highlights of virginia's
people ✶ economy ✶ government

council on virginia's future

a profile of virginia

A PROFILE OF VIRGINIA

This document is excerpted from The Virginia Report 2012, and provides a high-level snapshot of Virginia's people, economy, and government.

virginia in brief

Virginia is one of the best places in the United States to live, work, and raise a family. With the 10th largest economy, the Commonwealth enjoys the seventh highest level of per capita personal income in the nation and its business climate is regularly ranked among the top states in the country. Virginians are on average better educated and more productive than residents in most other states, and the Commonwealth has been successful in attracting and developing a high-quality workforce. In addition, Virginia has long been considered among the best managed states in the country, and its consistently sound financial footing is reflected in the AAA bond rating - the strongest possible - that it has held for more than 70 years.

Virginia's overall progress has been steady over the long term, but challenges remain and performance has not been uniform across the state. Chapter II: How Is Virginia Doing? discusses some of these challenges, while regional differences are explored in more detail in Chapter III: A Regional Perspective.

Table 1 highlights selected key facts about Virginia. The notes on page 12 provides a list of the sources used for compiling these data.

TABLE 1:
VIRGINIA HIGHLIGHTS

Source: See page 12 for a list of sources for this table and other information presented in this Profile.

Indicator	Value	State Rank (1=Highest)
Population (2011)	8,096,604	12
Minorities as a Percentage of the Population (2011)	35.7%	17
Older Population (Age 65 and Older) as a Percentage of the Population (2011)	12.5%	42
Foreign Born as a Percentage of the Population (2011)	11.1%	15
Veterans as a Percentage of Population 16 and over (2011)	12.0%	5
Virginians 25 Years and Older Who Have Completed a Bachelor's Degree (2011)	35.1%	7
Public Pre-K Through 12th Grade Enrollment (2010-2011)	1,258,521	12
Median Age (2011)	37.6 years	27th Oldest
Average Household Size (2011)	2.63	16th Largest
Armed Forces (2011)	103,197	2
Department of Defense Civilian Personnel (2009)	89,713	1
Growth in Farm Earnings, 2007 to 2011 (2011 value: $492 million, state rank: 33)	98%	10
Federal Civilian and Military Non-Farm Earnings (Personal Income) (2011)	$41.4 billion	2
Land Area (Square Miles)	39,598	37

virginia's people

POPULATION

In 2011, Virginia's population increased by about 1.2 percent over its 2010 level to reach 8.1 million, the 12th highest in the country. Virginia, like the nation as a whole, is becoming older and more diverse. Figure 1, based on data from the U.S. Census Bureau and the Virginia Employment Commission, shows the actual (2000 to 2010) and projected (2010 to 2020 and 2020 to 2030) population changes by major age group. Significantly, the largest absolute growth projected from 2010 to 2030 is in the 65 years and older age group, when the elderly are expected to comprise almost 19 percent of the total population.

FIGURE 1

Changes in Virginia's Population by Major Age Group
(*Actual and Projected*)

