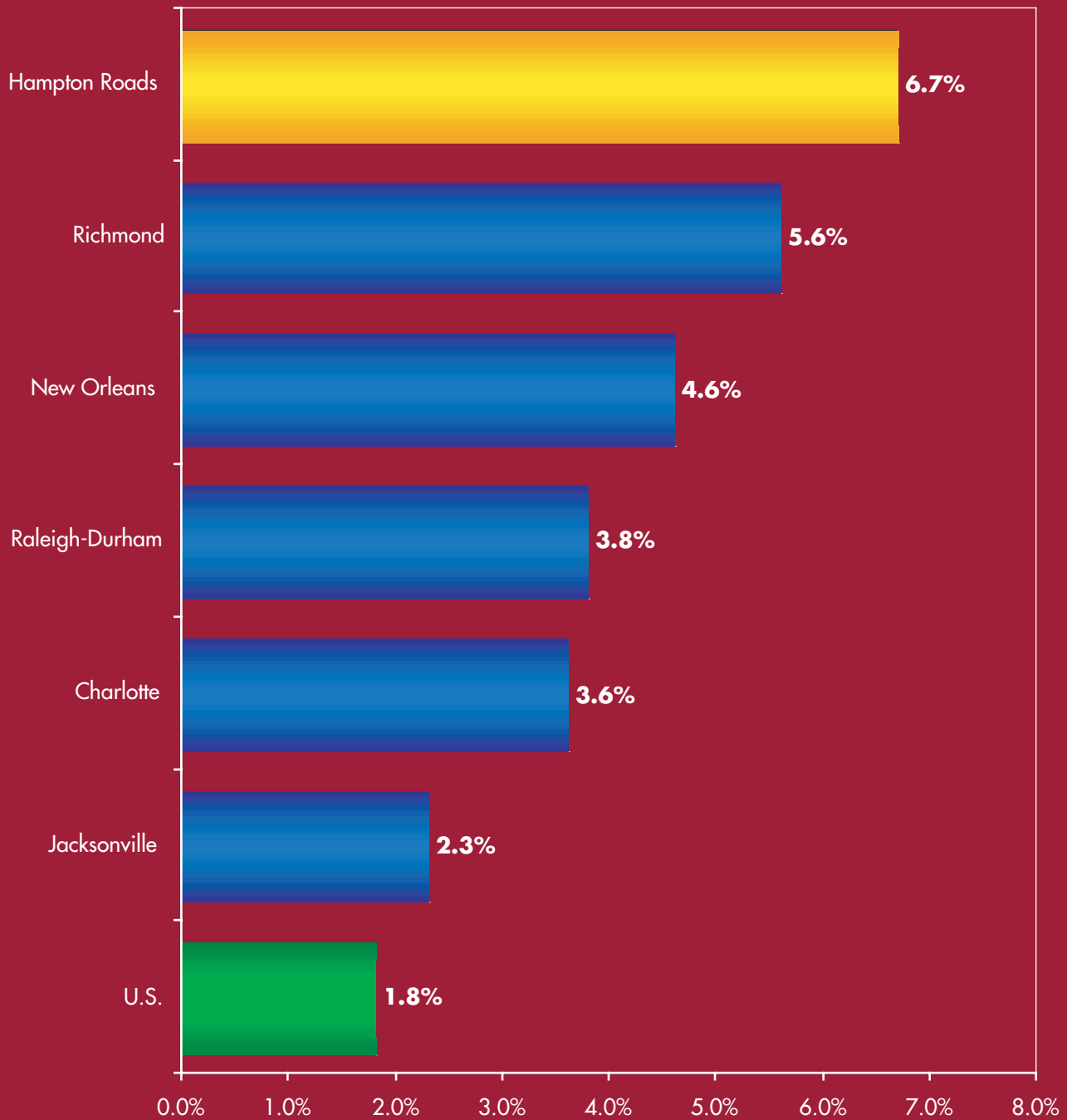
Sources: 2000 Census, U.S. Bureau of the Census and the Old Dominion University Economic Forecasting Project

GRAPH 14
PERCENTAGE OF WORKERS TAKING PUBLIC
TRANSPORTATION TO WORK
(2000)



Sources: 2000 Census, U.S. Bureau of the Census and the Old Dominion University Economic Forecasting Project

GRAPH 15
PERCENTAGE OF BUSINESSES WITH PAID EMPLOYEES
OWNED BY BLACKS
(2000)



Sources: 2000 Census, U.S. Bureau of the Census and the Old Dominion University Economic Forecasting Project

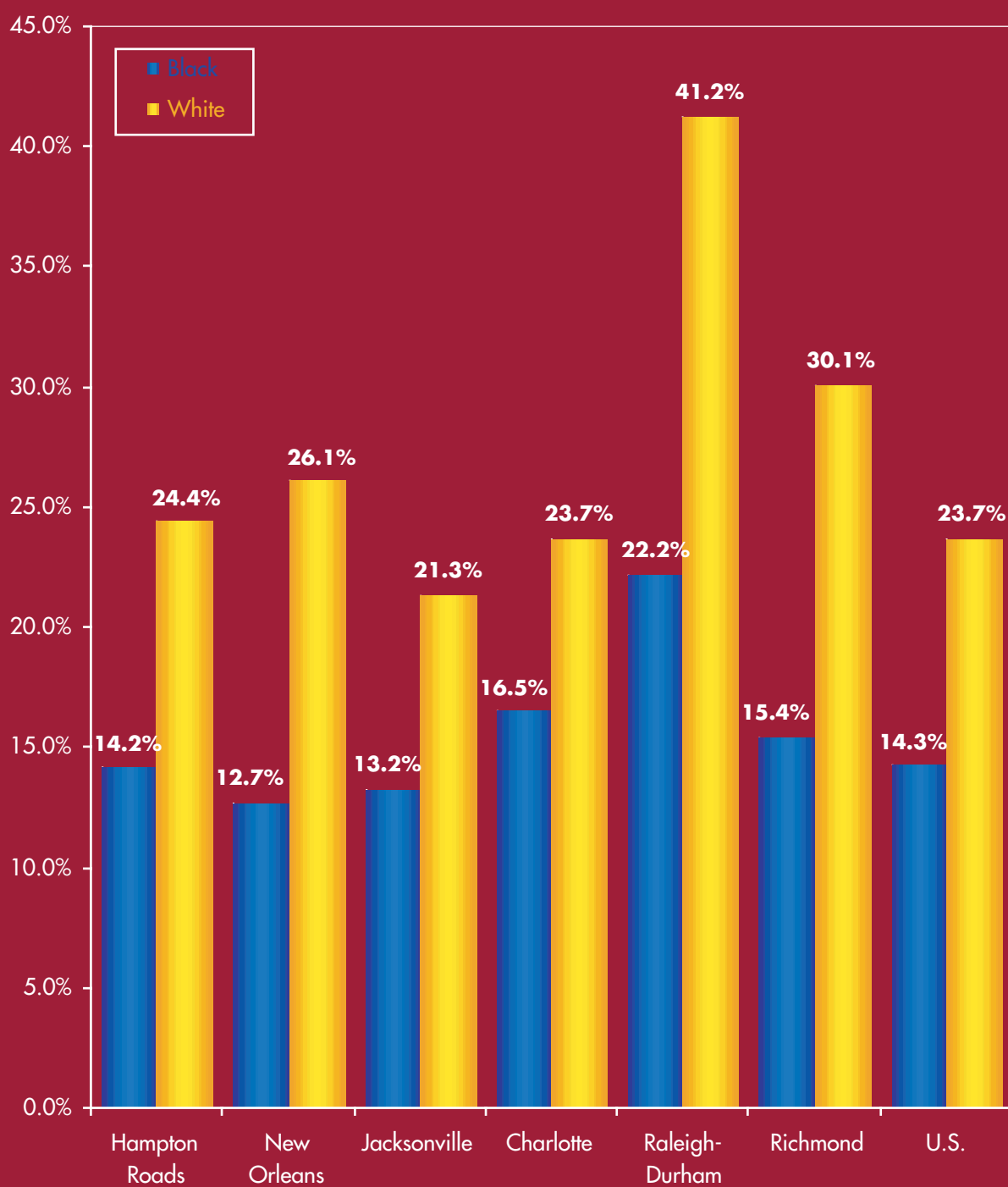
Despite the presence of two nationally prominent, historically black universities in the region, Hampton Roads blacks are no more likely than blacks throughout the United States to have a college degree. Graph 16 contrasts Hampton Roads in this regard to other regions and to the nation. Charlotte and Raleigh-Durham stand out in terms of having much higher percentages of black college graduates. Additionally, as Graph 17 shows, **the region's black men are less likely than black males across the nation to have graduated from college, though this is not true for whites.** These differences in rates of college completion for blacks vs. whites are important in explaining the racial income disparity observed in Graphs 11 and 12.

