Living Standards in the Fifth District

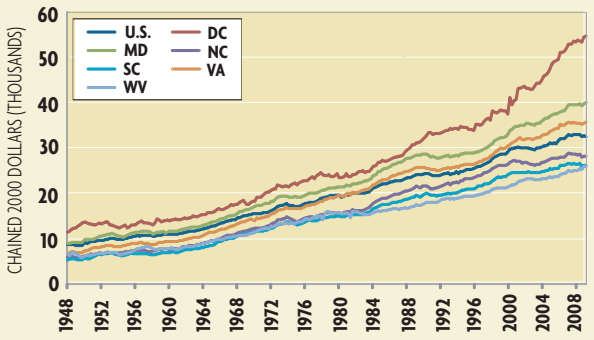
BY SONYA RAVINDRANATH WADDELL

Standards of living tend to vary more among countries than they do among states within the United States. Perhaps not surprisingly, residents of the Fifth Federal Reserve District enjoy a standard of living similar to that of communities across the nation. In this section, we take a look at some indicators used to assess standard of living and see how the Fifth District stacks up. Some of the indicators may be a necessary condition for an increased standard of living while others may simply be associated with it.

Personal Income

Real per-capita income by state includes wage and salary disbursements (by place of residence), supplements to wages and salaries, proprietors' income, dividends, interest, rent, and personal current transfer receipts, such as individual Social Security and unemployment, minus employer contributions for Social Security.

Real Per-Capita Personal Income



SOURCE: Bureau of Economic Analysis/Haver Analytics

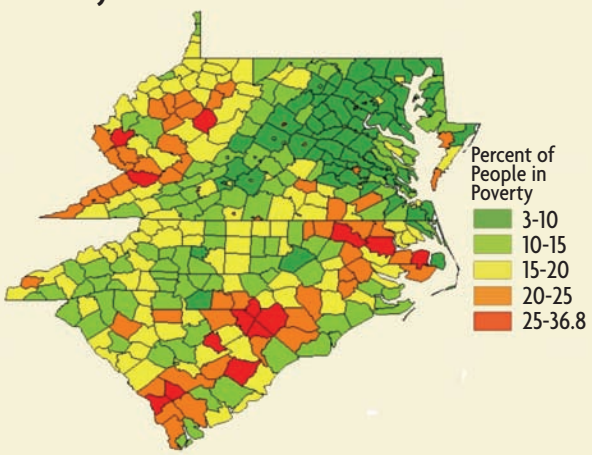
Real per-capita personal income has grown steadily in the United States and the Fifth District over the past 60 years. In the District of Columbia, real personal income grew quickest in the last decade, nearly 43 percent since first quarter 1999. (Nationally, the rate was 14 percent.)

Although 2009 is not displayed in the graph above, D.C., Maryland, and Virginia exceeded the national mark of $32,489 per person, while North Carolina, South Carolina, and West Virginia ranked below the national average.

Measuring Poverty

An indicator for the share of a population living in poverty is a useful companion to a per-capita income measure when examining living standards. The Census Bureau uses a set of income thresholds that vary by family size and composition to detect who is poor. If the total income for a household falls below the relevant poverty threshold, then the household is classified as being "below the poverty line." The map of the Fifth District identifies several counties in West Virginia and on the border between the Carolinas with a notably high share of households with income below the poverty line. The District of Columbia stands out as having the highest per-capita income, but also the highest share of households living below the poverty line.

Poverty Line



SOURCE: U.S. Census Bureau, 2005-2007 American Community Survey

Education

Educational attainment refers to the highest level of school completed by members of a population. Each category in the following table represents the portion of the population that has attained at least that educational level. For example, a person with a bachelor's degree has obtained a high school degree, but will show up in the share of the population with a bachelor's degree rather than the share of the population with a high school degree. So, although it appears that 41.9 percent of West Virginians graduated from high school compared to 30 percent of all Americans, a smaller percentage of West Virginians continued beyond high school than in the United States generally.

