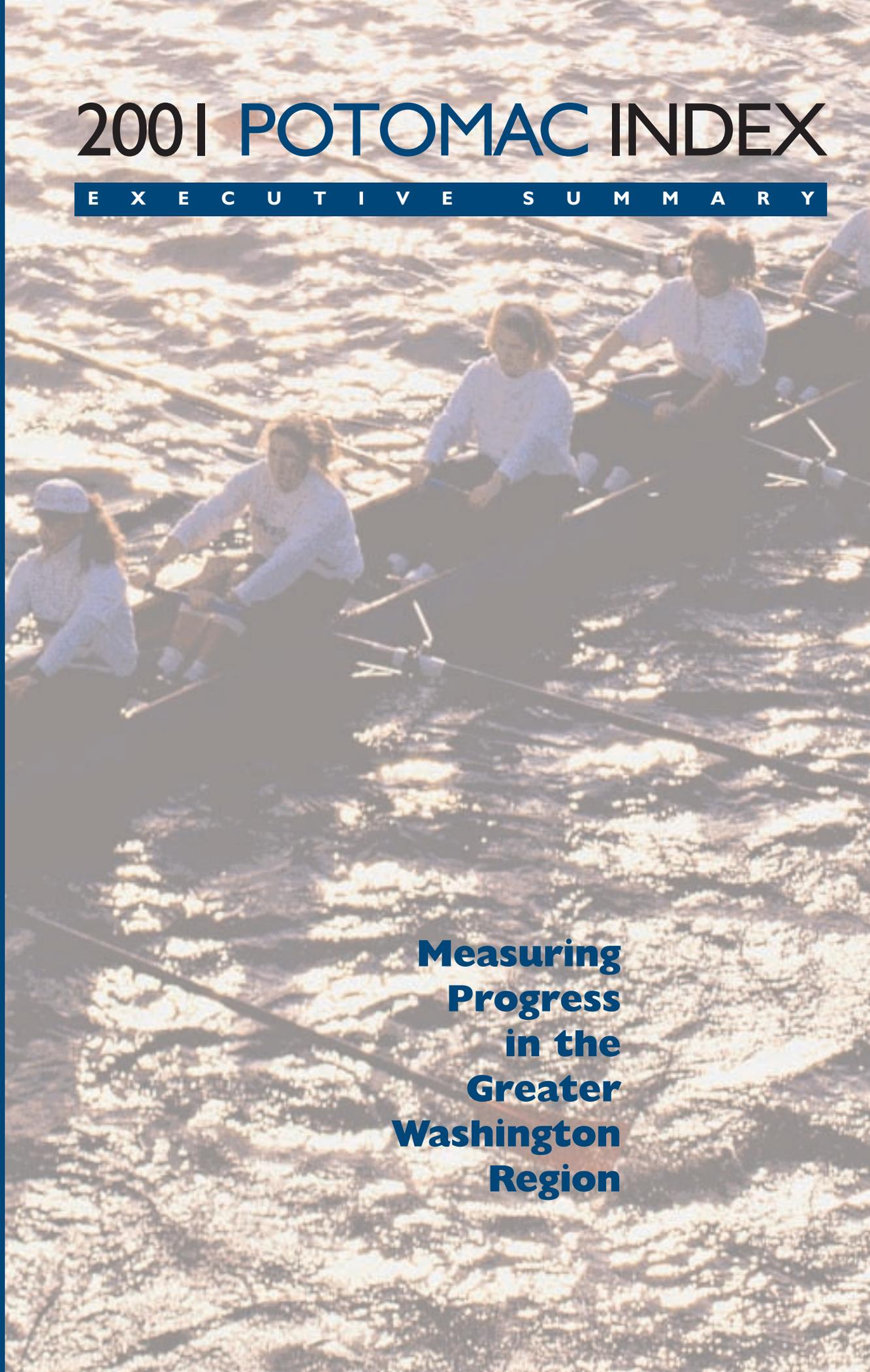


2001 POTOMAC INDEX

E X E C U T I V E S U M M A R Y



**Measuring
Progress
in the
Greater
Washington
Region**

Origin of *THE POTOMAC INDEX*

Each year, several hundred business, government and nonprofit leaders from the District of Columbia, Northern Virginia and Suburban Maryland gather at The Potomac Conference, a regional leadership forum created by The Greater Washington Board of Trade in 1991.