However, the separation between blacks and whites in terms of income in Hampton Roads does not translate to residential living patterns. A recent study produced by the University of Wisconsin, Milwaukee, revealed the region's neighborhoods to be the most integrated in the nation (see Graph 18). Relatively more blacks and whites live next to each other on the same residential block in Hampton Roads than almost anywhere else in the nation.

Graph 19 reveals that 45.6 percent of blacks in Hampton Roads owned their own home in 2000, compared to 71.5 percent for whites. The median value of black homes was \$85,200 in 2000, 71.3 percent of the value of whites' homes (see Graph 20). This is significantly higher than the national average of 65.6 percent.

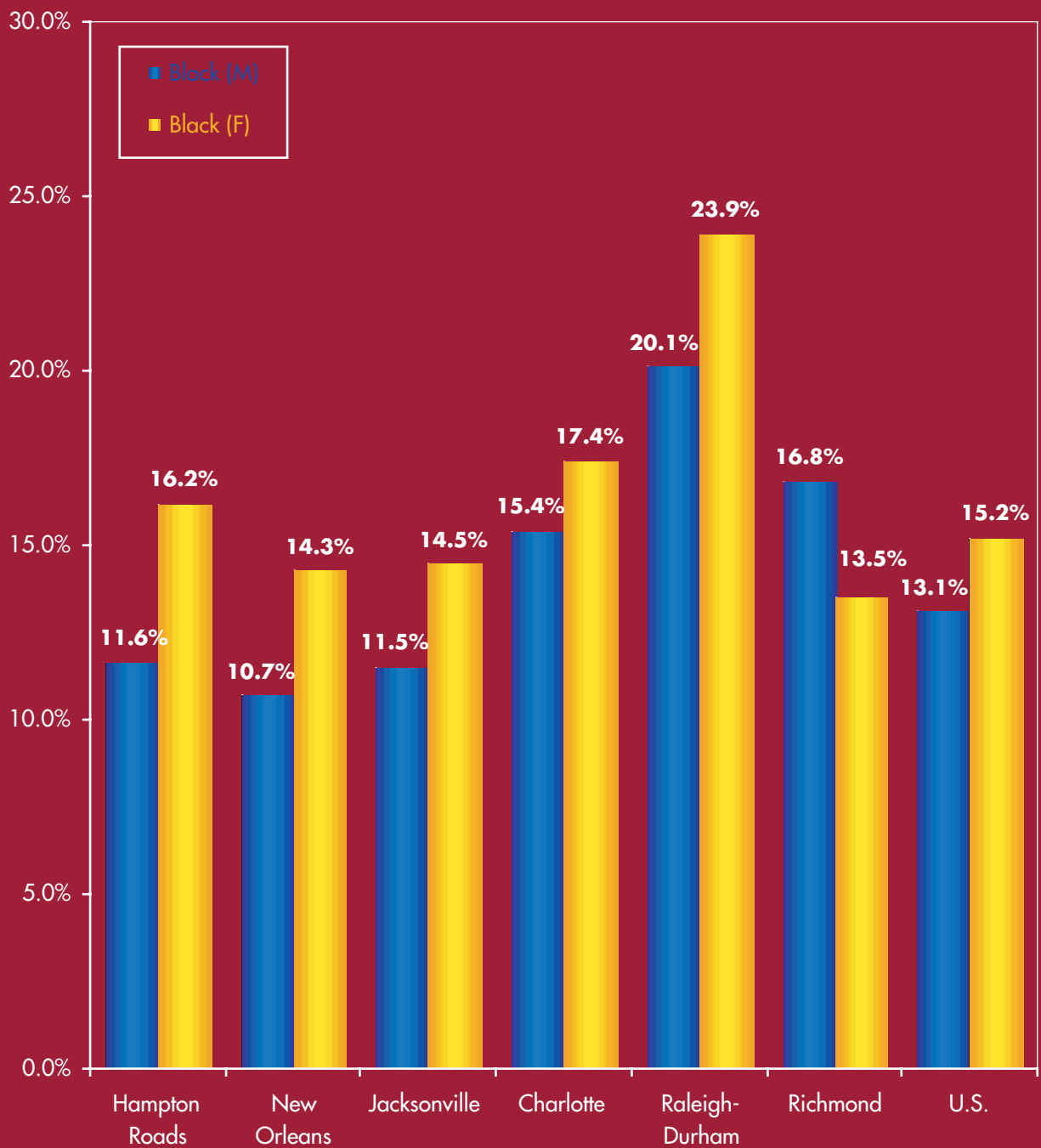
Home equity accounts for the largest share of household net worth for most Americans. Graph 21 reveals that blacks within the region are in a peculiar and advantageous position in that 35.4 percent of those who own their homes have no home mortgage. This is almost 60 percent greater than that of the region's white homeowners and is one of the highest rates of any racial group in the country. A combination of relatively low home prices and military housing allowances may be responsible for this. Fewer blacks than whites own their own homes, but blacks appear to place a high priority on not having any mortgage debt.

GRAPH 16
PROPORTION OF COLLEGE GRADUATES 25 YEARS OR OLDER



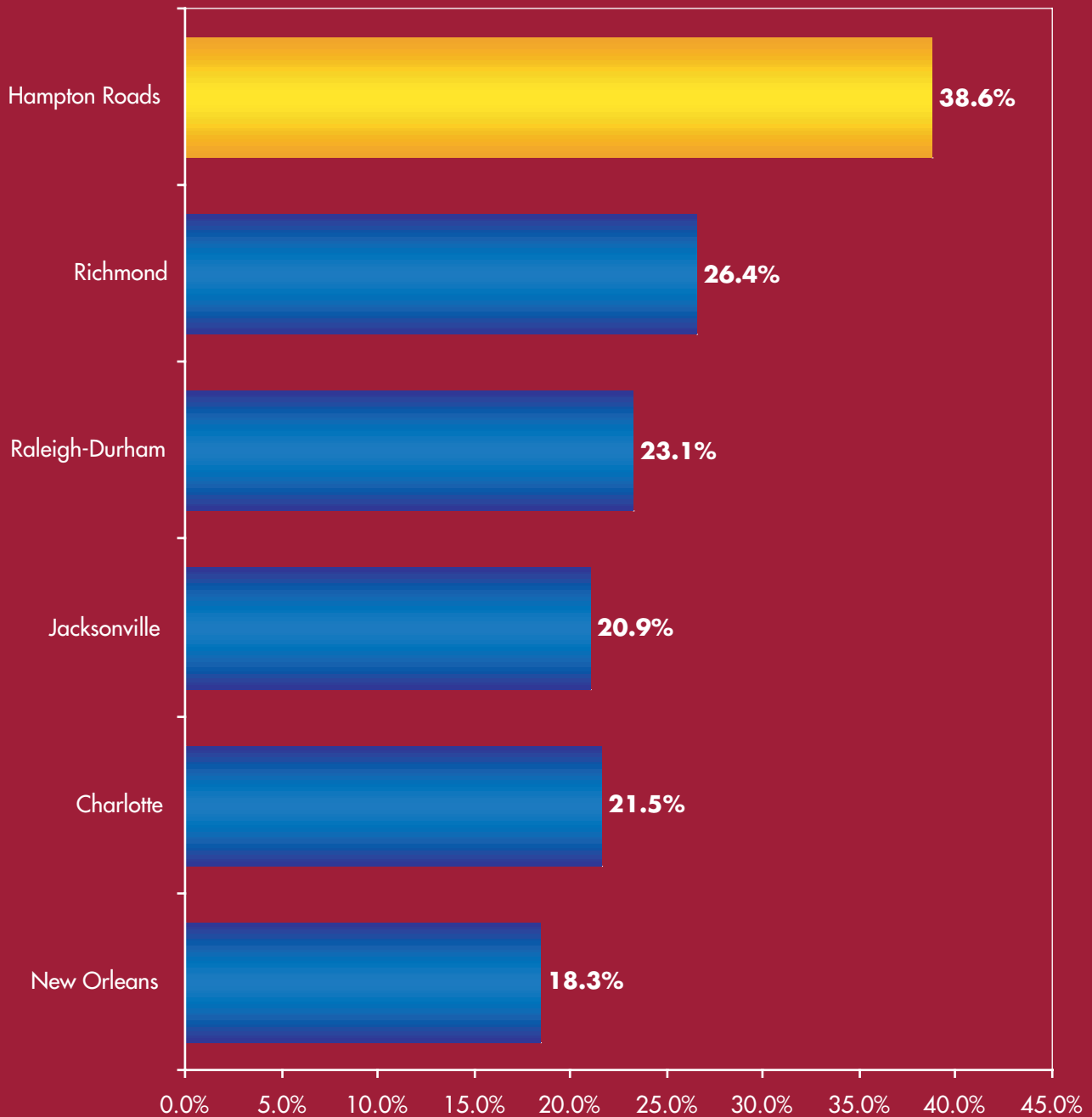
Sources: 2000 Census, Bureau of the Census and the Old Dominion University Economic Forecasting Project

