

September 2003

Dear Reader:

This is Old Dominion University's fourth 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 maintain the modest goal of making 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 the region's performance. Yet, in order to improve our performance, we must have accurate information about "where we are" and a sound understanding of the policy options available to us. Given the region's strong connections to the military, this year's report focuses on the contributions of veterans to Hampton Roads and on the economic impact of the war in Iraq on our regional economy.

The 2003 report is divided into eight parts:

The Hampton Roads Economy: Defense Expenditures Become More Important: Economically speaking, the 21st century has been a good one for Hampton Roads. By many measures – especially growth in employment and income – Hampton Roads now leads the Commonwealth of Virginia. The war in Iraq had a remarkably small negative impact on the region's economy. Reversing the trend of the 1990s, defense expenditures have become a more important part of the region's economy.

Hampton Roads: A Comparative Tour: We compare Hampton Roads to other metropolitan areas in terms of a variety of economic, social and educational variables. We focus in particular on differences between white and black citizens that are apparent in the 2000 U.S. Census and the question of whether a housing price bubble exists in the region.

Private Social Services in Hampton Roads: Problems and Prospects: These services, the funds for which are routed primarily through our United Way organizations, are part of the "social safety net" of which many regional citizens are ignorant. We detail these programs and their challenges.

Military Retirees in Hampton Roads: More than 50,000 military veterans reside in Hampton Roads and their numbers are growing much more rapidly than our general population. Where do they live, what is their economic impact and how could we attract even more if we wished to do so?

Research and Development at Eastern Virginia Medical School: Our region's medical school gradually has been developing a core of significant research and development thrusts despite tremendous challenges. What is EVMS doing and what can we do to stimulate this highly valuable activity?

Consolidation of Public Services in Hampton Roads: Would We Save Money and Enhance the Service We Receive? Numerous individuals have suggested that the consolidation of some public services (police, fire, libraries, etc.) in Hampton Roads would save money. The evidence on this score is mixed, but very interesting, and should challenge some public officials.

The Impact of State Mandates on Hampton Roads: Local elected officials often complain that the Commonwealth imposes costly mandates on the cities and counties of the region. How many mandates are there and what are their costs? The answer to both is, more than most people think.

Are New Housing and Commercial Development Subsidized in Hampton Roads? When new residential and commercial developments occur, do they pay for themselves, or do others subsidize necessary governmental services and infrastructure? The answer depends upon the nature of the situation and the city.

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

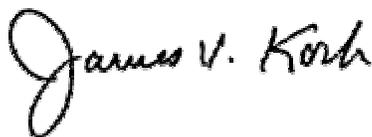
The Aimee and Frank Batten Jr. Foundation	George Dragas Jr.
Frank Batten Sr.	Thomas Lyons
R. Bruce Bradley	Arnold McKinnon
Raymond W. Breeden Jr.	Patricia W. and J. Douglas Perry
Arthur A. Diamonstein	Anne B. Shumadine

The following individuals were instrumental in the research, writing, editing and design of the report:

Aditi Agarwal	Enrique T. Inclan
Vinod Agarwal	Tatiana Isakovski
John R. Broderick	Sharon Lomax
Gary Chiaverotti	John Lombard
Chris Colburn	Trish Manthey
Vicky Curtis	Grace Wu
Steve Daniel	Gilbert Yochum
Susan Hughes	

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.

Sincerely,



James V. Koch

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