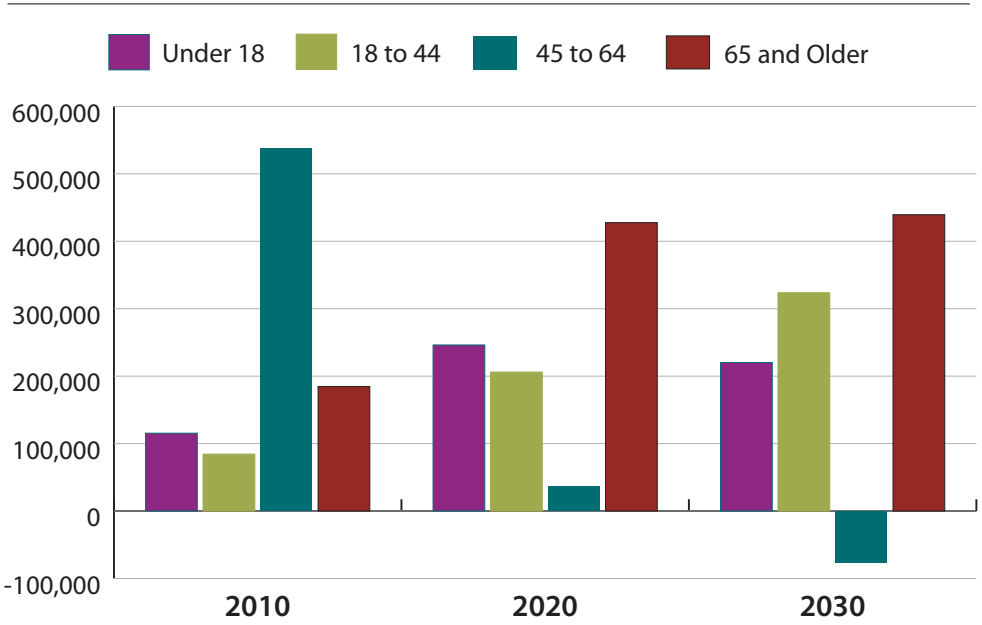
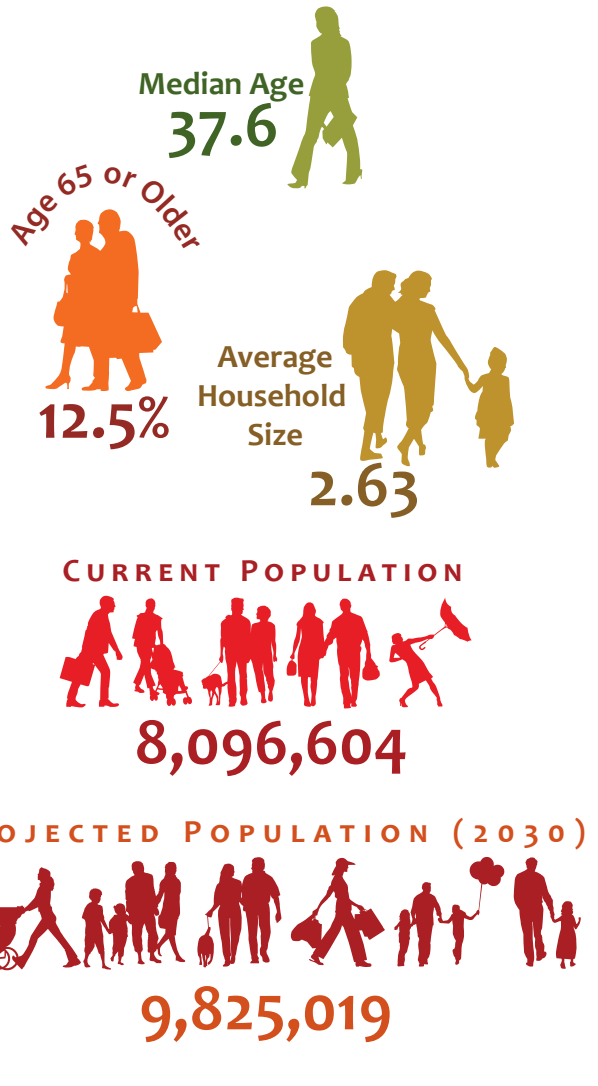


FIGURE 2
VIRGINIA HIGHLIGHTS



Another way to assess the relative impact of aging is through the age dependency ratio, which is the number of children (17 years old or younger) plus the number of elderly (65 and older) per 100 individuals ages 18 through 64. Viewed through this lens, Virginia compares relatively well with other states: In 2010, Virginia had the fourth lowest age dependency ratio in the nation at 54.7. The so-called old age dependency ratio (number of elderly per 100 individuals 18 to 64) was seventh lowest in the nation. These rates vary widely in Virginia and range from a low of 13.4 in Northern Virginia to 34.4 in the Eastern region and 29.5 in the Southside region.

As discussed in our previous demographic profile, Virginia is also becoming more diverse. In fact, growth in minority populations has accounted for a significant proportion of total population growth across the Commonwealth over the past decade. This is changing, for instance, the racial and ethnic mix of Virginia's public elementary schools. Table 2 shows the change in the racial / ethnic mix of Virginia's public elementary schools between fall 2002 and fall 2011.

TABLE 2: VIRGINIA'S ELEMENTARY SCHOOL POPULATION. FALL ENROLLMENT. 2002 AND 2011. BY RACE / ETHNICITY

Race / Ethnicity	Fall 2002 Enrollment	Share of 2002 Total Enrollment	Fall 2011 Enrollment	Share of 2011 Total Enrollment	Change, 2002 to 2011	
					Absolute Change	Percentage Change
Total	1,176,128	100%	1,258,521	100%	82,393	7.0%
White	721,561	61.4%	674,032	53.6%	-47,529	-6.6%
Black	316,594	26.9%	298,714	23.7%	-17,880	-5.6%
Hispanic	71,771	6.1%	149,434	11.9%	77,663	108.2%
Asian	52,978	4.5%	75,851	6.0%	22,873	43.2%
Other	13,224	1.1%	60,490	4.8%	47,266	357.4%

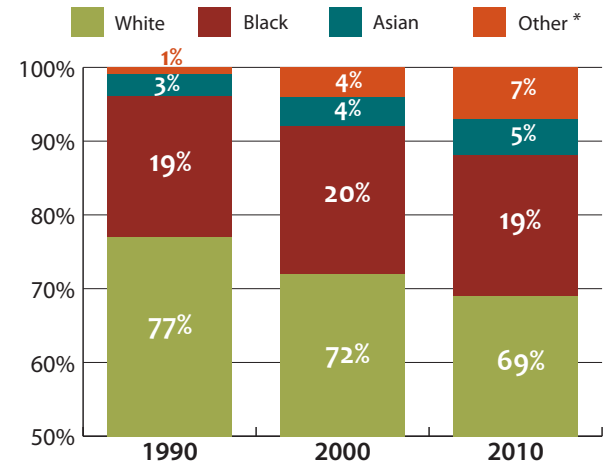
Source: Virginia Department of Education. Note: "Other" for 2011 includes individuals of two or more races. "Other" in 2002 includes individuals of unspecified race or ethnicity.