GRAPH 17
PROPORTION OF BLACKS WHO ARE COLLEGE GRADUATES
25 YEARS OR OLDER, BY SEX



Sources: 2000 Census, Bureau of the Census and the Old Dominion University Economic Forecasting Project

GRAPH 18
PERCENTAGE OF POPULATION LIVING IN
INTEGRATED NEIGHBORHOODS
(2001-02)



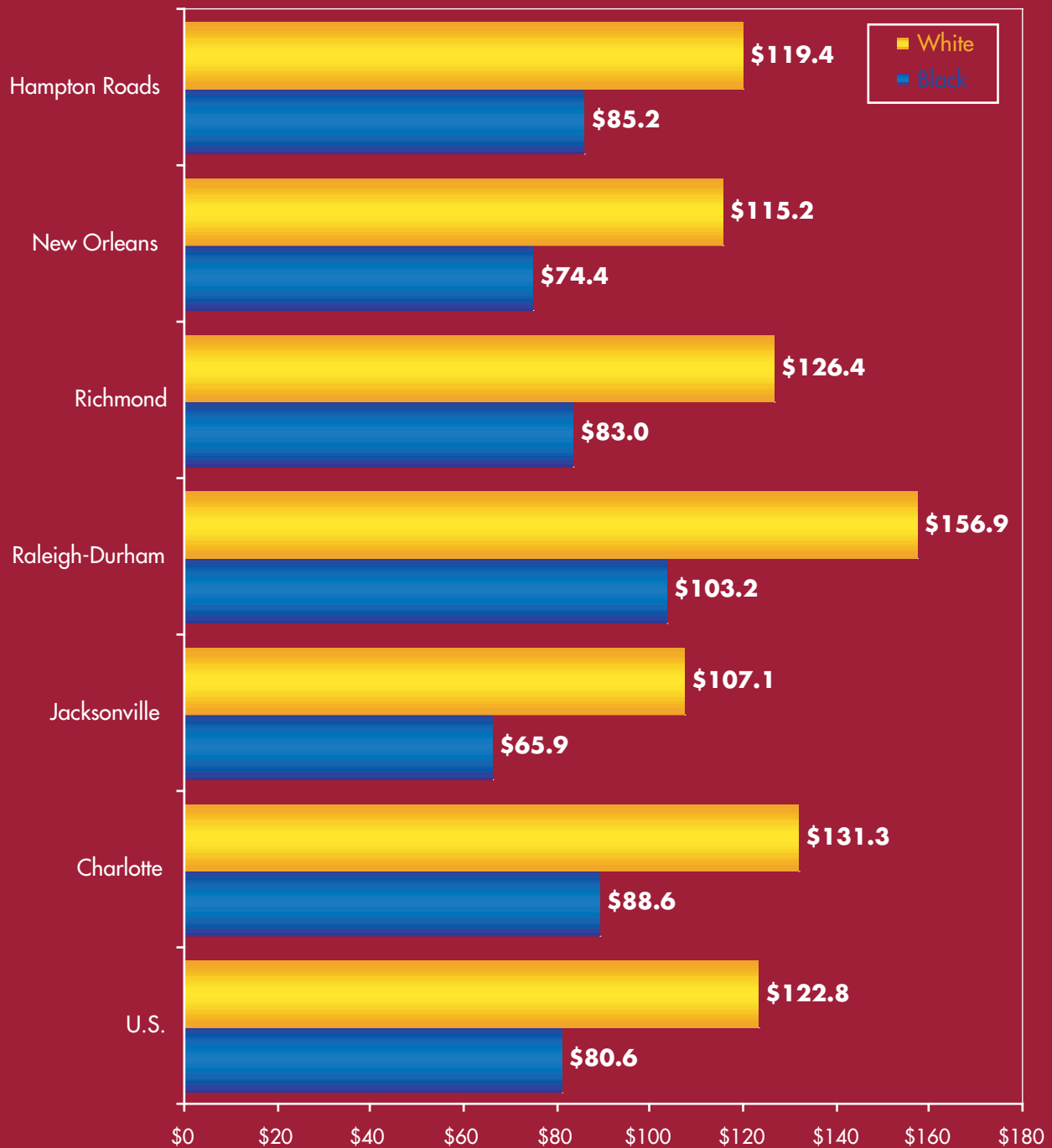
Sources: University of Wisconsin, Milwaukee, Employment and Training Institute, January 2003

GRAPH 19
PERCENTAGE OF RESIDENTS WHO OWN THEIR OWN HOUSE



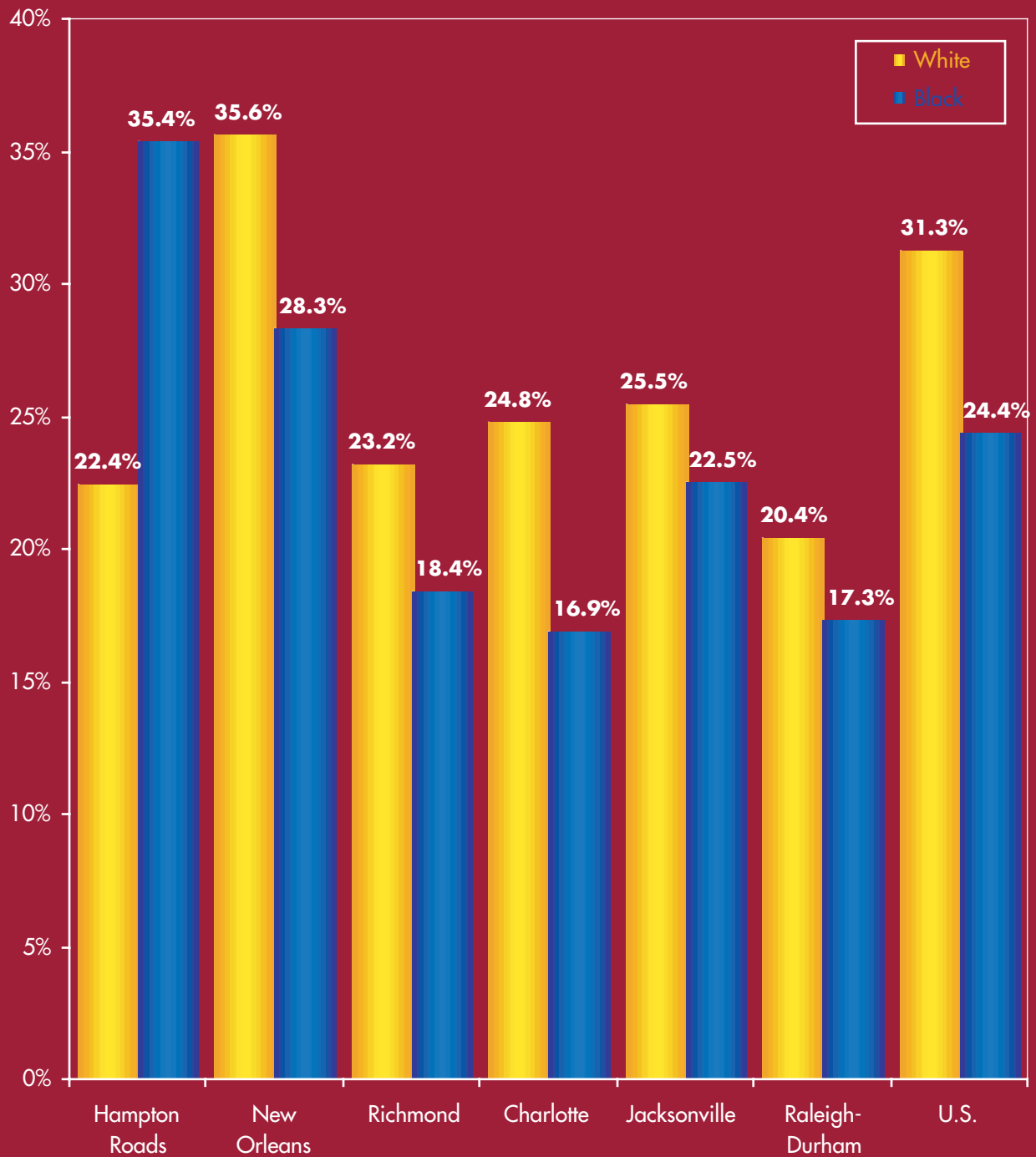
Sources: 2000 Census and U.S. Bureau of the Census

