



Tariffs, Uncertainty, and Higher Education in Virginia

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Old Dominion University

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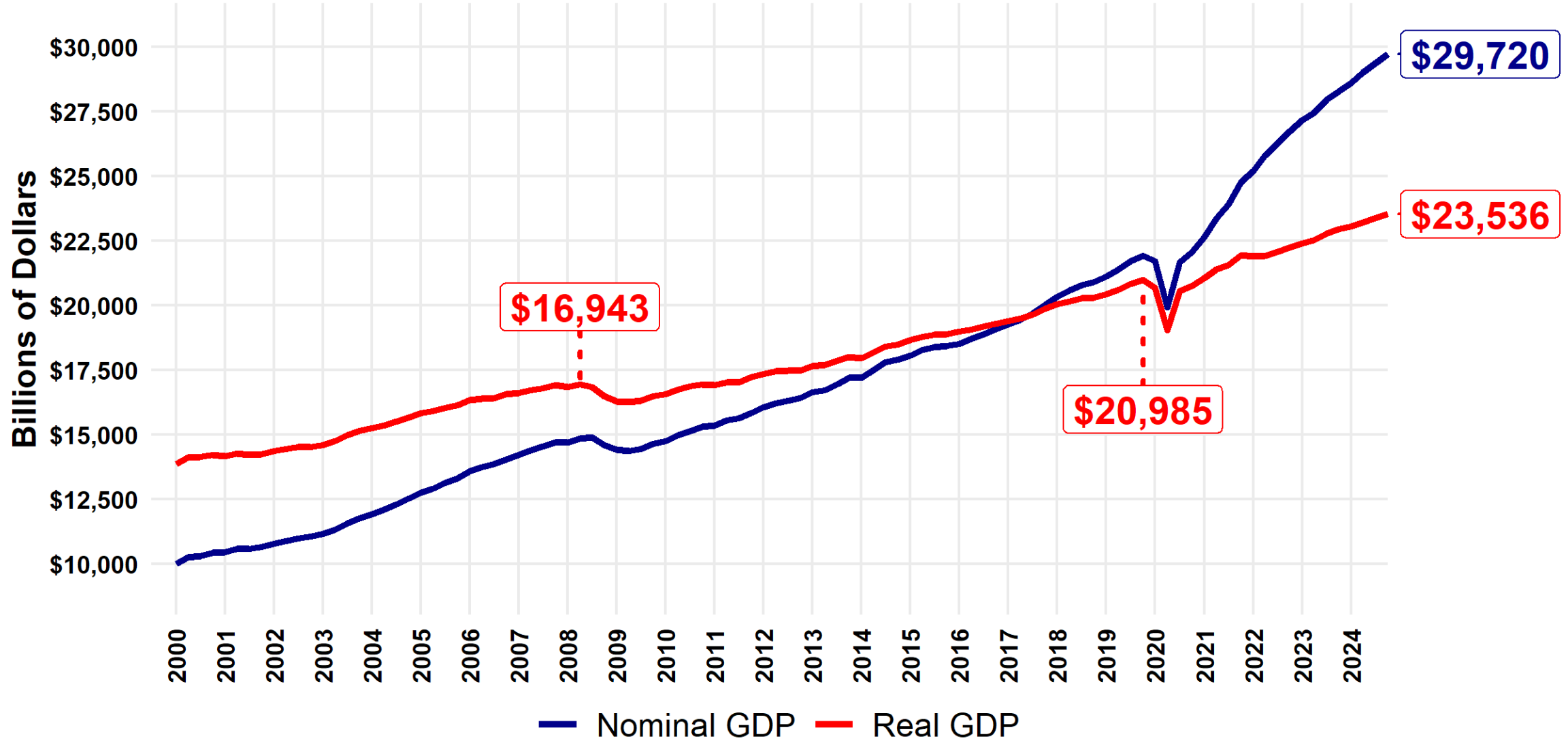
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From Momentum to Uncertainty