This growth in minority populations in Virginia continues a long trend, with the percentage of the population that is white alone falling by more than eight percentage points between 1990 and 2010. Figure 3 shows the relative proportion of Virginia's population by race.

Increases in certain minority population groups were particularly notable. Growth in the Asian population accounted for 19 percent of total growth in Virginia and more than 26 percent in the Northern region alone between 2000 and 2010. In addition, Hispanics (of any race) accounted for about a third of Virginia's total population growth, 45 percent of population growth in Hampton Roads, and 35 percent in the Northern region.

FIGURE 3

VIRGINIA'S POPULATION BY RACE, 1990 | 2000 | 2010



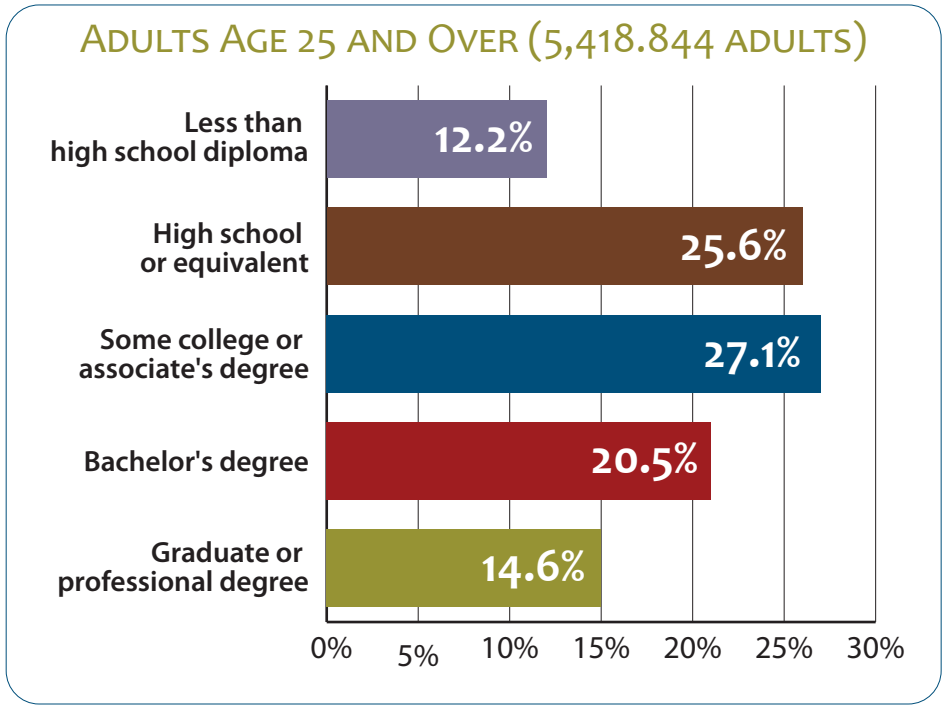
** Other includes individuals of two or more races.*

EDUCATIONAL ATTAINMENT

Virginia's population is also relatively well educated, as summarized in Figure 4. Slightly more than 35 percent of adults age 25 years and older have a bachelor's degree or higher, which ranked seventh best in the country. In addition, 14.6% of adults 25 and older have an advanced degree, fourth highest in the nation. As shown to the right in Figure 5, educational attainment among younger women is more than nine percentage points higher than males in the 25 to 34 age group and almost 4 percentage points higher in the 35 to 44 age group.