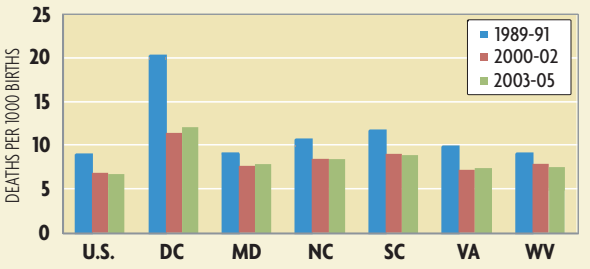
It should be noted that many economists do not consider educational attainment as a measure of a person's standard of living. Instead, they claim, education often increases a person's earning power, leading to more

Educational Attainment (Percent of Population)

Grade Level Completed	U.S.	DC	MD	NC	SC	VA	WV
High School Graduate/GED	30.0	21.4	27.0	29.6	32.4	27.1	41.9
Some College	19.6	13.8	18.8	19.4	18.2	18.7	16.5
Associate's Degree	7.4	3.5	6.4	8.1	7.9	6.6	5.7
Bachelor's Degree	17.1	20.4	19.3	16.8	14.9	19.6	10.2
Master's Degree	6.9	14.9	10.4	5.8	5.8	9.5	4.8
Professional Degree	1.9	6.7	2.8	1.4	1.4	2.3	1.3
Doctorate	1.1	3.4	2.1	1.0	0.8	1.4	0.6

SOURCE: U.S. Census Bureau, 2005-2007 American Community Survey

consumption, which can improve well-being. However, there are nonfinancial benefits to educational attainment as well. For instance, in a recent paper, economists Philip Oreopoulos and Kjell Salvanes acknowledge economists' traditional way of looking at educational attainment as an input to well-being rather than as a good itself. But they argue, "Experiences and skills acquired in school reverberate throughout life, not just through higher earnings."



SOURCE: National Center for Health Statistics, Centers for Disease Control and Prevention

Infant Mortality

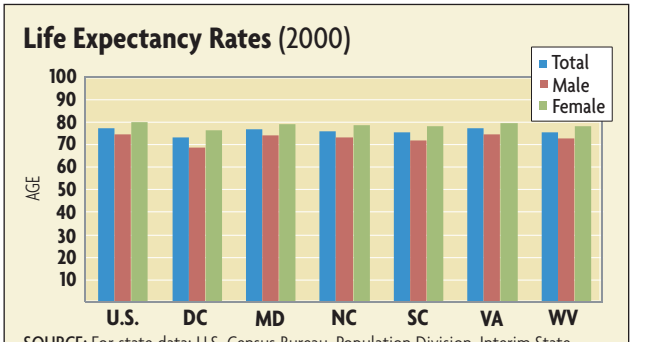
Infant mortality gives us an indirect way to measure the underlying health of mothers, public health practices, socioeconomic conditions, and availability and use of appropriate health care for infants and pregnant women. Rates are calculated by dividing the number of infant deaths by the number of live births reported during the calendar year. Fifth District states have consistently reported infant mortality rates above the corresponding national mark.

According to the Centers for Disease Control and Prevention (CDC), the leading causes of mortality in an infant's first 28 days are congenital malformations and disorders related to short gestation and low birth weight. For the following 11 months of the first year, the leading causes of death are Sudden Infant Death Syndrome and congenital malformations.

Although infant mortality rates have improved, the District of Columbia maintained the highest rate in the Fifth District (12.2 deaths per 1,000 live births) in the most recent year available. With 7.5 deaths per 1,000 live births, the state with the lowest rate (Virginia) came closest to the national mark of 6.8 deaths.

Life expectancy

Although life expectancy can vary widely among countries, the measure does not differ notably among states. With the exception of the District of Columbia, life expectancy among states in the Fifth District varied by only two years in 2000 — between 74.9 years in South Carolina and 76.9 years in Virginia. The D.C. rate of 72.6 years was pulled down by the significantly lower life expectancy among men (68.5 years).



