



2021 State of the Commonwealth Report

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

December 2021

Dear Reader:

This is Old Dominion University's seventh 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 O. 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.

With the 2021 election in the rearview mirror, the question now becomes: Where does Virginia go from here? Our work seeks to contribute to this conversation without glossing over the challenges we face. We want to encourage the difficult conversations to help Virginia improve the outcomes for all its residents in the coming years.

The 2021 State of the Commonwealth Report is divided into six parts:

Inflection Point? COVID-19, Vaccines and the Recovery

To say that most Virginians would prefer to forget 2020 might be an understatement. The COVID-19 pandemic threw tens of thousands of Virginians out of work, shuttered businesses and abruptly transitioned much of education into the world of remote learning. As 2021 draws to a close, the story has changed from one of shock to one of recovery. In this chapter, we examine the impact of the pandemic, the ongoing recovery and prospects for continued growth in 2022.

A Recovery at Different Speeds: Virginia's Metropolitan Areas

Virginia's economic recovery in 2021 has been driven by the performance of some, but not all, of its metropolitan areas. While Hampton Roads and Richmond have lagged the performance of the state and nation since the onset of the pandemic, smaller metros like Blacksburg and Winchester have recovered jobs more quickly. As we near the end of 2021, we discuss how Virginia's metros have fared over the last 24 months and present the challenges for creating growth across the Commonwealth in the coming years.

Bounce Back? The Pandemic and Tourism in Virginia

For the Virginia hotel industry, the last 24 months have been challenging in a number of ways. The pandemic and associated social distancing measures resulted in a collapse of visitors and revenue in the spring and summer of 2020. In 2021, the Hampton Roads market set records for hotel revenue, but other markets continued to struggle. In this chapter, we look at how the markets in Virginia have performed over the past two years and how 2022 may bring good news for the hotel industry.

Let It Ride: Casinos, Online Betting and the Future of Gambling in Virginia

In 1987, Virginia voters approved the state lottery, bringing legalized gambling to the Commonwealth. By 2021, Virginians could buy lottery tickets online, place sports bets on their phones, wager in historical horse racing parlors and play "gray machines" in convenience stores, restaurants and bars. Now, with casinos opening soon in Bristol, Danville, Norfolk and Portsmouth, we discuss the benefits and costs of casinos in the Commonwealth.

Viewed Through a Different Lens: Evaluating Virginia Higher Education

The University of Virginia, Virginia Tech and William & Mary historically have played important roles in the Commonwealth. They have assembled impressive records in admitting and graduating talented students who (predictably) do well after they leave these campuses. Except for our historically black colleges and universities (HBCUs) and the University of Virginia's College at Wise, no public four-year institution in Virginia enrolls a significant percentage of low-income students. We discuss what the Commonwealth and its public colleges and universities can do to make higher education more affordable.

The Winchester Metropolitan Area Outperforms the Commonwealth

Conversations about growth in Virginia primarily focus on the metropolitan areas of Northern Virginia, Hampton Roads and Richmond. Often forgotten in these discussions is how the smaller metropolitan area of Winchester has outperformed many of the larger metros in the Commonwealth. We explore why Winchester is growing and how this growth could change the quality of life of its residents in the future.

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.

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All seven State of the Commonwealth Reports are available at www.ceapodu.com.

If you have comments or suggestions, please email us at rmcnab@odu.edu.

Sincerely,



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