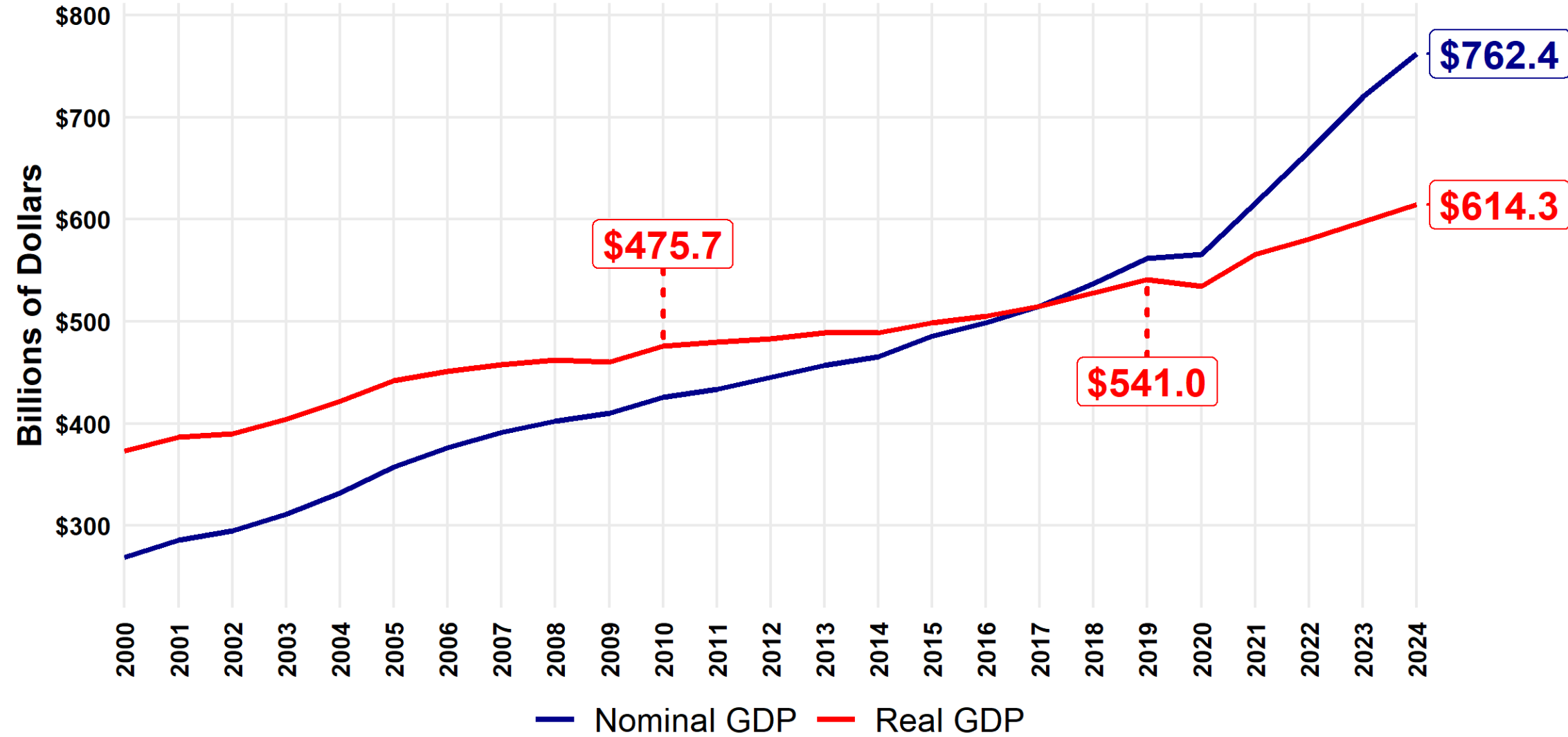
Nominal and Real Gross Domestic Product

United States, Q1 2000 - Q4 2024



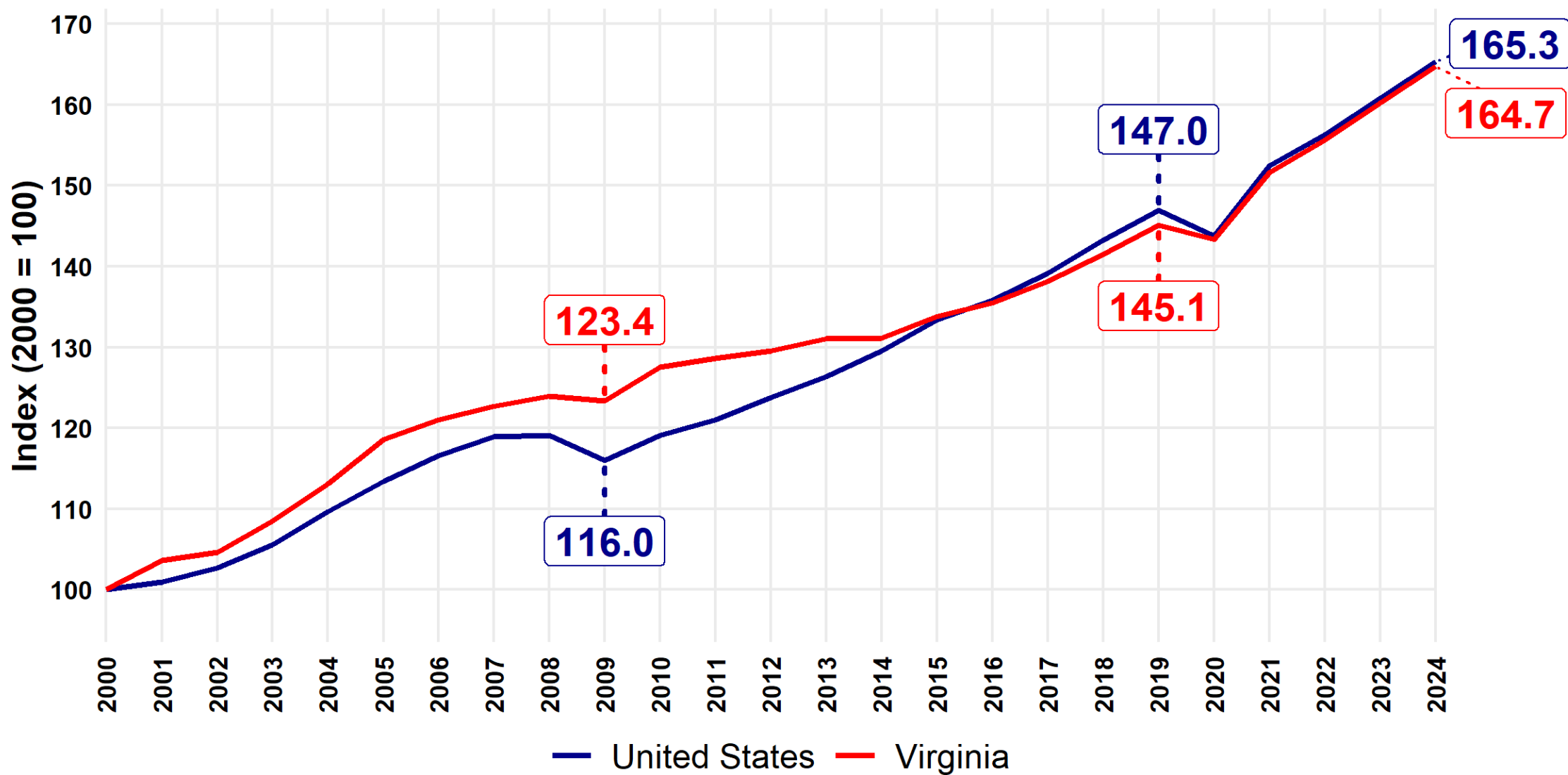
Nominal and Real Gross Domestic Product

Virginia, 2000 - 2024



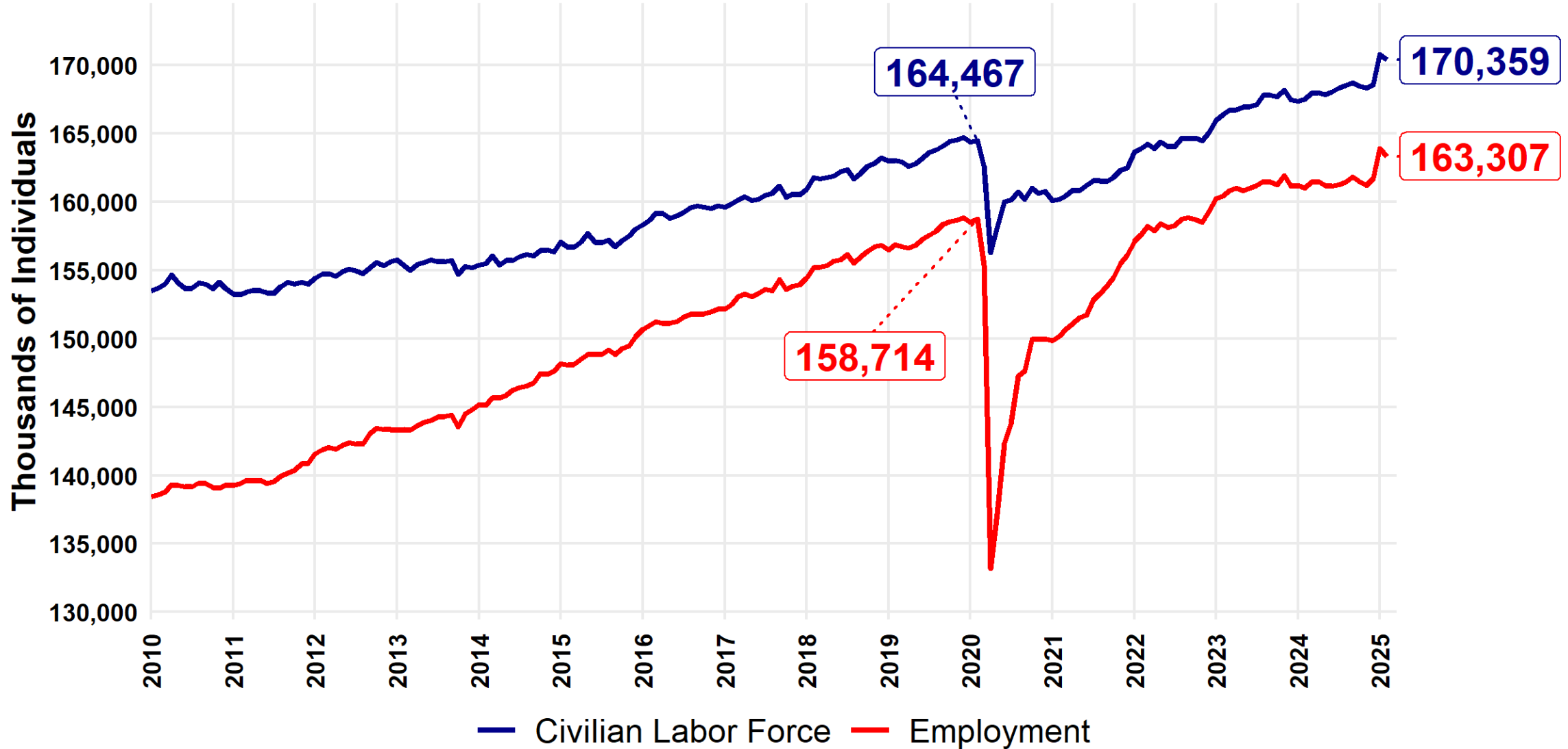
Sources: U.S. Bureau of Economic Analysis and Dragas Center for Economic Analysis and Policy. Billions of chained 2017 dollars for real GDP. 2024 estimates for nominal and real GDP are our forecast.