SOURCE: For state data: U.S. Census Bureau, Population Division, Interim State Population Projections, 2005. Internet Release Date: April 21, 2005. For U.S. Data: NVSR (2002) http://www.cdc.gov/nchs/data/nvsr/nvsr51/nvsr51_03.pdf

Although the District of Columbia had the sharpest difference in life expectancy between women and men (7.6 years), women generally have a higher life expectancy than men. In the Fifth District, the gender difference ranged from 4.9 years in Virginia to 6.2 years in South Carolina. In the United States as a whole, the average woman lives 5.4 more years than the average man.

Although the availability of time-series data on life expectancy by state is limited, it is likely that life expectancy across states has risen along with the nation. According to the CDC, life expectancy in the United States rose quite steadily from 57.1 years in 1929 up to 76.9 years in 2000. In fact, even from 1990 to 2000, life expectancy increased 1.5 years. **RF**

QUICK FACT

Percentage of Households Below Poverty Line

WV	17.6
DC	16.3
SC	15.2
NC	14.4
VA	9.9
MD	7.9
U.S.	12.6

SOURCE: U.S. Census Bureau, 2005-2007 American Community Survey

Earn More, Work More: How Leisure Time Has Changed

BY BETTY JOYCE NASH

How people use their nonwork time can be a bellwether for national well-being. Time use also influences labor markets in terms of how much time people are willing to "pay" for leisure — i.e., how much work they'll forgo for play as well as the reverse.

Time spent in leisure has increased over the last century, but by how much? It depends on the measure. Economists measure leisure using census and Current Population Survey data, a range of government statistics, and time-use diaries, among other data.

The dimensions and documentation of work and leisure are fuzzy. "If you look at the history of the length of the workweek, the official statistics we have give us ballpark figures, but can't be as precise as they pretend to be," says Robert Whaples, an economic historian at Wake Forest University. Before the Civil War, for instance, most Americans worked in agriculture. There, the distinction between work and leisure is difficult to draw.

Leisure Inequality

The workweek has shortened, on average, for everyone compared to 100 years ago. But newer time-use studies have documented a "leisure inequality." In the 1890s, only the highest earners could afford leisure time — they worked about two hours less per week than the lowest wage earners.

But today, people who are less educated and earn less money enjoy more leisure time. "It used to be that leisure was almost a sign of affluence," says Whaples. "Now it goes in the other direction."

Many jobs are less onerous than they were a century ago. "Back in the old days, I'm tending a machine and it's pretty clear I'm doing something I wouldn't be doing otherwise," Whaples says. Now, many well-educated professionals work more than 40 hours in salaried jobs. Economists Mark Aguiar and Erik Hurst documented an increase in leisure inequality that started in about 1985. (The authors controlled for involuntary unemployment and disabilities that might prevent work.) Between 1965 and 2003, men with a high school diploma gained about 7.3 hours more leisure while men with a bachelor's degree had no change in leisure.

Using five decades of time-use surveys, Aguiar and Hurst examined four uses of time for people aged 21 to 65: work on the job, work at home, child care, and pure leisure.

Using a narrow definition of leisure (entertainment, socializing, active recreation and general relaxation), Aguiar and Hurst found that between 1965 and 2003, leisure for men increased by 6.2 hours a week because of fewer hours on the job. Women's leisure increased about 4.9 hours. They spent more hours on the job but fewer on home chores.

Life-Cycle Leisure

Economist Valerie Ramey of the University of California, San Diego compiled multiple data sources to measure time use among the total population in the United States over the past century with her co-author Neville Francis of the University of North Carolina at Chapel Hill.

Their conclusion: Leisure per person today is similar to leisure time in 1900. By way of example, Ramey describes the life of an average working man in 1900, who may have worked 58 or 59 hours per week instead of today's 40 hours.

The difference in hours can't be all leisure. In 1900, the average working man did few chores at home, she says. That work was done by wives or the proprietors of the boarding houses where they lived. "Home production and chores for males have gone from three to four hours a week in 1900 to, by some measures, 15 or 16 hours a week.