GRAPH 20
MEDIAN HOUSE VALUE, 2000
 (Thousands of Dollars)



Sources: 2000 Census, U.S. Bureau of the Census and the Old Dominion University Economic Forecasting Project

GRAPH 21
PERCENTAGE OF HOMEOWNERS WITH NO HOME MORTGAGE
(2000)



Sources: 2000 Census, U.S. Bureau of the Census and the Old Dominion University Economic Forecasting Project

Local Government Finance And Jobs

The Hampton Roads metropolitan area includes 15 local political subdivisions that range from Williamsburg to the north and Currituck County to the south. **The sum total of all local government expenditures accounts for about one-tenth of the value of regional economic activity (see Graph 22). It is notable that local government economic presence in Hampton Roads is proportionately larger than that in Richmond and most South Atlantic competitor cities.**

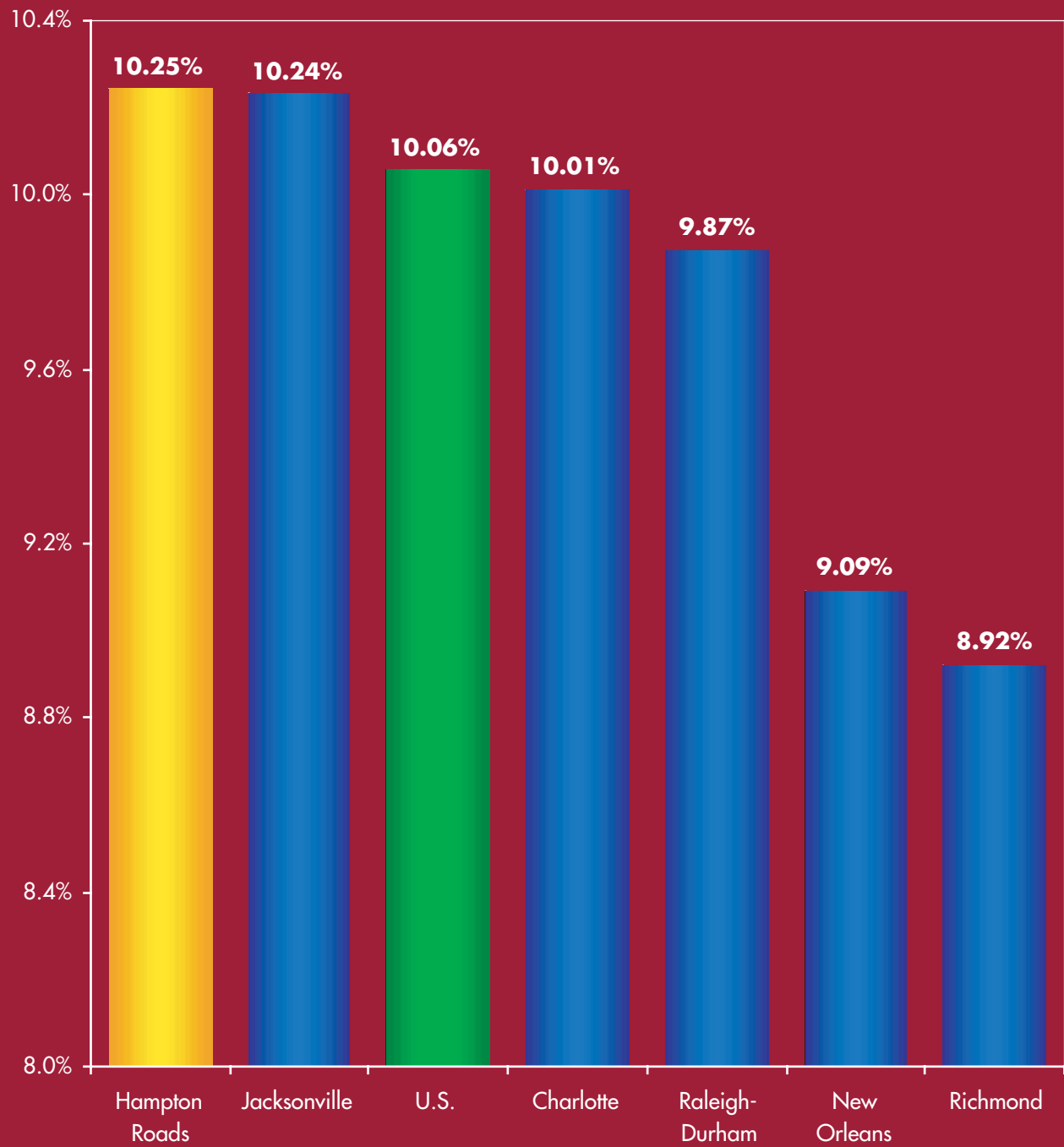
It should come as no surprise that the most important revenue sources for local governments in Hampton Roads are the taxes they collect. However, some may be surprised by the fact that money transfers from state and federal governments are almost as important as tax revenue. As Graph 23 illustrates, about one-third of all local government revenue comes from the state and federal governments, relationships which closely mirror national habits.

Surprisingly, despite the strong Department of Defense presence in the region, Hampton Roads receives on a per-resident basis only 74 percent of the amount of federal revenue of the average local government in the United States (see Graph 24). Even Richmond bests Hampton Roads in corralling federal revenue on a per capita basis. Our local governments do not milk the federal cow quite as effectively as other cities and regions. The reasons for this are not immediately clear, but are worthy of additional study.

Local governments in Hampton Roads have not been afraid to incur debt. Graph 25 demonstrates that local government debt per resident is about 10 percent higher in Hampton Roads than the national average. However, when compared to rapidly growing areas like Raleigh-Durham, the region's local government debt per resident is rather small. Relatively heavy debt loads such as those carried by Jacksonville and Raleigh-Durham are sustainable as long as their local economies grow vigorously. Recent national economic stagnation has impacted areas such as these, and hence their debt levels could prove to be problematic in the next few years.

Hampton Roads' local governments employ about 7.4 percent of the region's employed workers. **On a per-person basis, Hampton Roads has about 10 percent more local government employees than the national average (see Graph 26). This is consistent with the data presented in Graph 22, where we found that local government accounts for a higher proportion of economic activity in Hampton Roads than in many other areas.** However, as Graph 27 illustrates, local workers in the region are not paid particularly well, at least if we use a national measuring stick. Graph 27 shows that the region's local government workers earn only about 92 percent of the national average for such workers.