FIGURE 4

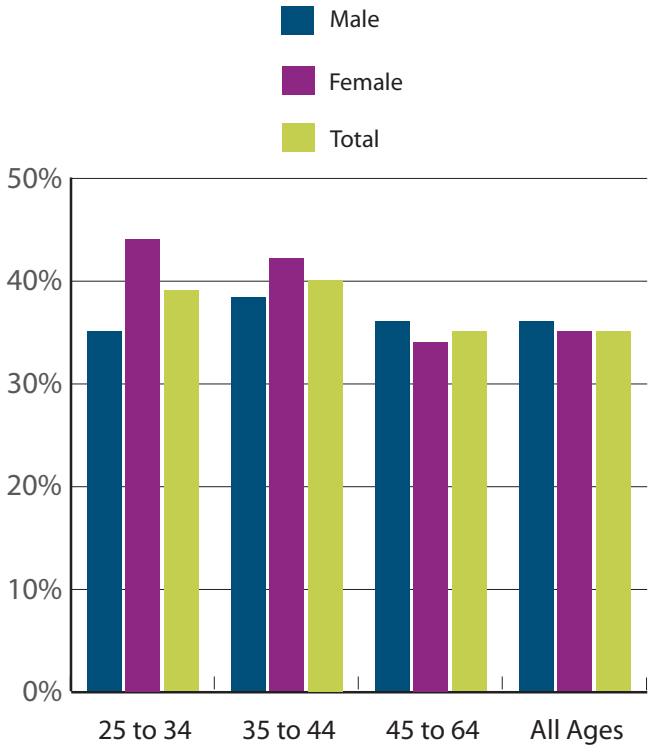
Highest Level of Educational Attainment, 2011



Source: Educational attainment data are from the U.S. Census Bureau, 2011 American Community Survey, www.factfinder2.census.gov

FIGURE 5

Bachelor's Degree or Higher, 2011



EMPLOYMENT AND INDUSTRY

Virginia's economy continues to evolve, relying more on skilled jobs than ever before. Table 3 illustrates the significant changes that have occurred over the past five years and highlights the dramatic job impacts from the recent recession, particularly in the construction and manufacturing sectors.

Significant employment declines in a number of industries reflect the effects of the recent so-called Great Recession, as well as longer-term structural changes with the ongoing shift from goods-producing to service jobs. The shift to professional, scientific, and technical services has been beneficial for the state as a whole, but has been concentrated in the Northern region. The growing role of government is also apparent from its increasing share of employment, with the percentage of jobs in the federal, state, and local governments rising from 18.1 percent to 19.3 percent between 2006 and 2011. Military personnel are not included in these numbers.

Source: Quarterly Census of Employment and Wages, Virginia Employment Commission, Labor Market Statistics, Covered Employment and Wages Program.

TABLE 3: EMPLOYMENT BY MAJOR INDUSTRY SECTOR, ANNUAL AVERAGES, 2006 AND 2011

Industry Sector	2006		2011		Average Annual Growth
	Average Employment	Percent Of Total	Average Employment	Percent Of Total	Employment
Agriculture and Related, and Mining and Related	22,072	0.6%	21,001	0.6%	-1.0%
Construction	249,092	6.8%	177,989	5.0%	-6.5%
Manufacturing	287,434	7.9%	230,175	6.4%	-4.3%
Wholesale and Retail Trade	544,078	15.0%	514,007	14.4%	-1.1%
Transportation and Warehousing, and Utilities	113,569	3.1%	108,028	3.0%	-1.0%
Information	90,694	2.5%	74,045	2.1%	-4.0%
Finance and Insurance, and Real Estate and Related	192,661	5.3%	173,591	4.9%	-2.1%
Administrative and Support and Waste Management	209,537	5.8%	201,158	5.6%	-0.8%
Professional, Scientific, and Technical Services, and Management of Companies	421,683	11.6%	464,072	13.0%	1.9%
Education Services, and Health Care and Social Assistance	377,267	10.4%	444,472	12.4%	3.3%
Services and Other (Except Government)	469,775	12.9%	480,383	13.4%	0.4%
Government	658,754	18.1%	689,413	19.3%	0.9%
Total	**3,636,616**		**3,578,334**		**-0.3%**

Virginia's economy continues to evolve and over time has become less like the national average. The following pie charts (Figure 6) show the relative share of output (gross national product or gross state product) by industry for the U.S. and for Virginia and illustrate the relatively greater shares of government and professional, scientific, and technical services in Virginia, both of which are heavily influenced by the presence of the federal government.