Following discussions at the 1999 Potomac Conference, the region's leaders articulated a vision for transforming the region into a "world-class connected community" and agreed to focus on five strategic commitments to achieve that vision. The 2000 Conference

delegates commissioned a first-ever *Potomac Index* to serve as an annual measurement of the region's progress on its commitments. This 2001 *Potomac Index* follows the format of the first *Index* and continues to track the region's progress on the five commitments.

Purpose of *THE INDEX*

The Potomac Index is a tool to help measure the region's progress toward becoming a world-class connected community. Its goal is to provide a clear-eyed view of the Greater Washington Region's assets and challenges. By charting the region's performance on key economic and social indicators, the *Index*

assists the Potomac Conference in its work of realizing its vision for the region: "The Vision foresees the region as having an outstanding quality of life and a prosperous economy with a strong, safe, vibrant core surrounded by strong core communities that provide excellent opportunities and choices for all who live and

work in the region. Further, the region should become a cooperative, inter-jurisdictional community supporting economic benefits for all levels of society and a region that capitalizes on the strengths of its diversity."

Key Findings

Here is what the second *Potomac Index* found about the region's progress on each commitment and the measures that support its findings. The complete version of *The Potomac Index 2001* is available online at www.PotomacConference.org, at www.bot.org and in hard copy.



■ Innovation and Entrepreneurship

The Washington region's economy is strong, healthy and growing.

- The private-sector grew steadily during the 1990s, adding 668,000 jobs to the economy of the Greater Washington Region between 1992-2000.
- Federal spending has spurred dramatic growth in information and technology companies. Federal procurement of professional and technology services from firms located in the region increased 87 percent between 1992 and 2000, totaling \$13.6 billion in 2000. Federal research and development contracting also grew, but more slowly, from \$2.8 billion in 1992 to \$3.1 billion in 2000.

- Service sector jobs, such as business and management services, continue to command higher salaries than the national average. From 1992 to 2000, the difference between the regional average and the national average grew by 33 percent.
- Venture capital investment skyrocketed in the mid-1990s and reached a record high of \$3.7 billion in 2000.
- The number of fast-growth "gazelle" companies, those that derive a majority of their sales revenue from new products and services, fell between 1999 and 2000, but remains higher than in the early 1990s.
- The number of private-sector patents grew by 50 percent since the early 1990s.

■ Inclusion and Participation

Many within the region are prospering, but this prosperity is not shared equally.

- Household incomes have increased at all income levels and for all racial and ethnic groups, with a median income in 1999 of \$68,000.
- However, income inequality continues. While the top 20 percent of households experienced a 68 percent increase in income since 1990, household income for the bottom 20 percent increased only 40 percent over this same time period. Median incomes for nonwhite house-

- holds remain lower than for white households.
- Low-income residents face a shortage of affordable housing. In 1998, there were twice as many households (176,809) with annual incomes below \$16,000 as there were affordable housing units (87,826). The vast majority of low-income residents face a serious cost burden in paying for housing.
- Minorities showed strong gains on several measures: home ownership, internet access and business ownership.
- The region is increasingly diverse, attracting

- immigrants from all over the world. This diversity, combined with the area's historically large African-American population, adds to the region's vitality. However, interaction among different groups is limited by the fact many people live in largely homogenous neighborhoods.
- Residents, foundations and businesses all actively donate time and money to non-profit organizations. Donations from foundations based in the region and from the top 25 corporate donors increased during the 1990s.