Index of Real Gross Domestic Product Virginia and the United States, 2000 - 2024



Civilian Labor Force and Individual Employment

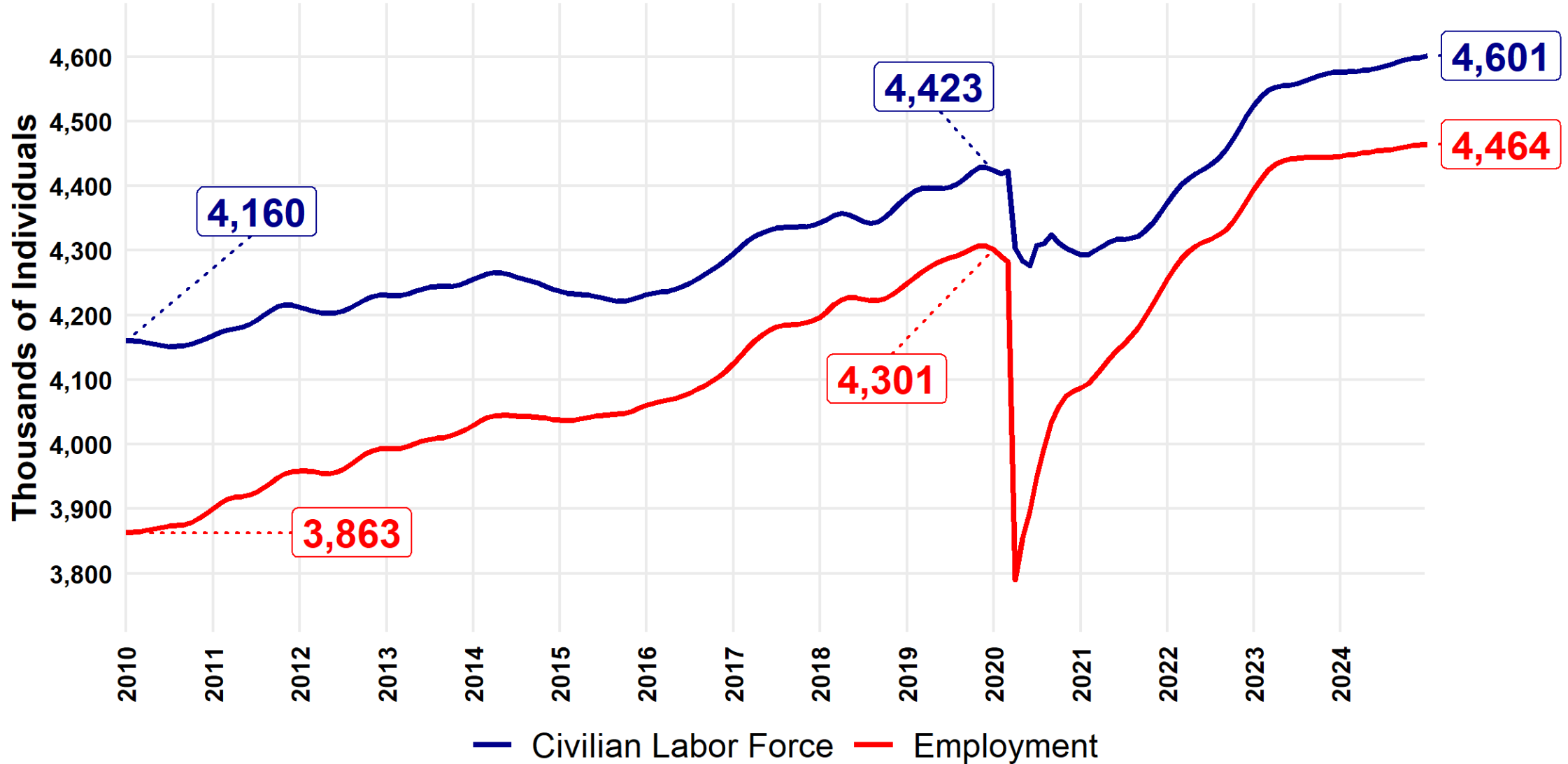
United States, January 2010 - February 2025



Source: Bureau of Labor Statistics, seasonally adjusted data.

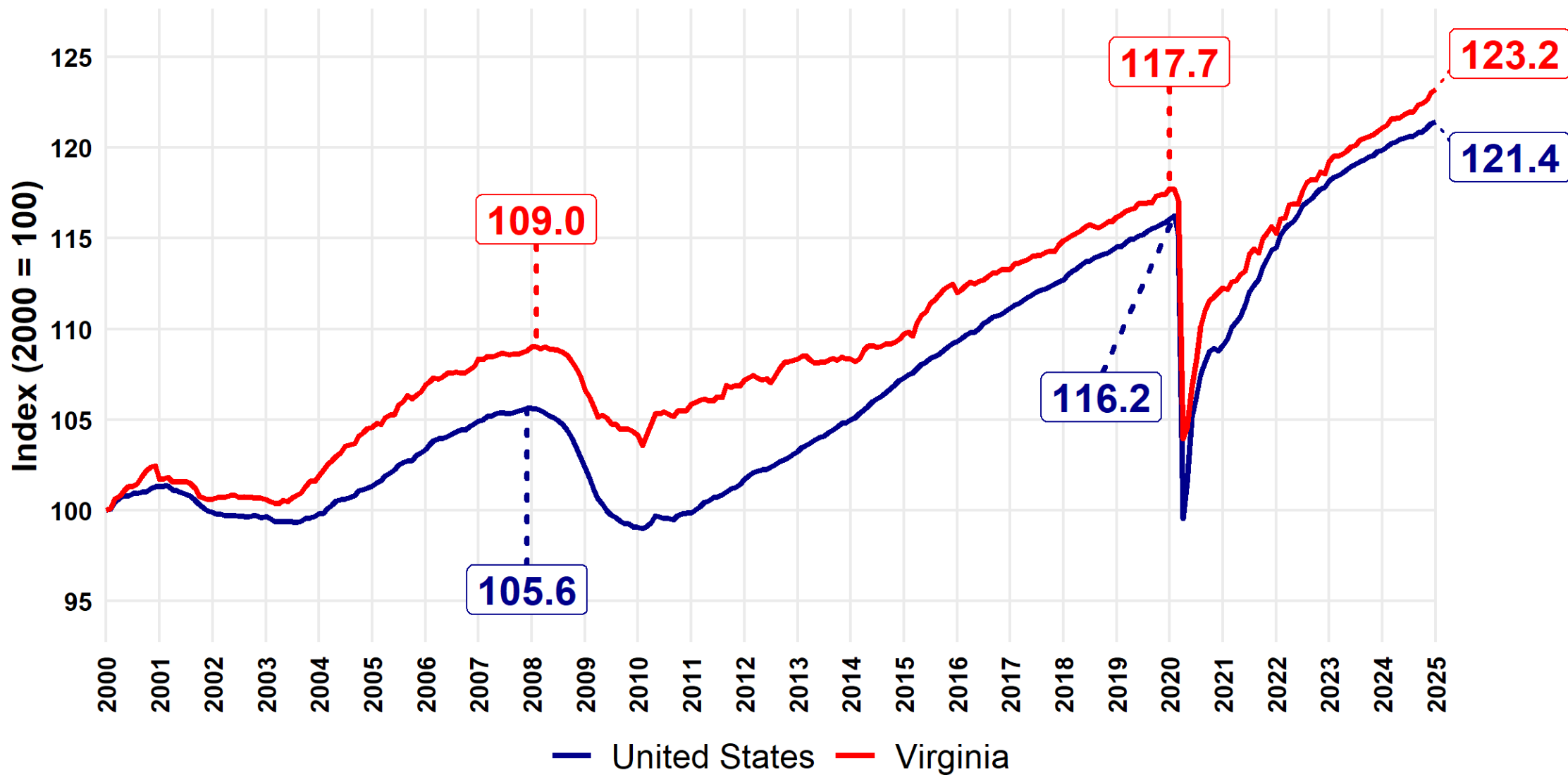
Civilian Labor Force and Individual Employment