FIGURE 6
SHARE OF GROSS PRODUCT BY MAJOR INDUSTRY SEGMENT, U.S. AND VIRGINIA, 2010

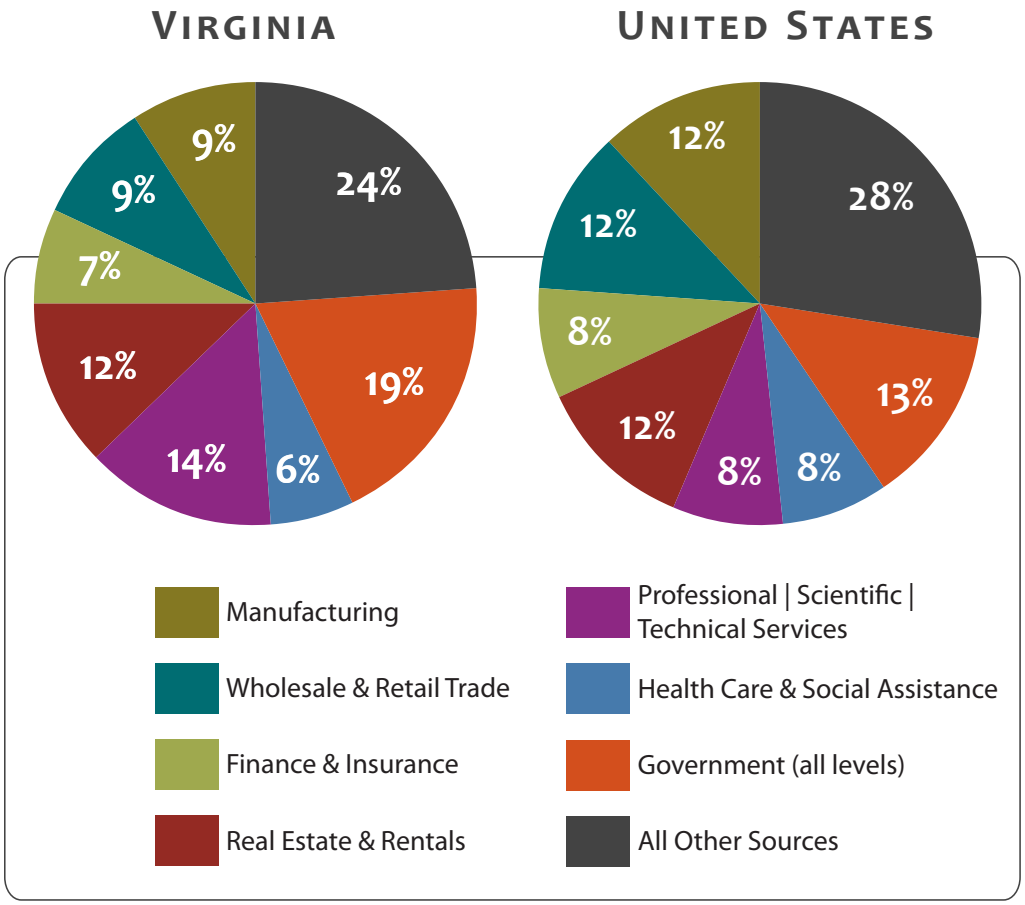


TABLE 4: SELECTED ECONOMIC INDICATORS

Economic Indicator	Value	State Rank
State Gross Domestic Product (2011, in billions)	$429	10
Per Capita Personal Income (2011)	$45,920	7
Percentage of the Population Living in Poverty (2011)	11.5%	8
Exports of Goods (2011, in Millions)	$18,105	23
Exports of Manufactured Commodities (2011, in Millions)	$13,486	24
Worker Productivity: 2010 Output per Worker (2005 dollars)	$79,896	11
Employees of Foreign Firms (2010)	140,800	13
Per Capita Federal Expenditures (Federal Fiscal Year 2010)	$16,959	2
Department of Defense Civilian and Military Personnel (2009)	152,873	3

Source: See page 12 for a list of sources for this table and other information presented in this document.

Local, state, and federal governments play a major role in Virginia's economy. Because of its proximity to Washington, D.C., and the abundance of military bases in the state, Virginia was home to more than 152,800 Department of Defense military and civilian jobs in 2009 (based on a 2010 Department of Defense report). In early 2012, according to the U.S. Census Bureau, there were 172,354 total federal civilian employees, about 143,202 state employees, and another 380,064 local government jobs in the Commonwealth.

TECHNOLOGY AND INNOVATION

Technology and innovation are playing increasingly important roles in economic competitiveness and productivity growth and are thus becoming ever more important determinants of Virginia's long-term economic prosperity. Virginia has strong competitive advantages with its highly educated workforce, good quality of life, highly regarded system of higher education, and strategic mid-Atlantic location close to the seat of the federal government and some of America's most important defense assets. Growing businesses rely heavily on technology, innovation, and advanced workforce skills.

Table 5 presents selected technology and innovation indicators for Virginia. These indicators portray a generally positive picture for Virginia, which excels in a number of areas, including a large science and engineering workforce and an impressive concentration of high-technology jobs and businesses.

Yet the rankings also seem to indicate that there is room to improve access to broadband services and the intensity of research and development (e.g., academic R&D as a share of the Virginia economy).