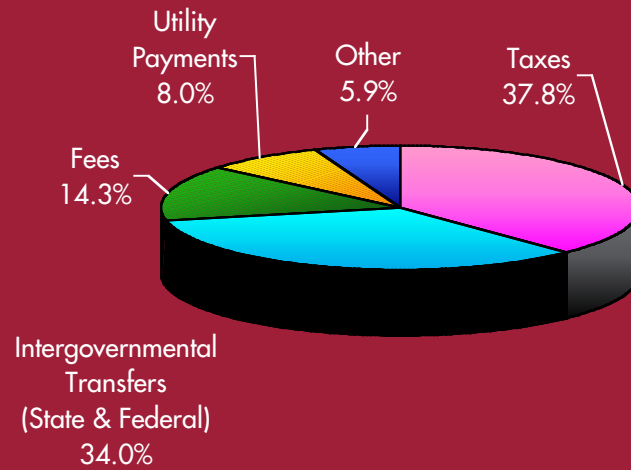
GRAPH 22
LOCAL GOVERNMENT EXPENDITURES AS A PROPORTION
OF GROSS PRODUCT



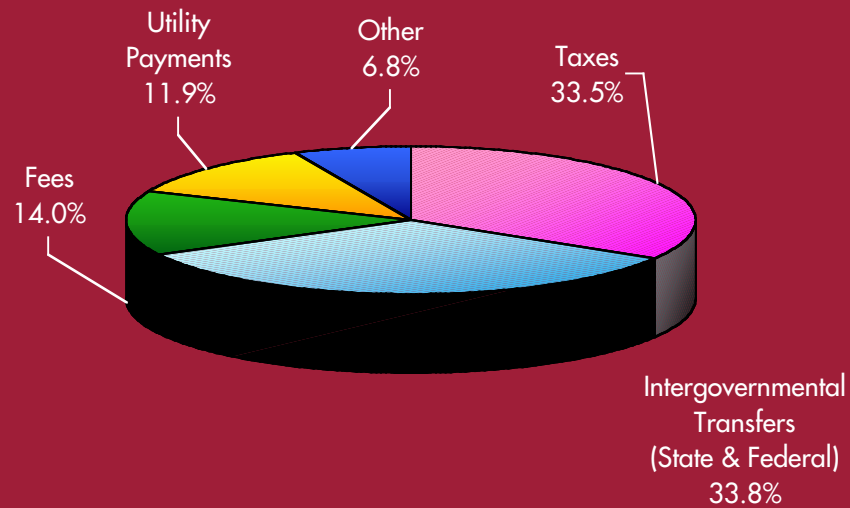
Sources: U.S. Bureau of the Census, U.S. Bureau of Economic Analysis and the Old Dominion University Economic Forecasting Project

GRAPH 23
PROPORTIONAL REVENUE SOURCES FOR LOCAL GOVERNMENT IN
HAMPTON ROADS AND THE LOCAL GOVERNMENT AVERAGE FOR THE U.S.

HAMPTON ROADS



U.S. AVERAGE



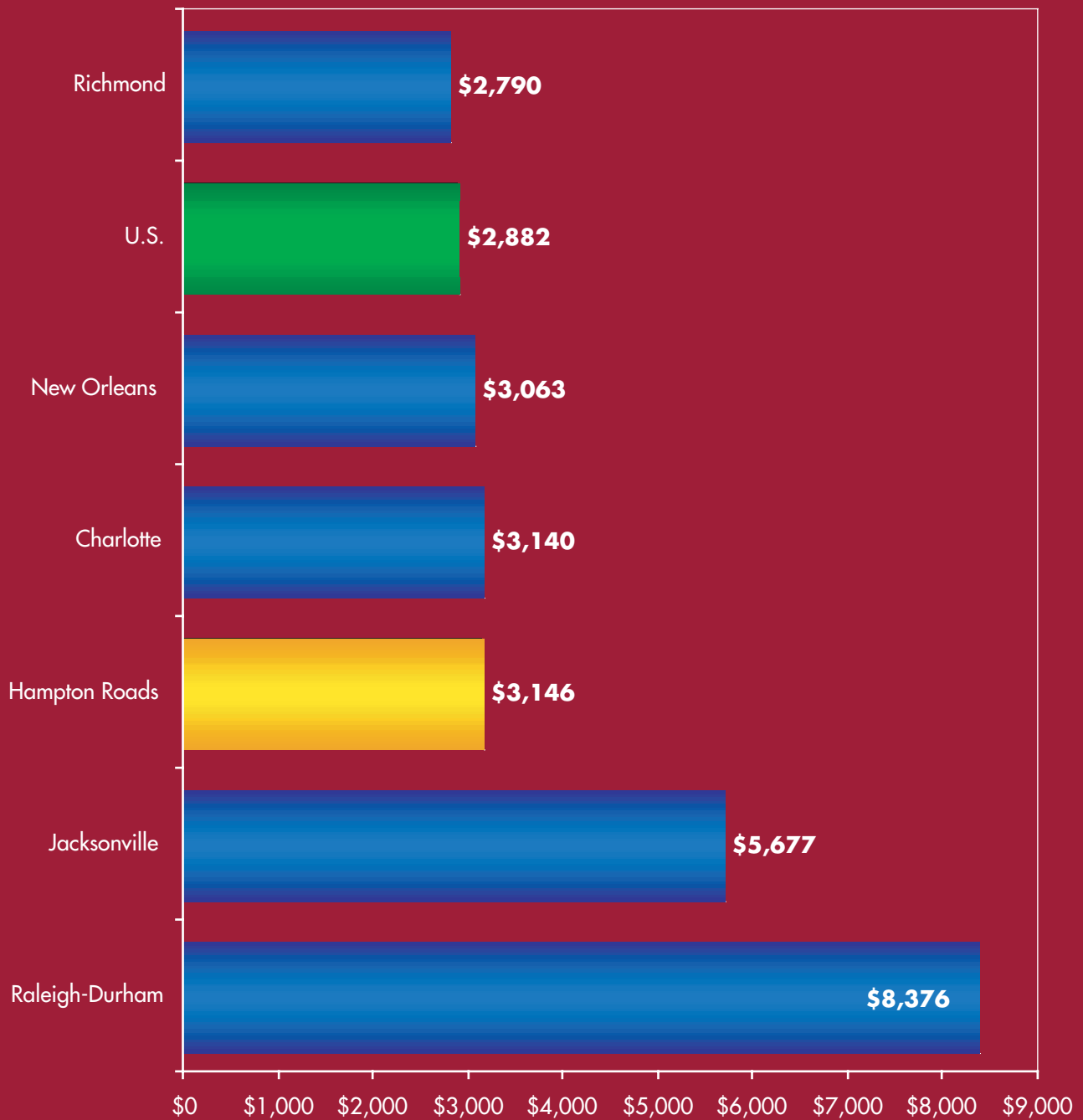
Sources: U.S. Bureau of the Census, Census of Governments, Revised October 2002, and the Old Dominion University Economic Forecasting Project

GRAPH 24
INTERGOVERNMENTAL REVENUE FROM THE
FEDERAL GOVERNMENT PER RESIDENT PER YEAR



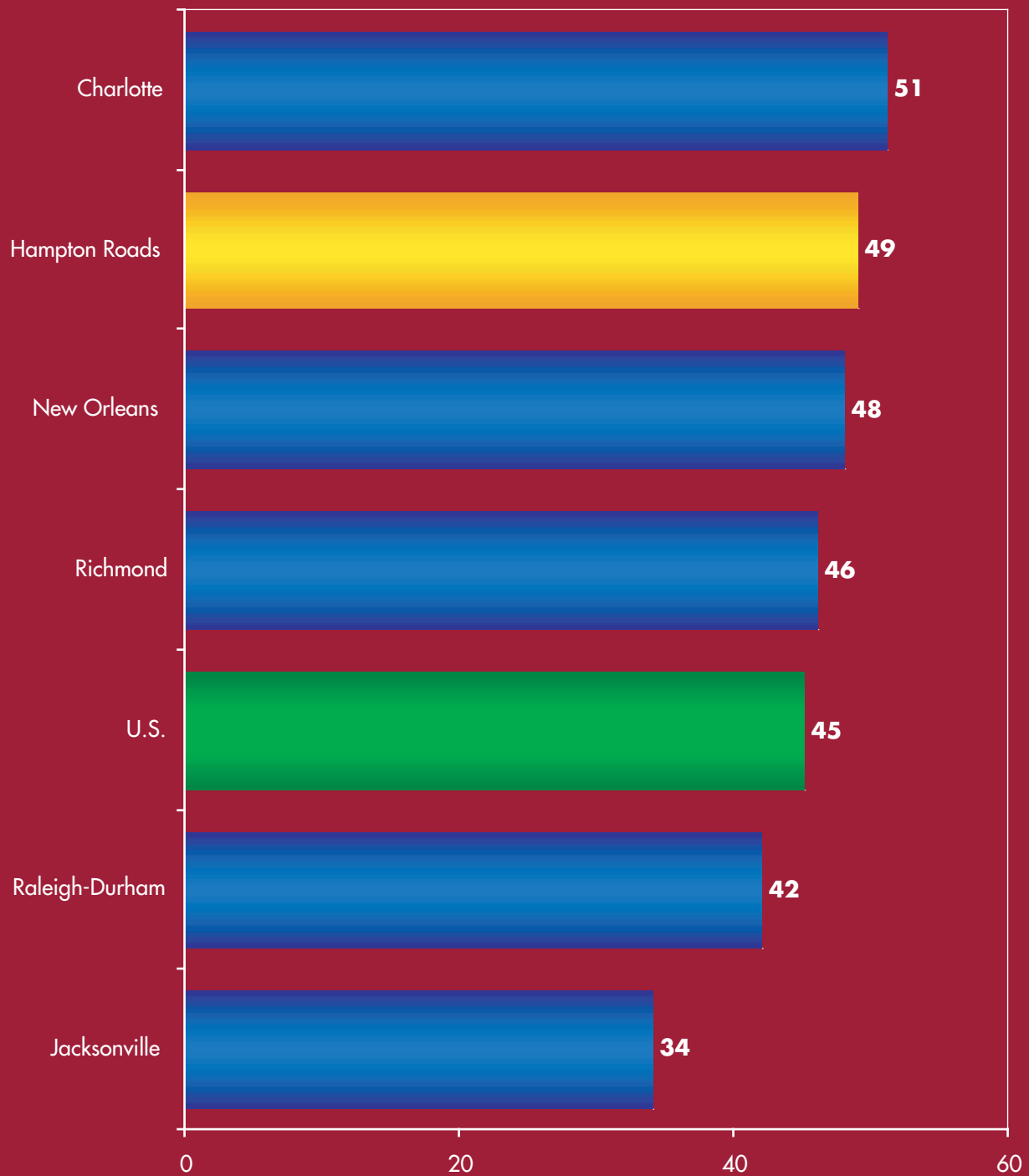
Sources: U.S. Bureau of the Census, Census of Governments, Revised October 2002, and the Old Dominion University Economic Forecasting Project