Virginia, January 2010 - January 2025



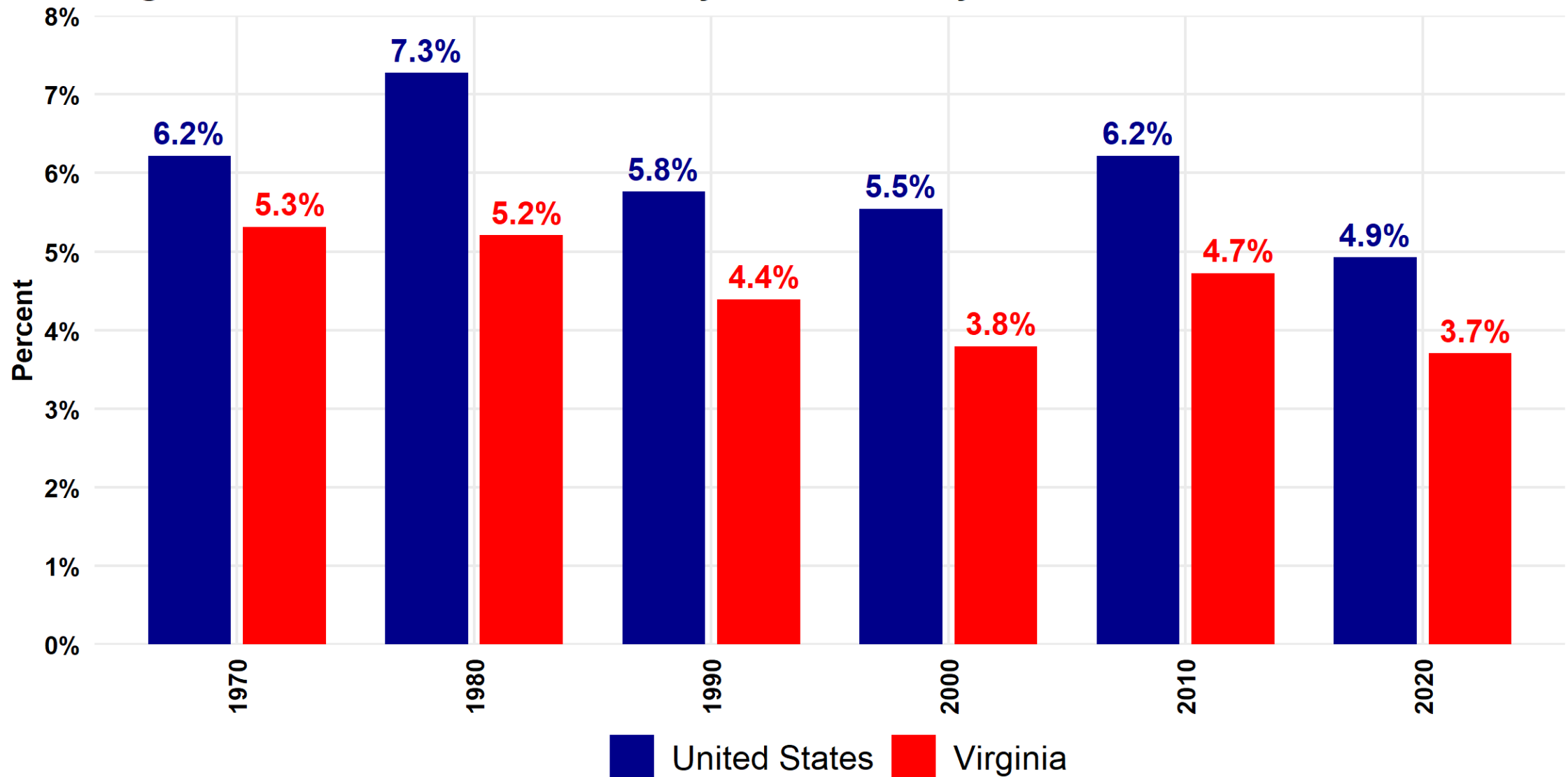
Index of Nonfarm Payrolls

Virginia and the United States, January 2000 - January 2025



Average Unemployment Rate (U3) by Decade

Virginia and the United States, January 1970 - February 2025

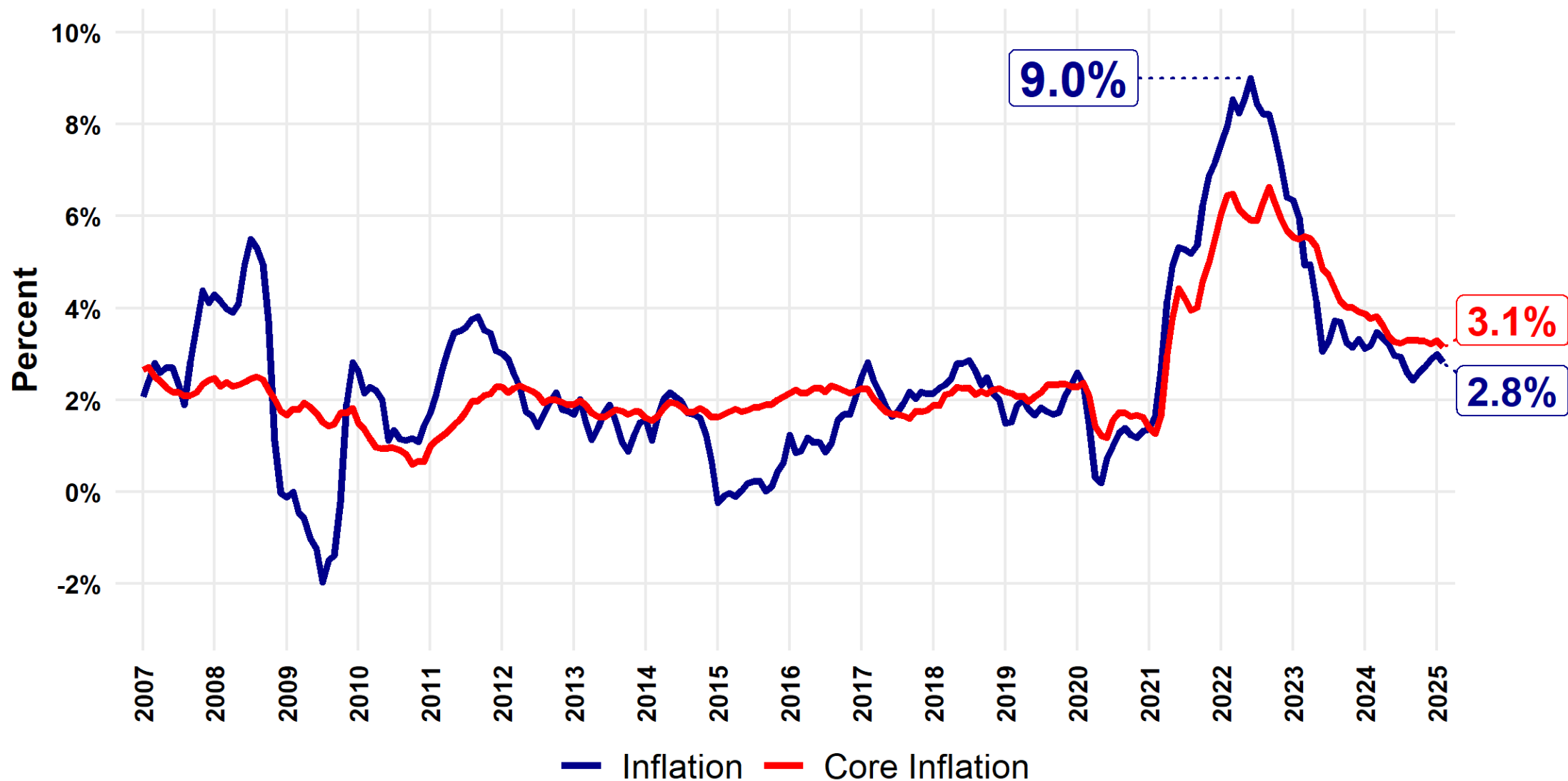


A woman with long brown hair, wearing a light grey puffer jacket over a blue sweater, is walking through a supermarket aisle. She is carrying a baby in her arms. The baby is wearing a white and blue striped hoodie. The woman is looking at a shelf of products on the left, with her right hand reaching towards a package. A shopping cart is in the foreground, partially visible. The aisle is filled with shelves of various products, mostly in red and orange packaging. The background is slightly blurred, showing more shelves and a tiled floor.