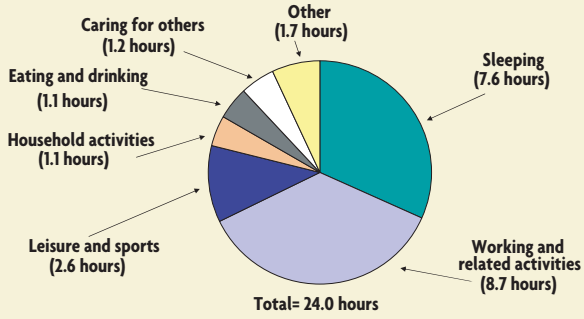
"So while the time spent working for a male has decreased by 16 hours a week, the time spent working at home has gone up by 12 hours a week," Ramey says.

Ramey and Francis included paid hours in the private sector, government work, and unpaid family labor, especially on farms. The authors also included time spent in school because a typical 15-year-old boy in 1900 worked during his schooling years. Today, while his work hours have declined, his time is spent in school, not at leisure.

Using this wide range of resources, the authors found that leisure time has increased very little. "Single people, for instance, have much more leisure today," Ramey says, an increase of about five hours a week. But among those in their prime working years, 25- to 54-year-olds, "I'm not seeing much more leisure for them now than I did 100 years ago. The people who have increases in leisure are older people and people between 18 and 24." That group gained five hours of free time while the over-65 set gained 14 hours per week.

More lifetime leisure may be good news but it's a mixed blessing: Aguiar and Hurst say this prime leisure time is devoured by television, 6.7 hours weekly for men and eight hours for women. That leaves little remaining time for the activity TV replaced: socializing and reading. **RF**

Workday Time Use



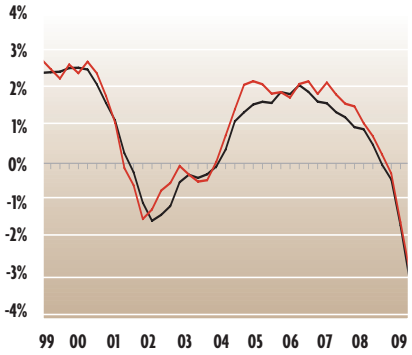
NOTE: Data include employed persons on days they worked, ages 25 to 54, who lived in households with children under 18. Data include nonholiday weekdays and are annual averages for 2007.
SOURCE: Bureau of Labor Statistics