GRAPH 25
LOCAL GOVERNMENT DEBT OUTSTANDING PER RESIDENT



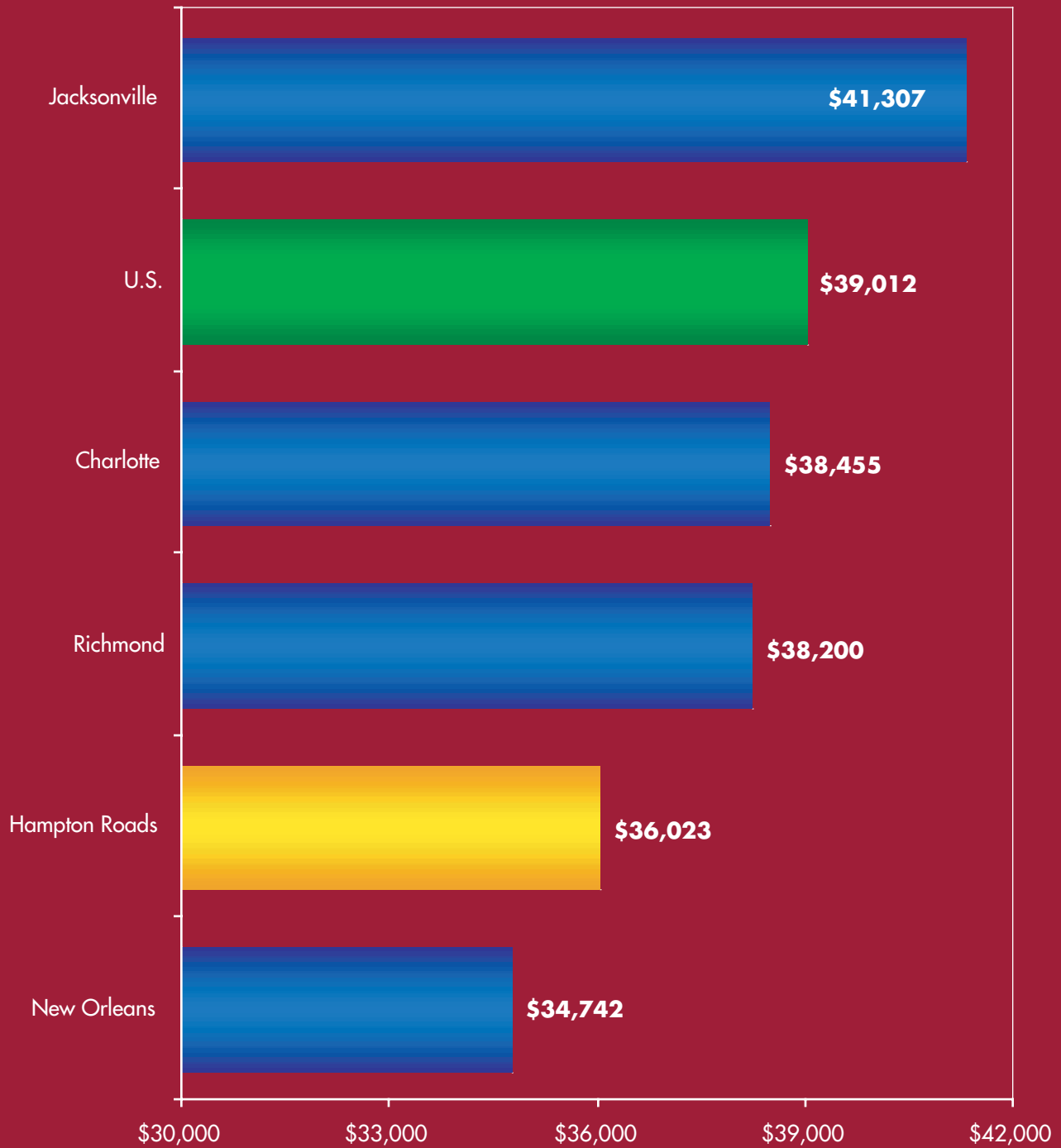
Sources: U.S. Bureau of the Census, Census of Governments, Revised October 2002, and the Old Dominion University Economic Forecasting Project

GRAPH 26
LOCAL GOVERNMENT EMPLOYEES PER 1,000 RESIDENTS



Sources: U.S. Department of Commerce and the Old Dominion University Economic Forecasting Project

GRAPH 27
AVERAGE INCOME OF LOCAL GOVERNMENT EMPLOYEE
(2001)



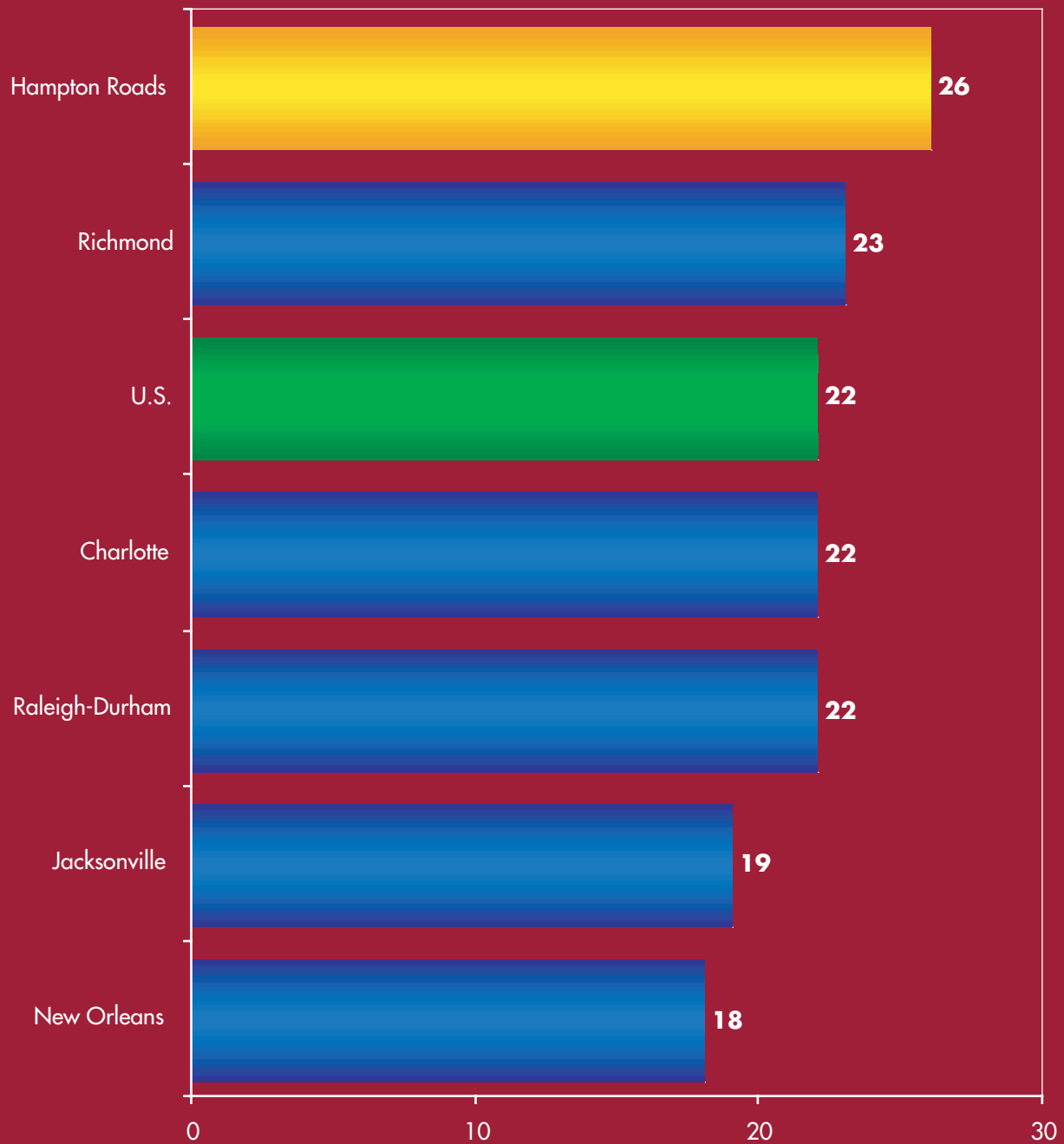
Sources: U.S. Bureau of Economic Analysis and the Old Dominion University Economic Forecasting Project