Inflation, Uncertainty, and Sentiment

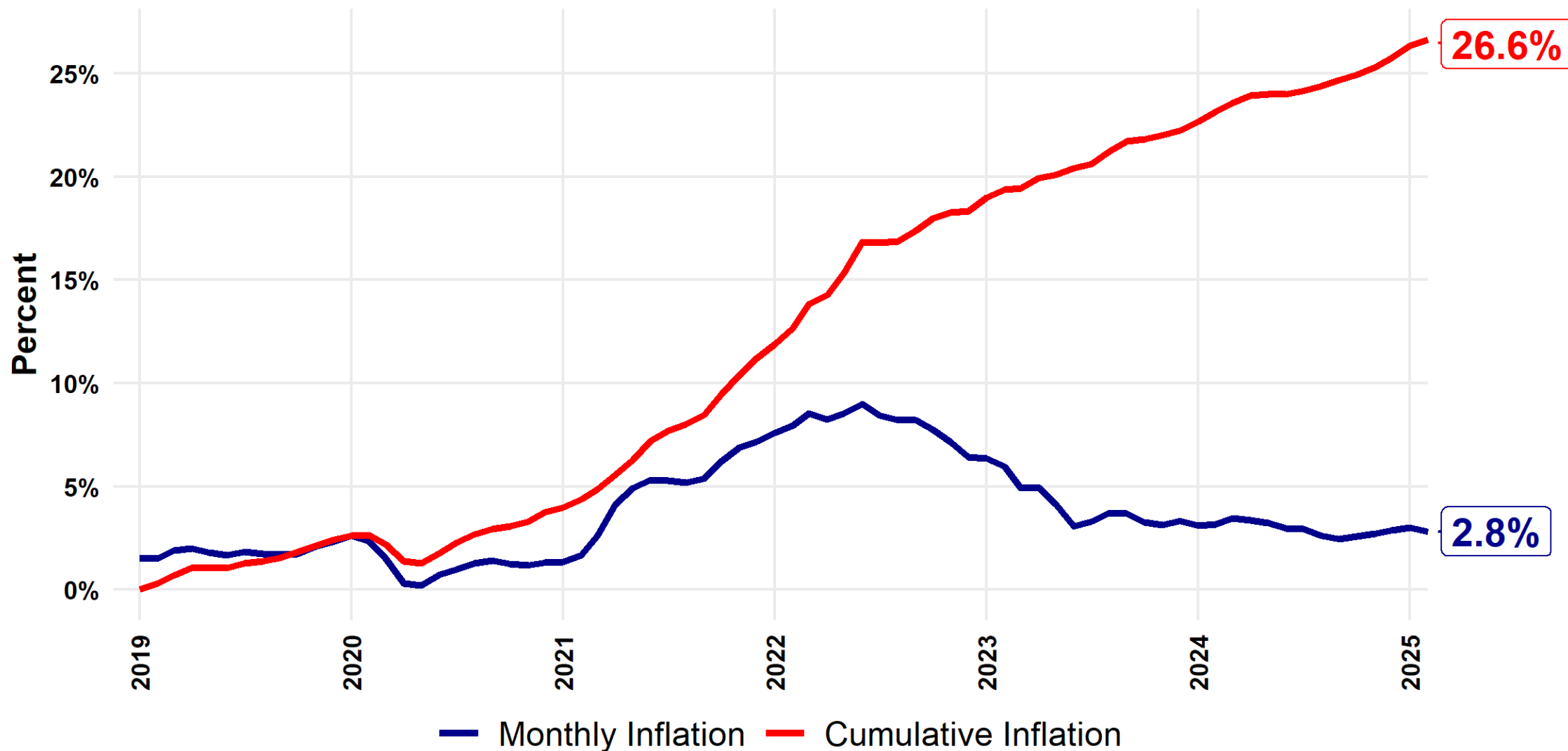
Monthly Inflation

United States, January 2007 - February 2025



Monthly and Cumulative Inflation

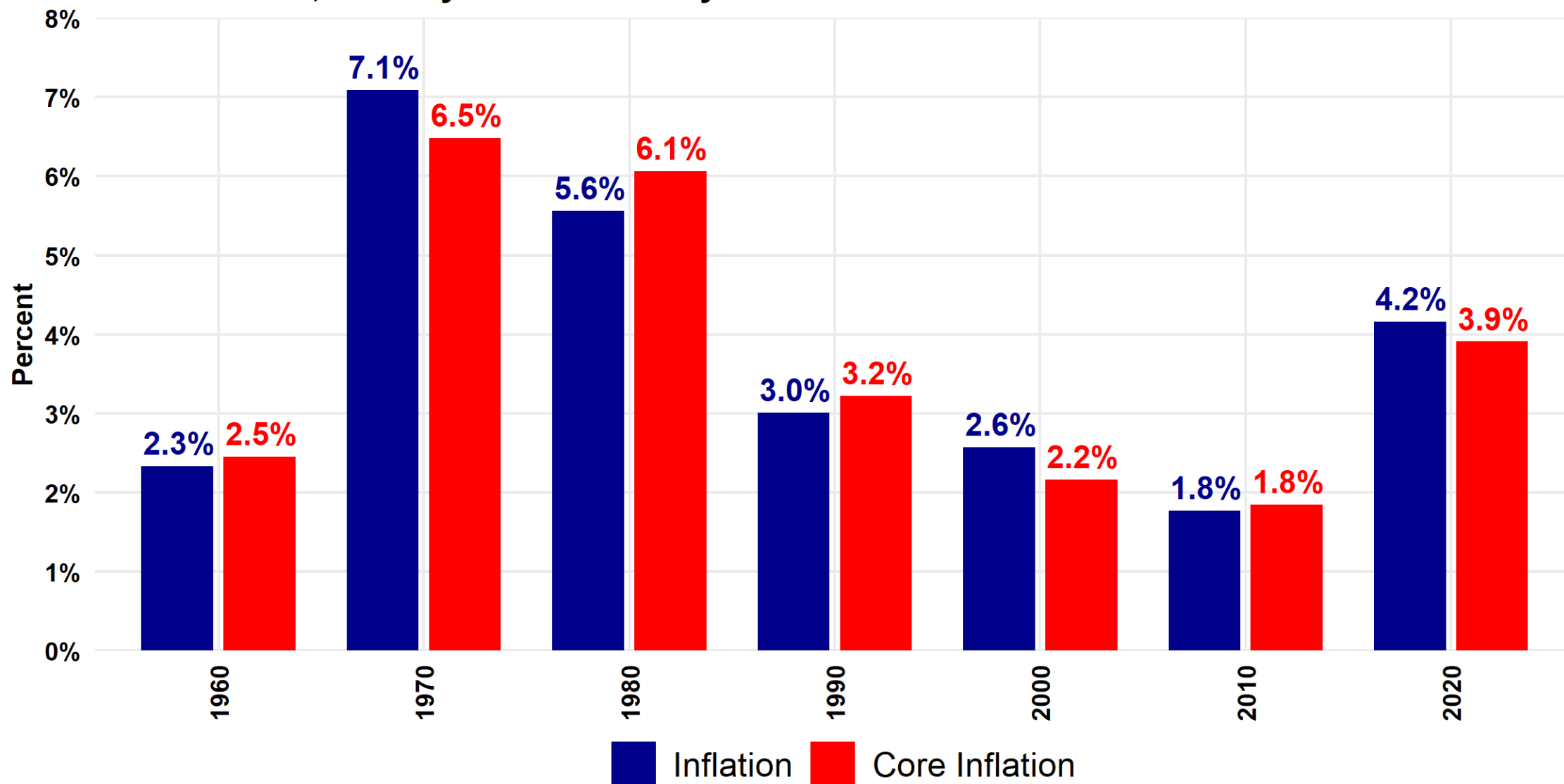
United States, January 2019 - February 2025



Source: Bureau of Labor Statistics, seasonally adjusted data. Monthly inflation is the year-over-year change in the Consumer Price Index. Cumulative inflation is equal to the percentage change in the Consumer Price Index from January 2019 to present.