State Data, Q1:09

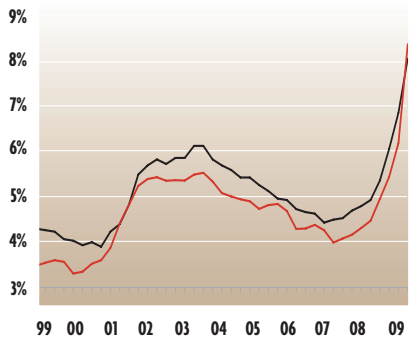
	DC	MD	NC	SC	VA	WV
Nonfarm Employment (000's)	**707.5**	**2,559.2**	**3,991.6**	**1,864.1**	**3,690.2**	**749.5**
Q/Q Percent Change	0.1	-0.7	-2.2	-1.6	-0.8	-1.4
Y/Y Percent Change	1.3	-2.0	-4.3	- 4.3	-2.1	-1.6
Manufacturing Employment (000's)	**1.3**	**124.6**	**468.2**	**223.5**	**251.7**	**53.3**
Q/Q Percent Change	-7.1	-1.1	-6.0	-5.2	-2.8	-3.4
Y/Y Percent Change	-23.5	-4.6	-11.4	-9.4	-6.4	-7.1
Professional/Business Services Employment (000's)	**152.6**	**401.2**	**475.4**	**205.6**	**644.7**	**59.0**
Q/Q Percent Change	-0.1	0.4	-2.4	-4.4	-0.9	-1.8
Y/Y Percent Change	-0.4	0.4	-6.3	-7.3	-1.5	-3.5
Government Employment (000's)	**235.8**	**488.2**	**720.6**	**340.4**	**699.8**	**146.2**
Q/Q Percent Change	0.4	0.0	0.4	-0.9	0.3	-0.9
Y/Y Percent Change	1.0	0.7	3.1	-1.1	1.4	0.2
Civilian Labor Force (000's)	**330.8**	**2,969.7**	**4,563.1**	**2,182.5**	**4,152.9**	**795.1**
Q/Q Percent Change	-0.6	-1.3	-0.3	0.2	-0.3	-1.2
Y/Y Percent Change	-0.3	-0.7	0.9	2.8	1.4	-1.6
Unemployment Rate (%)	**9.6**	**6.6**	**10.4**	**10.9**	**6.5**	**6.0**
Q4:08	8.0	5.1	7.5	8.3	4.6	4.4
Q1:08	6.1	3.7	5.2	5.8	3.5	4.2
Real Personal Income ($Mil)	**32,477.2**	**225,572.6**	**262,943.9**	**117,891.6**	**277,659.1**	**47,1753.9**
Q/Q Percent Change	0.7	0.4	0.5	0.5	0.5	0.3
Y/Y Percent Change	2.5	1.4	1.3	0.9	1.4	3.7
Building Permits	**259**	**2,095**	**7,281**	**3,582**	**4,664**	**369**
Q/Q Percent Change	516.7	10.9	-9.6	-4.1	-7.3	-8.4
Y/Y Percent Change	69.3	-42.8	-54.8	-49.3	-43.4	-56.5
House Price Index (1980=100)	**608.9**	**483.6**	**346.2**	**327.4**	**447.2**	**234.9**
Q/Q Percent Change	-0.5	-1.3	0.1	-0.3	-0.1	1.0
Y/Y Percent Change	-4.5	-7.8	0.4	0.1	-4.4	-02
Sales of Existing Housing Units (000's)	**6.4**	**58.0**	**114.4**	**62.8**	**114.0**	**22.8**
Q/Q Percent Change	0.0	-0.7	-5.6	- 3.1	10.9	-1.7
Y/Y Percent Change	-15.8	-12.1	-37.0	-31.1	12.2	-18.6

NOTES:
Nonfarm Payroll Employment, thousands of jobs, seasonally adjusted (SA) except in MSAs; Bureau of Labor Statistics (BLS)/Haver Analytics, Manufacturing Employment, thousands of jobs, SA in all but DC and SC; BLS/Haver Analytics, Professional/Business Services Employment, thousands of jobs, SA in all but SC; BLS/Haver Analytics, Government Employment, thousands of jobs, SA; BLS/Haver Analytics, Civilian Labor Force, thousands of persons, SA; BLS/Haver Analytics, Unemployment Rate, percent, SA except in MSA's; BLS/Haver Analytics, Building Permits, number of permits, NSA; U.S. Census Bureau/Haver Analytics, Sales of Existing Housing Units, thousands of units, SA; National Association of Realtors®

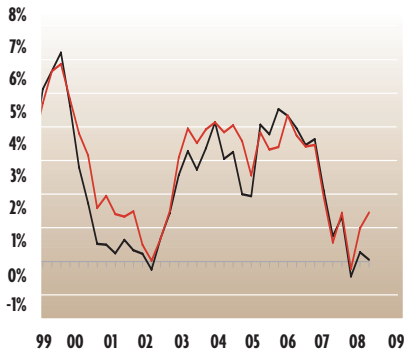
Nonfarm Employment
Change From Prior Year
First Quarter 1999 - First Quarter 2009



Unemployment Rate
First Quarter 1999 - First Quarter 2009

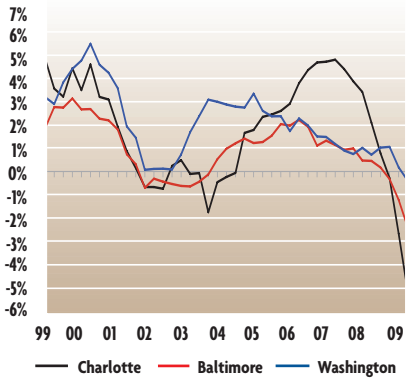


Real Personal Income
Change From Prior Year
First Quarter 1999 - First Quarter 2009