Teachers and educational administrators constitute the largest portion of local government employees in Hampton Roads and account for 58.1 percent of this group. On a per capita basis, Hampton Roads stands out in terms of the number of its K-12 educational employees (see Graph 28). We have approximately 18 percent more K-12 educational employees per 1,000 employees than the national average. Further, only about half of these are teachers (see Graph 29); this is almost 4 percent less than in Richmond. Thus, the data suggest the region is well endowed with educational administrators.

Nonetheless, Graph 30 shows that Hampton Roads boasts one of the lower student-to-teacher ratios in the nation. How can this be true when the region tends to be administrator-heavy? The answer is lower salaries – most K-12 educational employees in Hampton Roads, including teachers, tend to be paid less than comparable employees nationally. Thus, the region can afford to hire more teachers because it does not pay them as much as do other cities and regions.

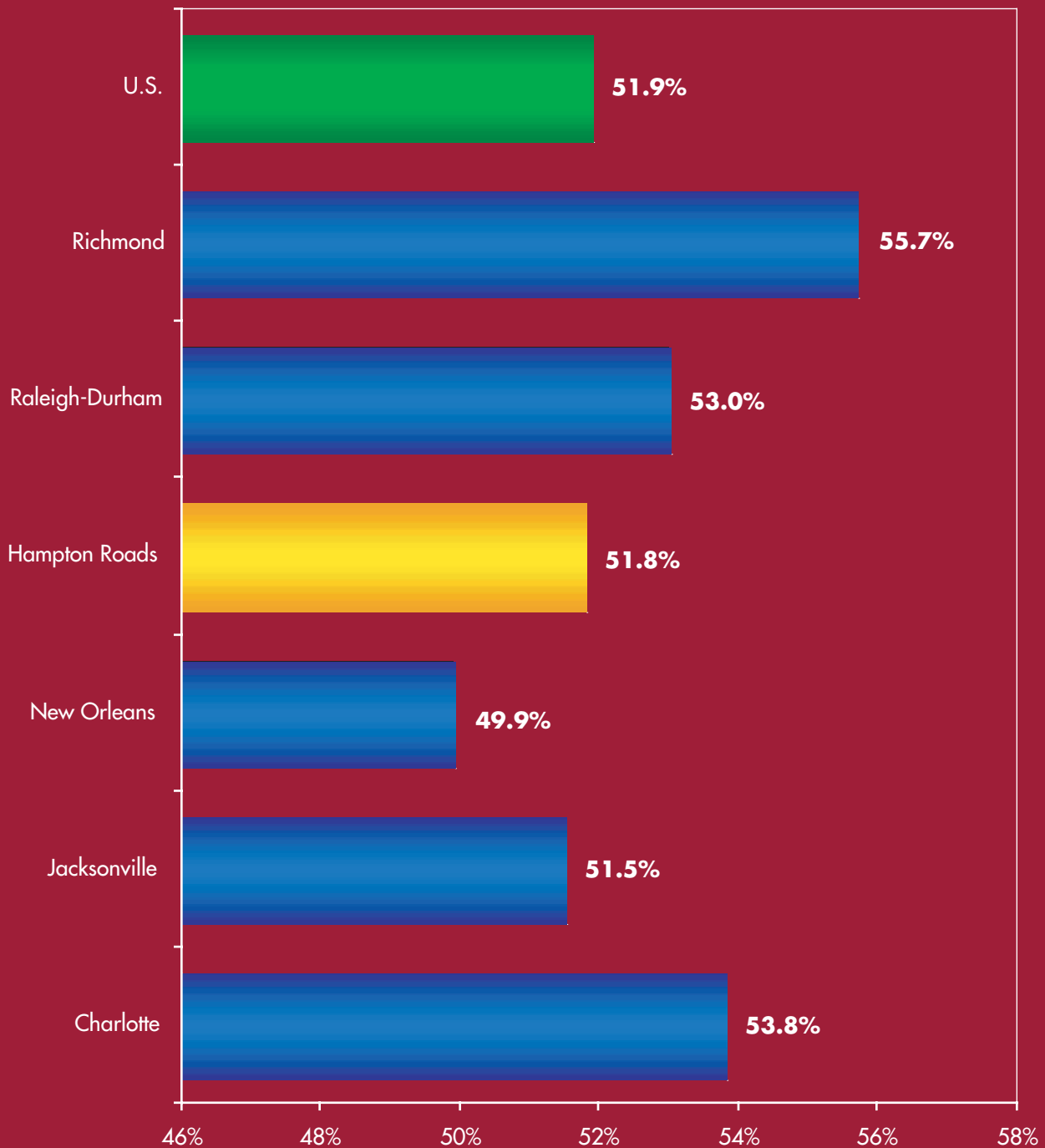
Police officers constitute the second-largest group of local public employees in Hampton Roads. At 264 officers per 100,000 residents, the region is very close to the national average (see Graph 31).