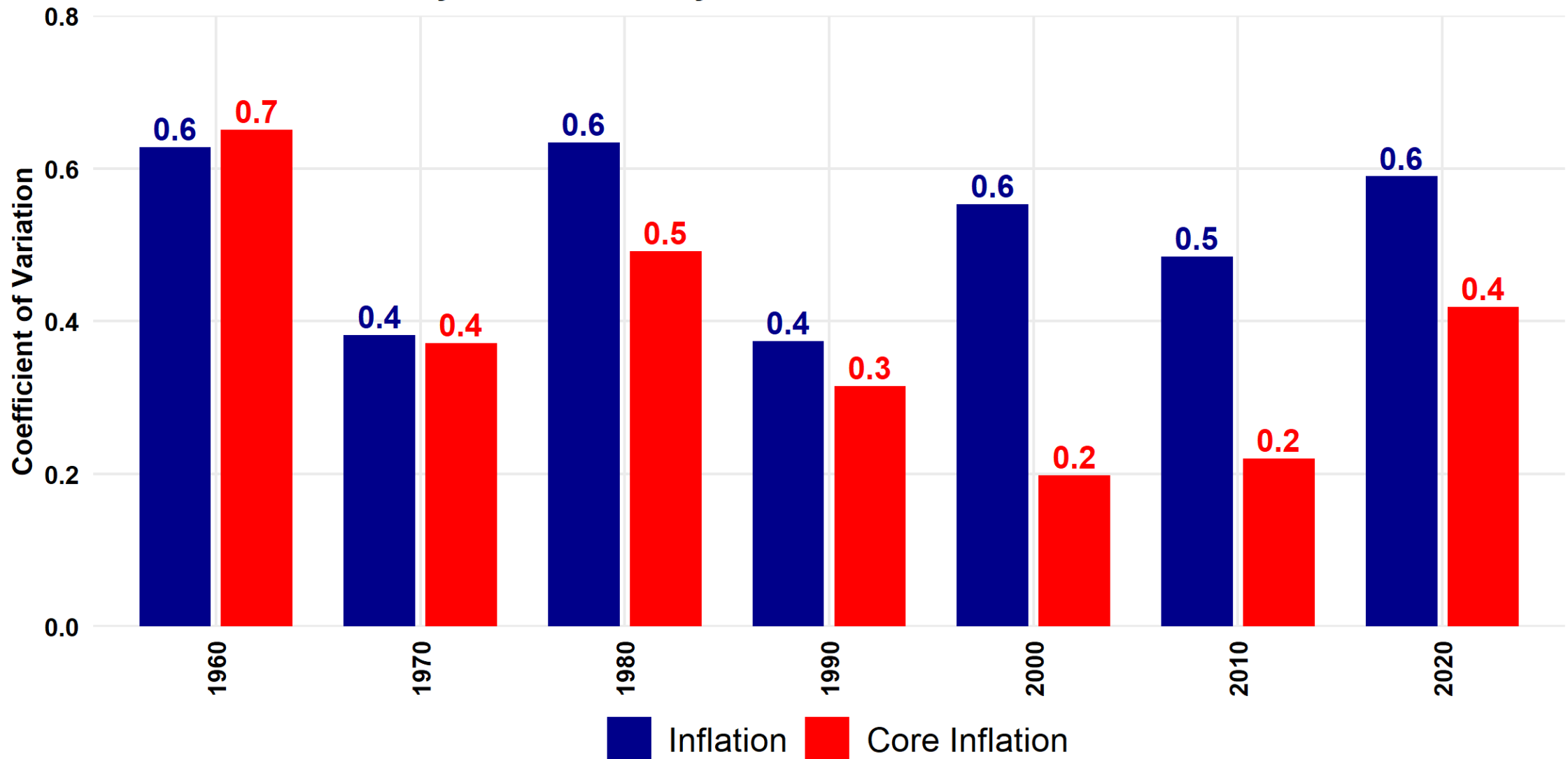
Average Inflation by Decade

United States, January 1960 - February 2025



Variability of Inflation and Core Inflation by Decade

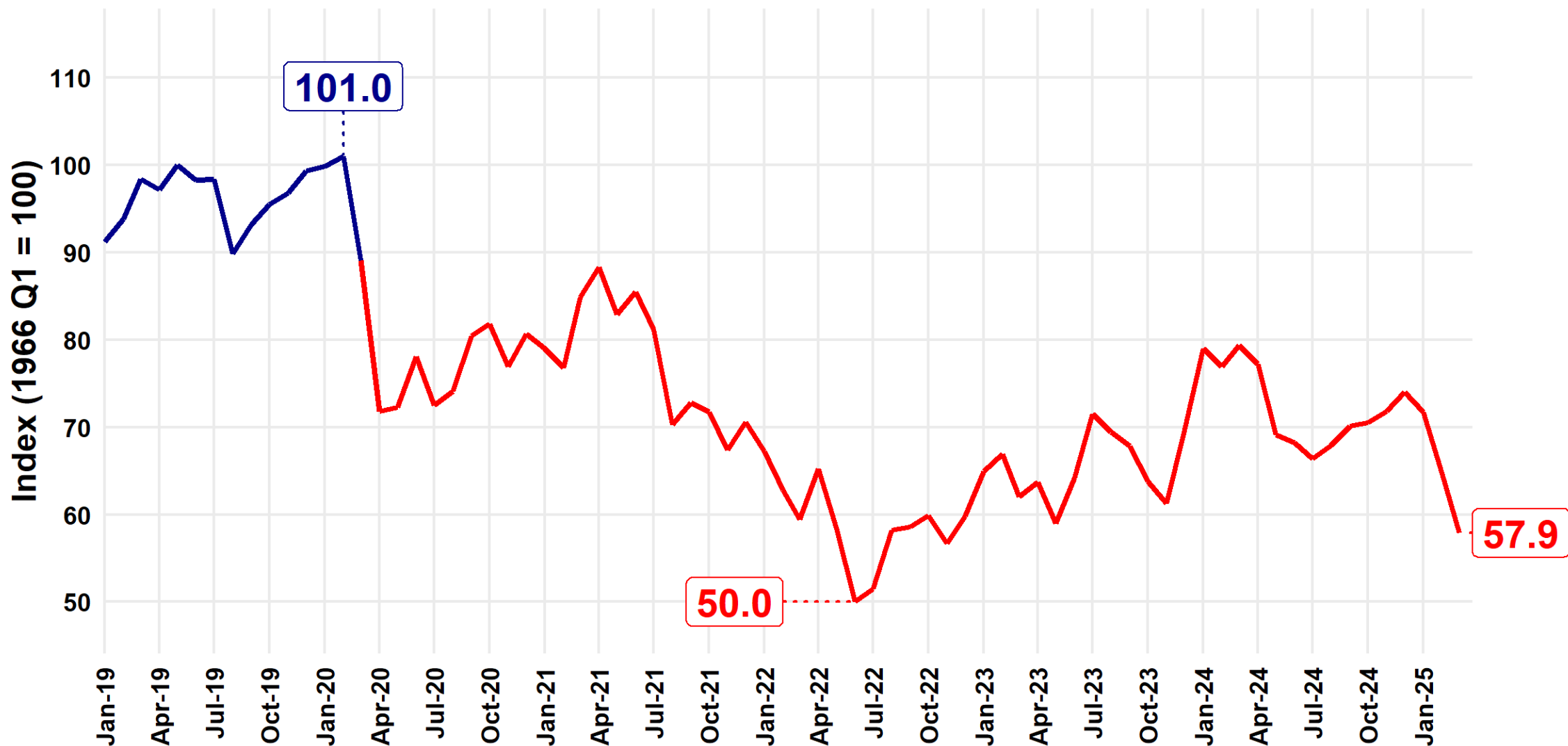
United States, January 1960 - February 2025



Sources: Bureau of Labor Statistics, seasonally adjusted