TABLE 5: SELECTED TECHNOLOGY AND INNOVATION INDICATORS

Indicator	Value	State Rank
High-technology Jobs per 1,000 Private Sector Workers (2010)	98	1
New Economy Index (2010)	73.7	8
Percentage of Jobs Held by Managers, Professionals, and Technicians (2010)	24.6%	3
Average Years of Education of Recent Migrants from Within the United States (2009)	13.9	6
Venture Capital Investments in Millions (2011)	$615.0	7
Academic R&D per $1,000 of Gross Domestic Product (2009)	$2.66	41
Industry-funded Academic R&D in Millions (2009)	$51.5	16
Scientists and Engineers as a Percentage of the Workforce (2010)	6.6%	1
All Science and Engineering Degrees as a Percentage of All Degrees Awarded (2009)	34.2%	7
Percentage of Residents with Access to Broadband Telecommunications Services	93.6%	39

Source: See page 12 for a list of sources for this table and other information in this document.

virginia's government

Virginia has a biennial budget system, which means it adopts a two-year budget. The biennial budget is enacted into law in even-numbered years, and amendments are enacted in odd-numbered years; the budget for the current biennium, which began July 1, 2012, was adopted by the 2012 General Assembly.

WHERE DOES THE MONEY GO?

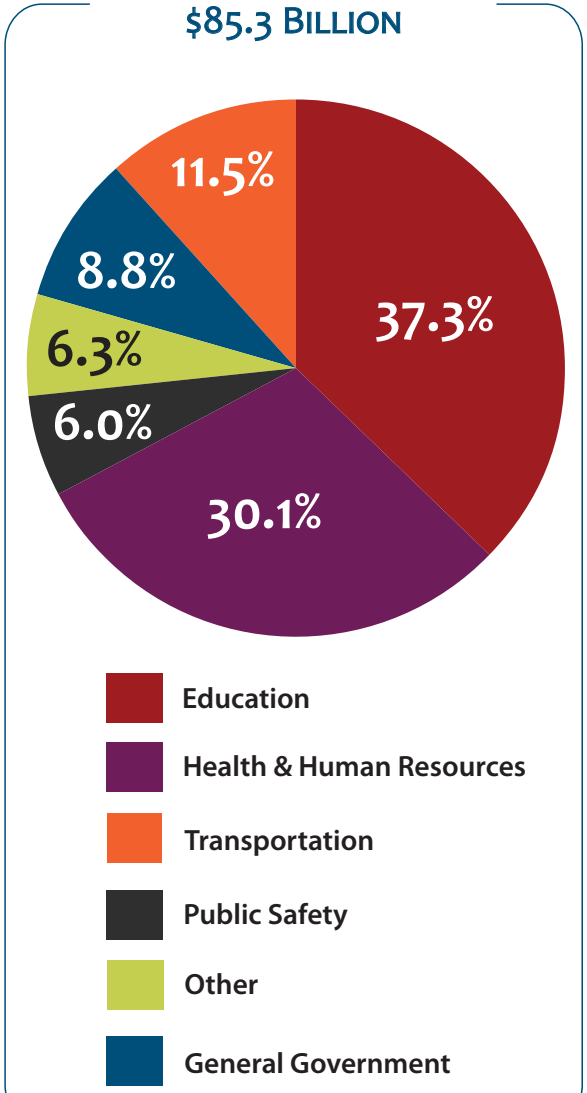
Virginia's state government budget is divided into an operating budget and a capital budget. The operating budget includes expenses to run the daily activities of government. The capital budget includes the one-time costs of building, improving, or repairing government facilities. The budget of the Commonwealth for the 2012-2014 biennium includes $85.3 billion for operating expenses and $1.2 billion in capital outlay expenses. Looking at total operating funds from all sources (Figure 7), the majority of the money goes to education (37.3%), health and human resources (30.1%), transportation (11.5%), and general government (8.8%).

Interestingly, about 43.7 percent of state government operating expenses were for personal services (direct costs of state workers) and contractual services (professional and technical services, outsourced operations, and other services that support the operation of government) in fiscal year 2012, while almost 38 percent was for transfer payments, which includes aid to localities ($9.1 billion), payments to individuals, and unemployment compensation.

Considering only the general fund, which can be used at the discretion of the Governor and General Assembly, the majority of the operating money goes to education (40.4%), health and human resources (29.6%), and public safety (9.6%). Considering only nongeneral funds, which are receipts set aside for specific purposes, the largest spending categories are education (35.2%), health and human resources (30.5%), and transportation (19.2%).

FIGURE 7

2012-2014 BIENNIUM BUDGET
TOTAL OPERATING BUDGET
$85.3 BILLION



WHERE DOES THE MONEY COME FROM?

State government revenues can be grouped into several categories: taxes, grants, fees, sales, earnings, transfers, and balances. For the 2012-2014 biennium, total state revenues available for appropriation are projected to equal $90.2 billion, including year-end balances, transfers, and bond proceeds.

Total revenues from all tax sources are projected to be about $38.2 billion. Tax revenues include $22.4 billion from individual income taxes, $6.5 billion in sales tax revenue, $1.8 billion in corporate income tax, and $4.6 billion from motor vehicle and highway taxes. Other large revenue sources for the biennium include $18.3 billion in federal grants and $13.6 billion in institutional revenue, primarily fees collected at colleges and universities, medical and mental hospitals, and correctional facilities.