GRAPH 28
FULL-TIME EQUIVALENT EMPLOYEES, ADMINISTRATORS AND TEACHERS
PER 1,000 RESIDENTS IN PUBLIC K-12 EDUCATION



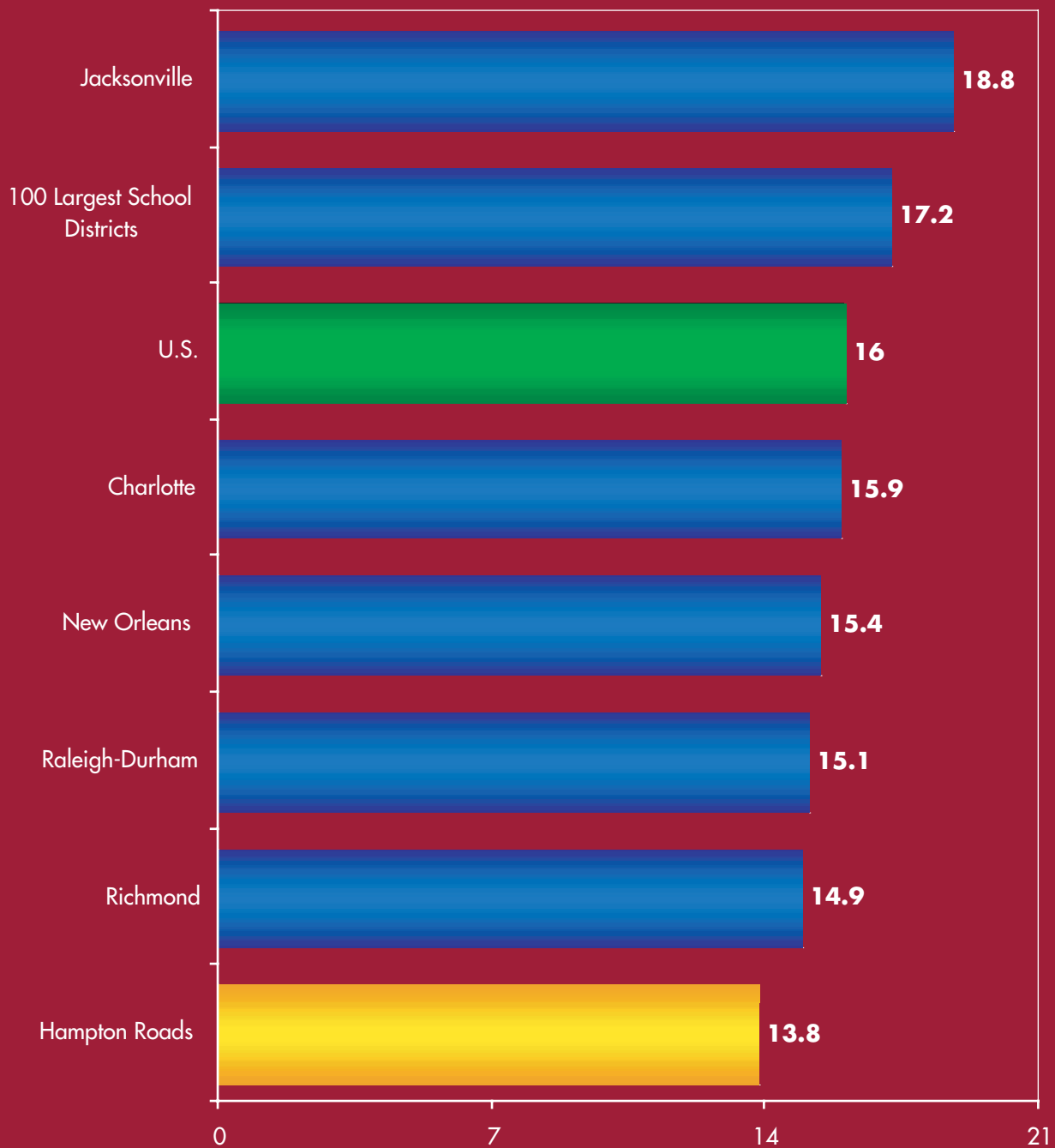
Sources: U.S. Bureau of the Census, Census of Governments, Revised October 2002, and the Old Dominion University Economic Forecasting Project

GRAPH 29
TEACHERS AS A PERCENTAGE OF TOTAL STAFF
(2001-02)



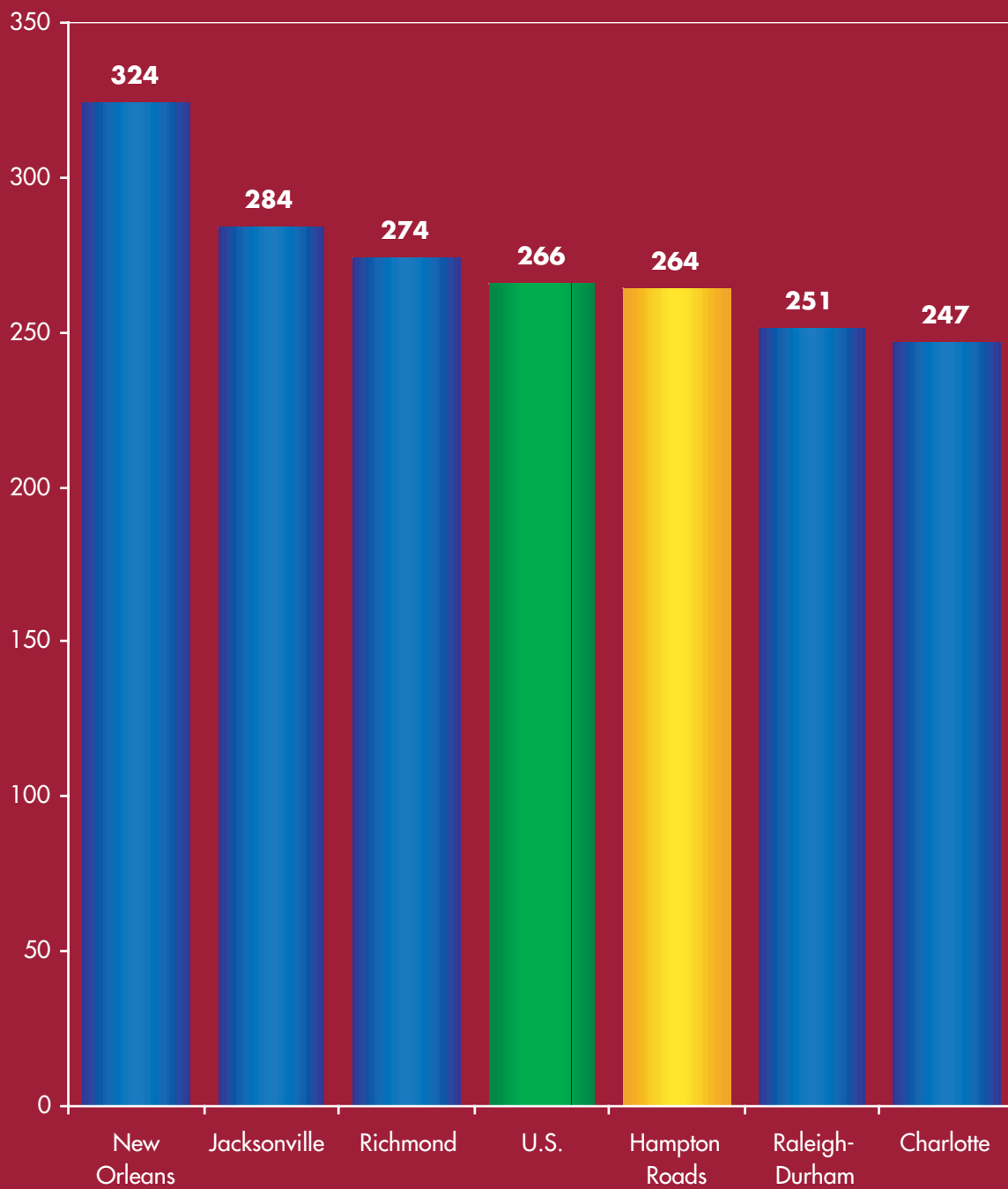
Sources: National Center for Education Statistics and the Old Dominion University Economic Forecasting Project

GRAPH 30
PUBLIC SCHOOL STUDENT-TO-TEACHER RATIO
PUBLIC K-12 SCHOOLS



Source: National Center for Education Statistics, School Year 2001-02

GRAPH 31
FULL-TIME EQUIVALENT POLICE OFFICERS PER 100,000 RESIDENTS



Sources: U.S. Bureau of the Census, Census of Governments, Revised October 2002, and the Old Dominion University Economic Forecasting Project

Summing It Up

Hampton Roads is doing better economically than the nation as a whole. Per capita incomes have been rising more rapidly than in the rest of the United States, and the typical household is better off in our region than nationally because incomes are more equally distributed here. We do not have as many rich people or as many poor people as most other regions.

However, significant racial income differences exist within the region. Black residents earn less in Hampton Roads relative to white residents than is the case in the rest of the nation. **In a nutshell, if the black residents of Hampton Roads earned incomes proportionally similar to black residents in the rest of the country, then per capita income in our region would exceed the national average by several percentage points. Hence, one of the greatest untapped human potentials for increased regional economic growth exists among Hampton Roads' black residents. Closing the gap between the region's black residents and black citizens nationally, and between blacks and whites within the region, would have a visible, positive influence upon Hampton Roads' economic prosperity and standing.**

The reasons why blacks lag whites more here than in other parts of the country are complex and reflect many long-standing influences. But whatever the reasons, the data speak loudly and they should command the attention of the region's decision-makers.

When one examines the number of local government employees in the region, it is clear that Hampton Roads is rather generously endowed with local government employees in general and K-12 education employees in particular. This is consistent with data showing that local governments in the region account for a somewhat larger proportion of regional economic activity than one sees in the cities and regions that are our major competitors.