data. Inflation used Consumer Price Index for All Urban Consumers (CPI-U) and Core inflation is CPI-U less food and energy. The coefficient of variation is equal to the standard deviation of each series divided by its mean.

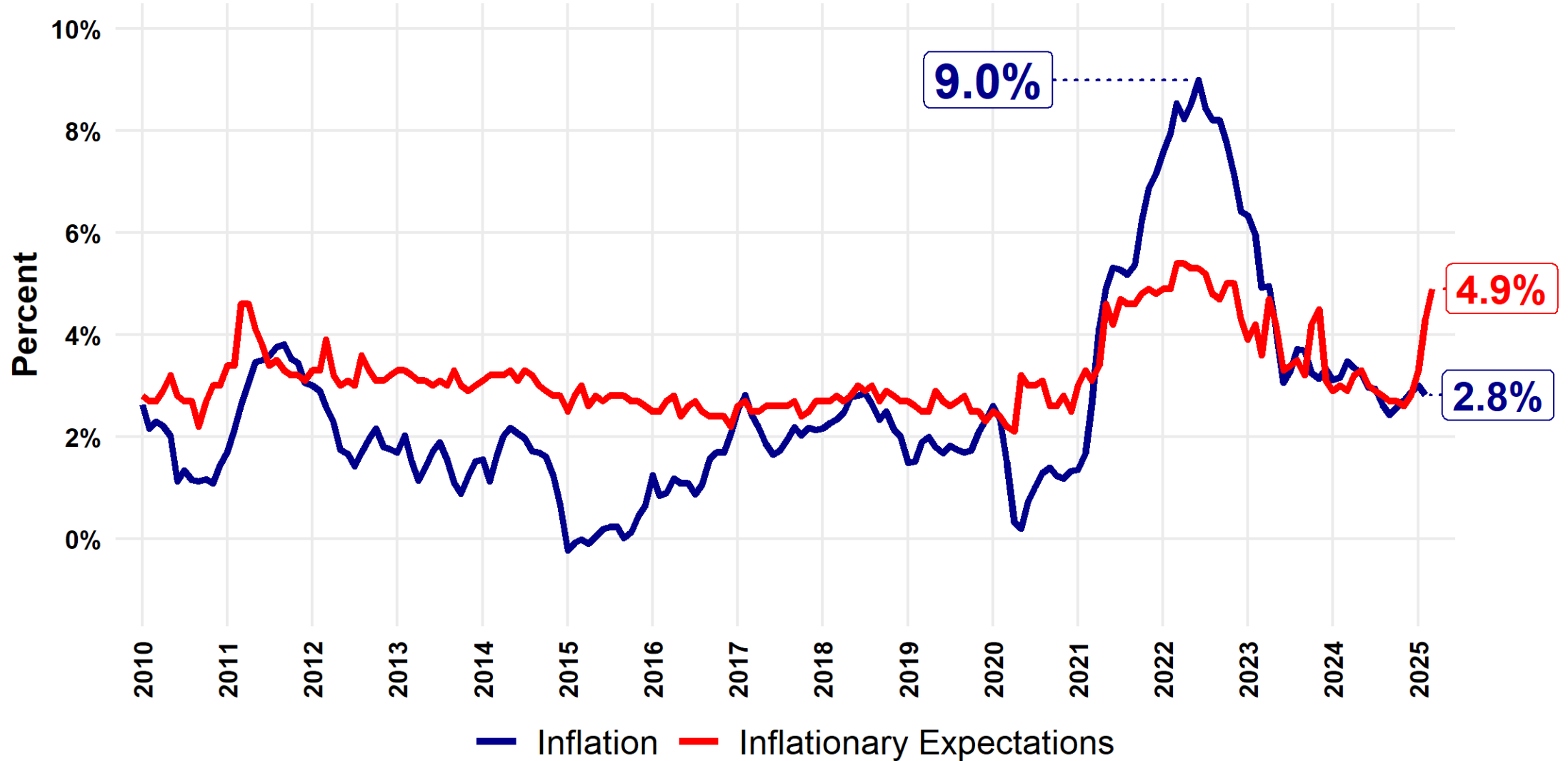
University of Michigan: Consumer Sentiment