For budgeting purposes, state revenues are divided into two broad types: (1) the general fund and (2) nongeneral funds. Considerably more than half of state revenues (61.4%) are nongeneral funds, or receipts set aside for specific purposes. For example: motor vehicle and gasoline taxes are earmarked by law for transportation programs; student tuition and fees must support higher education; and federal grants are designated for specific activities.

GENERAL FUND REVENUES

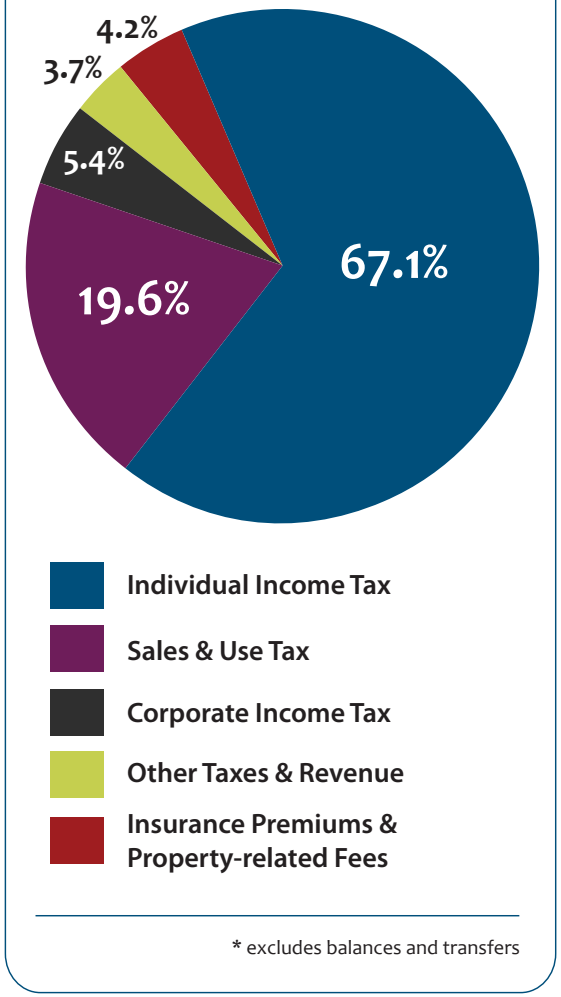
Including about $1.4 billion in balances and transfers, general fund revenues are expected to total $34.8 billion, or about 38.6 percent of the budget, down from 41.3 percent for the 2008-2010 biennium. They are mostly derived from direct general taxes paid by citizens and businesses (Figure 8). Because general fund revenue can be used for a variety of government programs, these are the funds over which the Governor and the General Assembly have the most discretion.

NONGENERAL FUND REVENUES

Although most public attention is focused on general fund revenue, the majority of revenue in the state budget is comprised of nongeneral funds. These funds are earmarked by law for specific purposes. For the biennium, nongeneral fund revenues total $48.8 billion, up from $46.6 billion in the previous biennium. This total does not include balances and bond and lottery proceeds. (Figure 9, page 11.)

FIGURE 8

2012-2014 Biennium Budget Total General Fund Revenues $33.4 Billion *



Federal grants are the largest source of nongeneral fund revenue ($18.3 billion for the biennium). Frequently these grants do not come to the state as simple cash transfers and often include many program requirements, including state matching funds. Entitlement programs such as Medicaid and Aid to Families with Dependent Children are examples of programs that require a state contribution.

The second largest source of nongeneral fund revenue is **institutional revenue** ($13.6 billion for the biennium), which includes patient fees at teaching hospitals and mental health institutions and tuition and fees paid by students at institutions of higher education.

State transportation revenue comes from several sources including the motor vehicle fuels tax, the motor vehicle sales and use tax, road taxes, vehicle license fees, state sales tax, interest earnings, and other miscellaneous taxes and fees. For the biennium, transportation revenues are anticipated to be $4.6 billion.

Another nongeneral fund source is the **Unemployment Insurance Fund** ($1.6 billion). Insurance tax collections rise and fall with the level of unemployment. Corporate downsizing and restructuring have increased unemployment tax collections in recent years. Other nongeneral fund revenue sources include fees paid by citizens and businesses for licenses ($1.5 billion), sales of alcoholic beverages ($1.2 billion), sales of lottery tickets and state property ($1.1 billion), and interest, dividends, and rents ($212.5 million).