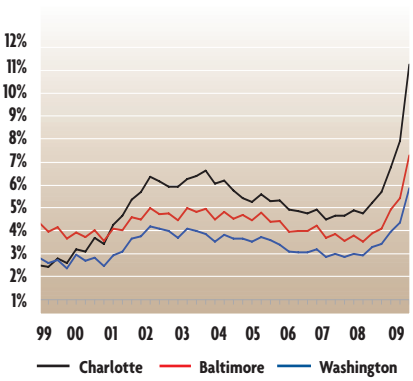


Fifth District — United States

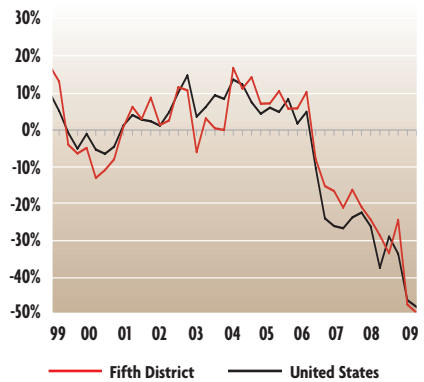
Nonfarm Employment Metropolitan Areas
Change From Prior Year
First Quarter 1999 - First Quarter 2009



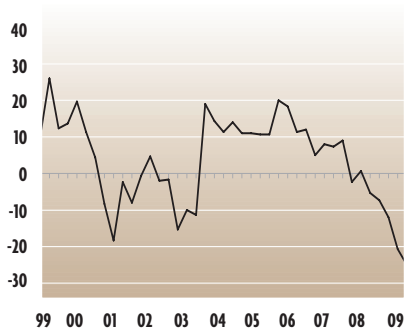
Unemployment Rate Metropolitan Areas
Change From Prior Year
First Quarter 1999 - First Quarter 2009



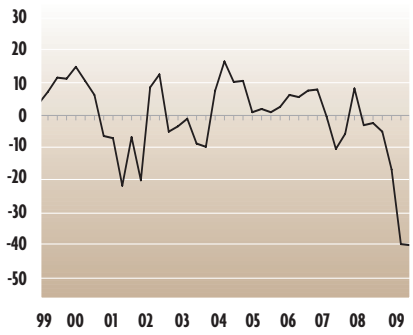
Building Permits
Change From Prior Year
First Quarter 1999 - First Quarter 2009



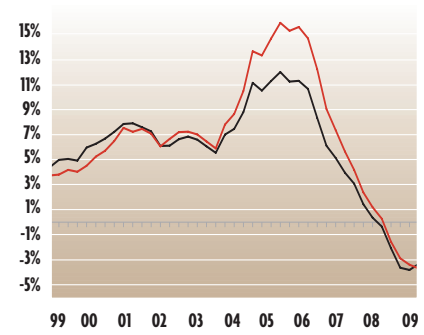
FRB—Richmond Services Revenues Index
First Quarter 1999 - First Quarter 2009



FRB—Richmond Manufacturing Composite Index
First Quarter 1999 - First Quarter 2009



House Prices
Change From Prior Year
First Quarter 1999 - First Quarter 2009



NOTES:
1) FRB-Richmond survey indexes are diffusion indexes representing the percentage of responding firms reporting increase minus the percentage reporting decrease.
The manufacturing composite index is a weighted average of the shipments, new orders, and employment indexes.
2) Metropolitan area data, building permits, and house prices are not seasonally adjusted (nsa); all other series are seasonally adjusted.

SOURCES:
Real Personal Income: Bureau of Economic Analysis/Haver Analytics.
Unemployment rate: LAUS Program, Bureau of Labor Statistics, U.S. Department of Labor, http://stats.bls.gov.
Employment: CES Survey, Bureau of Labor Statistics, U.S. Department of Labor, http://stats.bls.gov.
Building permits: U.S. Census Bureau, http://www.census.gov.
House prices: Federal Housing Finance Agency, http://www.fhfa.gov.