■ Education and Lifelong Learning

Despite the region's significant educational assets and high educational attainment, uneven high school dropout rates and plans for college attendance indicate that some residents are disconnected from economic opportunity.

The region has one of the most highly educated populations in the country, with 42 percent of residents holding at least a bachelor's degree in 2000. This figure has increased from 36 percent in 1991.

The region has a robust higher-education infrastructure: approximately 260,000

students were enrolled in the region's 28 major post-secondary institutions in the 1999 school year.

One-third of area adults have been enrolled in a wide range of continuing education, job training or other post-secondary activities in the past year, with higher rates of enrollment among African-Americans and Hispanics than whites.

The regional high school dropout rate in the 1998-1999 school year was 3.6 percent, an improvement from the previous year's 4.1 percent. But dropout percentages

vary among jurisdictions: the District of Columbia's rate is higher than rates in suburban Maryland and Northern Virginia.

The percentage of public high school seniors in Northern Virginia and suburban Maryland who plan to continue their education remains steady, while the percentage is lower, but improving, in the District of Columbia.

The technological capacity of area schools is improving, as schools are lowering the ratio of the number of students per available instructional computer.

■ Quality of Life

Although the region has much to offer its residents and is enjoying a decline in crime rates, its quality of life faces challenges.

Violent crime rates declined almost 30 percent between 1996 and 1999, with a larger decline of 34 percent in the District of Columbia.

The region continues to violate federal air quality standards but ozone levels have improved throughout the 1990s.

Although the Potomac River is in good

health, the Anacostia River is in poor condition. Sewage and other pollutants have reduced oxygen levels in the water, seriously compromising the river's ability to support aquatic life.

Highways in the region are some of the most congested in the country, with residents experiencing an annual delay of 46 hours due to traffic congestion in 1999, up from 41 hours in 1994. However, the region's public transit infrastructure is strong, with

increasing ridership throughout the 1990s.

The region is consuming land at a faster rate than population growth, but residents rate the region highly in terms of the amount of parks and open space in the area (a total of almost 234,000 acres of parkland).

The majority of residents take part in the region's wealth of cultural activities: almost 75 percent visited a historic monument or site, and 66 percent toured a museum in the past year.

■ Regional Thinking and Action

The region's jurisdictions already are collaborating in numerous ways, but the events of September 11 showed the need to further strengthen the capacity to act in a coordinated fashion.

The number of residents who identify with the region, already high, surged even higher after the events of September 11. In August 2001, 75 percent of residents reported feeling part of the Greater Washington Region, a figure that increased to 81 percent in November.

Following the events of September 11, residents showed more pride about living in the region. In November, 53 percent called it an "excellent" or "very good" place to live, compared with 45 percent in August.

Residents' interest in regional collaboration appears to have increased since September 11. In November, 57 percent said they would be willing to support a regional transportation authority with the ability to redirect money across jurisdictional lines for road and transit projects, compared with 49

percent in August.

The percentage of residents favorably rating leadership on regional problems also increased from August to November, from 68 percent to 75 percent.

Although the events of September 11 showed gaps in regional planning and coordination, governments were already actively collaborating with each other on a wide variety of issues prior to that day. A survey of local governments identified 360 local inter-governmental agreements.

Methodology

A group of local public, private and non-profit sector leaders collaborated with a research team led by the Brookings Greater Washington Research Program to develop the *2001 Potomac Index*.

Data for the indicators were derived from a combination of existing secondary

sources and three original surveys. Two household surveys were conducted by Potomac Incorporated. The first was in August 2001 and included telephone interviews with 1,033 adult residents. A follow-up telephone survey of 800 residents was conducted in November 2001. Additionally,

a mail survey of local governments was conducted jointly by the Brookings Greater Washington Research Program and the Metropolitan Washington Council of Governments in August 2001.

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