2012-2014 Biennium Budget Total Nongeneral Fund Revenues $48.8 Billion

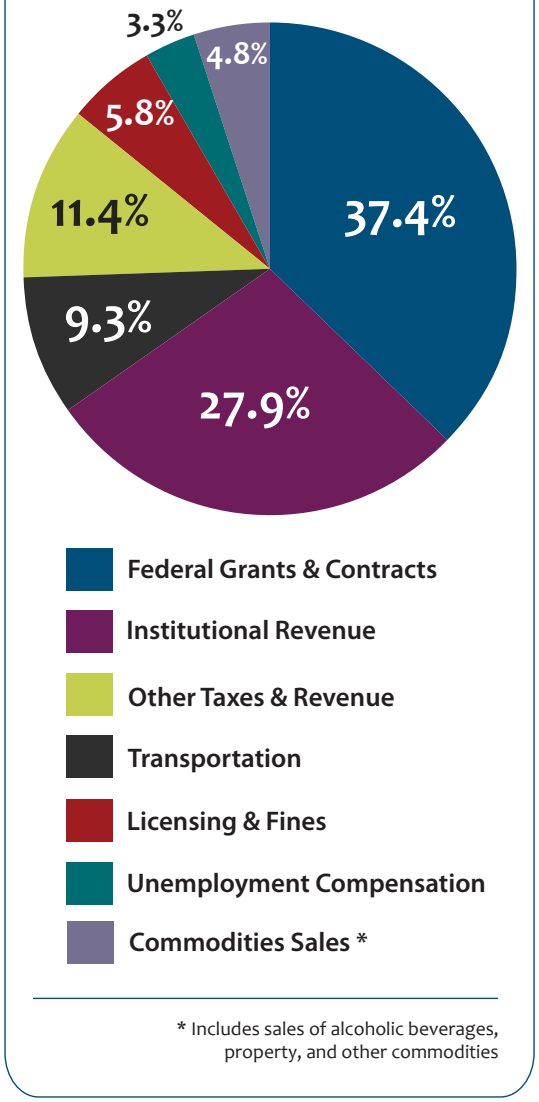


FIGURE 9

notes on the data

The data used for this profile are derived from prominent national sources, as summarized here.

TABLE 1 SOURCES

Several of the data elements in Table 1 come from the U.S. Census Bureau, including the 2011 American Community Survey (ACS) 1-Year Estimates (population; percentage of the population that are minorities, elderly, foreign born, or veterans; median age; average household size; educational attainment; and armed forces). Data are available at: www.factfinder2.census.gov.

Public School Enrollment: Virginia Department of Education, 2010-2011 Fall Enrollment; www.doe.virginia.gov/statistics_reports/enrollment/fall_membership/index.shtml.

Active Military and Department of Defense Civilian Personnel: Department of Defense; Personnel and Procurement Statistics; Military and Civilian Personnel by State; September 30, 2009; siadapp.dmdc.osd.mil/personnel/M02/fy09/09top.htm.

Earnings data are from the Bureau of Economic Analysis, Table SA05N; www.bea.gov/regional/index.htm.

TABLE 4 SOURCES

State Gross Domestic Product (2011), Per Capita Personal Income (2011), and Worker Productivity (2010): Regional Economic Information System, Bureau of Economic Analysis, U.S. Department of Commerce; www.bea.gov/regional/index.htm.

Exports of Goods (2010) and Manufactured Goods (2010): U.S. Census Bureau, Foreign Trade Statistics, by origin of movement, North American Industry Classification System-based product groups, not seasonally adjusted; www.census.gov/foreign-trade/statistics/state/origin_movement/index.html.

Percentage of the Population Living in Poverty: U.S. Census Bureau, 2011 America Community Survey, S1701; www.factfinder2.census.gov.

Employment in U.S. Affiliates of Foreign Companies: *U.S. Affiliates of Foreign Companies, Operations in 2010*, Thomas Anderson, Bureau of Economic Analysis; www.bea.gov/scb/pdf/2012/08 August/0912_us_affiliate_operations.pdf.

Per Capita Federal Expenditures: U.S. Census Bureau; Federal, State, and Local Governments; Consolidated Federal Funds Report; harvester.census.gov/cffr/.

TABLE 5 SOURCES

High-technology Jobs per 1,000 Private Sector Jobs: CyberStates 2011, TechAmerica Foundation; www.techamericafoundation.org/cyberstates.

New Economy Index; Managerial, Professional, and Technician Jobs; and Educational Attainment of Recent Migrants: The 2010 State New Economy Index, Robert D. Atkinson and Scott Andes, The Information Technology and Innovation Foundation, November 2010.

Academic R&D, university funding, and degree data (2009): National Science Foundation, National Center for Science and Engineering Statistics; nsf.gov/statistics/indicators/.

Venture Capital (2011): PricewaterhouseCoopers/National Venture Capital Association MoneyTree™ Report, Data by Thomson Reuters.

Broadband Access: National Telecommunications and Information Administration, U.S. Department of Commerce; broadbandmap.gov.