Metropolitan Area Data, Q1:09

	Washington, DC	Baltimore, MD	Hagerstown-Martinsburg, MD-WV
Nonfarm Employment (000's)	**2,392.3**	**1,272.9**	**98.6**
Q/Q Percent Change	-2.0	-3.1	-2.5
Y/Y Percent Change	-0.4	-2.4	-2.7
Unemployment Rate (%)	**5.9**	**7.33**	**9.3**
Q2:08	4.4	5.4	6.1
Q3:07	2.9	3.9	4.9
Building Permits	**3,010**	**605**	**162**
Q/Q Percent Change	2.8	-11.5	-4.7
Y/Y Percent Change	-31.4	-50.9	-58.8

	Asheville, NC	Charleston, SC	Durham, NC
Nonfarm Employment (000's)	**168.0**	**818.6**	**286.3**
Q/Q Percent Change	-4.0	-4.2	-2.6
Y/Y Percent Change	-4.4	-5.2	-1.0
Unemployment Rate (%)	**9.3**	**11.3**	**7.6**
Q2:08	5.9	7.9	5.5
Q3:07	4.4	5.2	4.1
Building Permits	**349**	**1,553**	**635**
Q/Q Percent Change	32.7	-23.0	87.3
Y/Y Percent Change	-28.6	-56.7	-8.5

	Greensboro-High Point, NC	Raleigh, NC	Wilmington, NC
Nonfarm Employment (000)	**348.4**	**503.0**	**140.5**
Q/Q Percent Change	-4.3	-3.2	-2.9
Y/Y Percent Change	-6.0	-3.1	-3.3
Unemployment Rate (%)	**11.2**	**8.5**	**10.3**
Q2:08	7.9	5.9	7.3
Q3:07	5.3	4.0	4.9
Building Permits	**483**	**818**	**455**
Q/Q Percent Change	-17.3	-34.2	-9.9
Y/Y Percent Change	-52.8	-73.8	-64.3

For more information, contact Sonya Ravindranath Waddell at (804) 697-2694 or e-mail sonya.waddell@rich.frb.org

Metropolitan Area Data, Q1:09

	Winston-Salem, NC	Charleston, SC	Columbia, SC
Nonfarm Employment (000's)	**212.1**	**291.3**	**359.3**
Q/Q Percent Change	-2.0	-2.4	-1.6
Y/Y Percent Change	-3.3	-2.2	-1.8
Unemployment Rate (%)	**9.9**	**8.9**	**8.6**
Q4:08	7.1	6.9	7.1
Q1:08	4.9	4.5	4.9
Building Permits	**142**	**551**	**923**
Q/Q Percent Change	-46.0	-31.0	49.6
Y/Y Percent Change	-82.6	-58.7	-10.9

	Greenville, SC	Richmond, VA	Roanoke, VA
Nonfarm Employment (000's)	**311.1**	**607.4**	**159.1**
Q/Q Percent Change	-2.3	-2.3	-1.8
Y/Y Percent Change	-2.5	-3.2	-1.4
Unemployment Rate (%)	**9.5**	**7.5**	**7.0**
Q4:08	7.2	5.0	4.6
Q1:08	4.8	3.7	3.7
Building Permits	**404**	**537**	**80**
Q/Q Percent Change	29.5	-48.6	-22.3
Y/Y Percent Change	-65.6	-67.9	-69.8

	Virginia Beach-Norfolk, VA	Charleston, WV	Huntington, WV
Nonfarm Employment (000)	**752.2**	**149.0**	**117.8**
Q/Q Percent Change	-1.9	-2.5	-2.4
Y/Y Percent Change	-0.7	-0.6	-0.8
Unemployment Rate (%)	**6.9**	**5.7**	**7.3**
Q4:08	4.9	3.3	4.9
Q1:08	3.9	4.1	5.0
Building Permits	**1,170**	**28**	**6**
Q/Q Percent Change	80.6	-50.9	-20.0
Y/Y Percent Change	-14.2	-28.2	-76.9

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