United States, January 2019 - March 2025*



Monthly Inflation and Inflationary Expectations

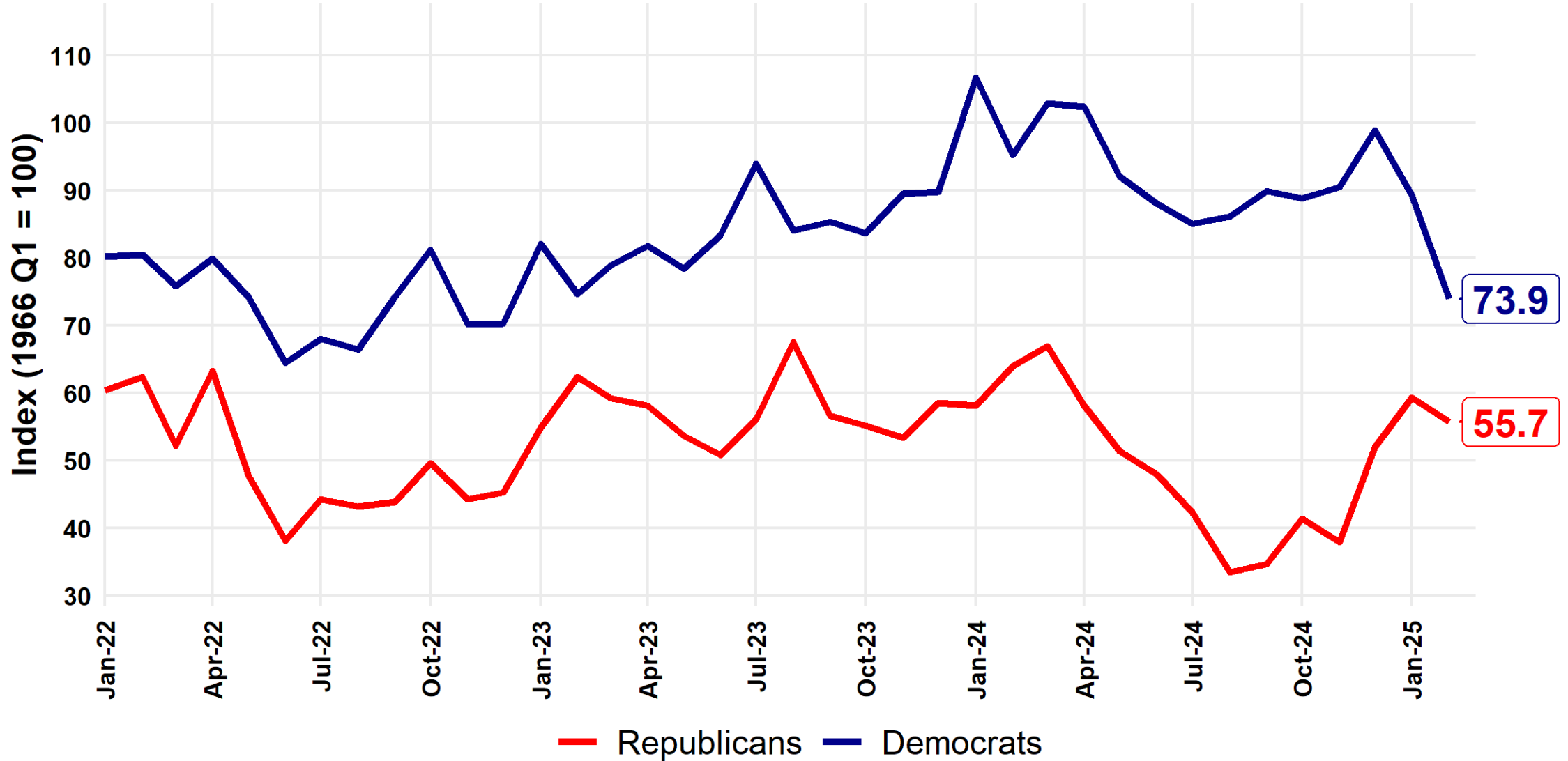
United States, January 2010 - March 2025



Sources: Bureau of Labor Statistics, Inflation. Data are seasonally adjusted and for February 2025;
University of Michigan, Inflationary Expectations. Data are non-seasonally adjusted, and preliminary for March 2025.

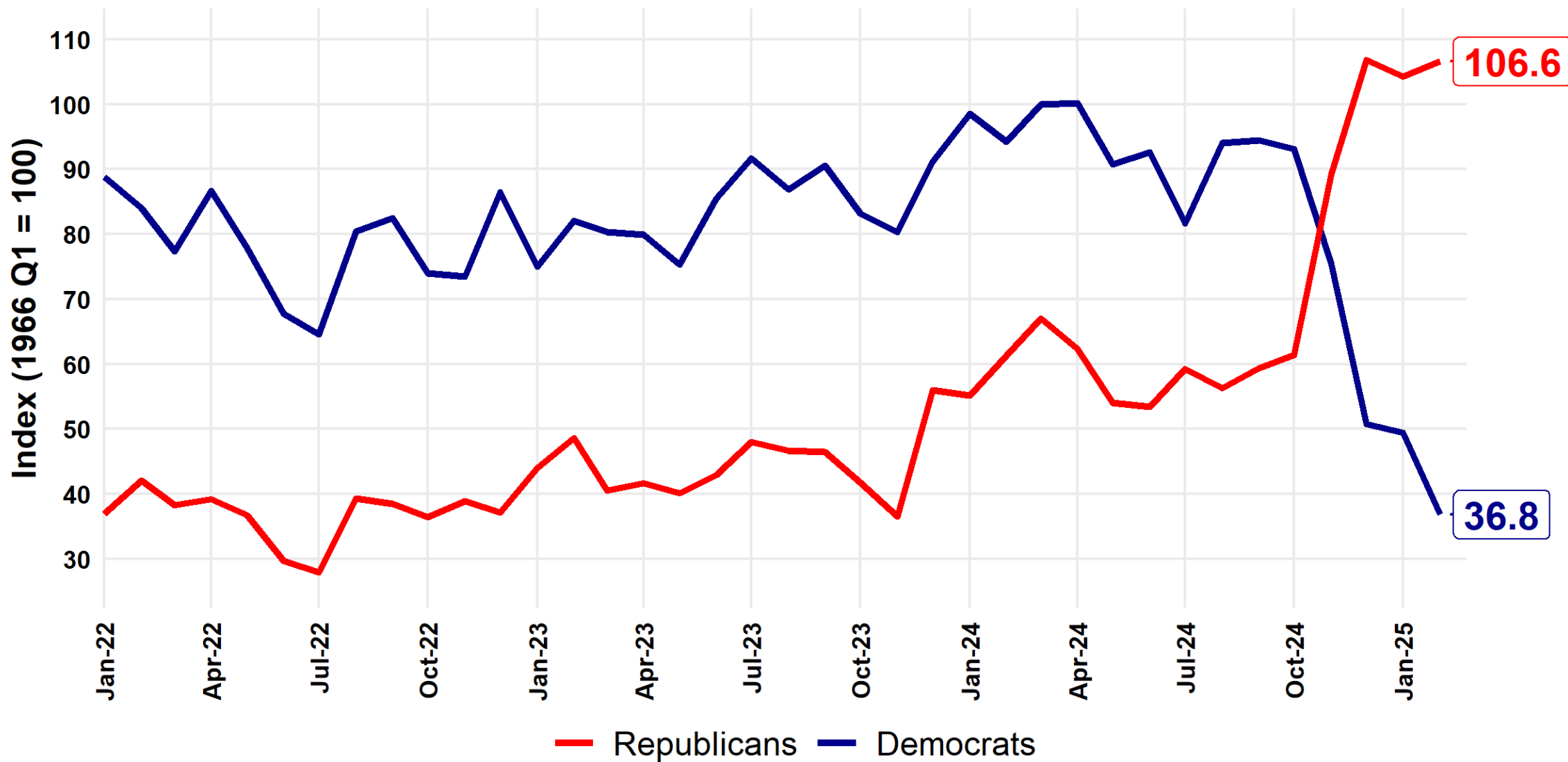
Political Party Affiliation: Current Economic Conditions

United States, January 2022 - February 2025



Political Party Affiliation: Economic Conditions a Year from Now

United States, January 2022 - February 2025



Momentum Turns to Uncertainty and Fears of a Recession

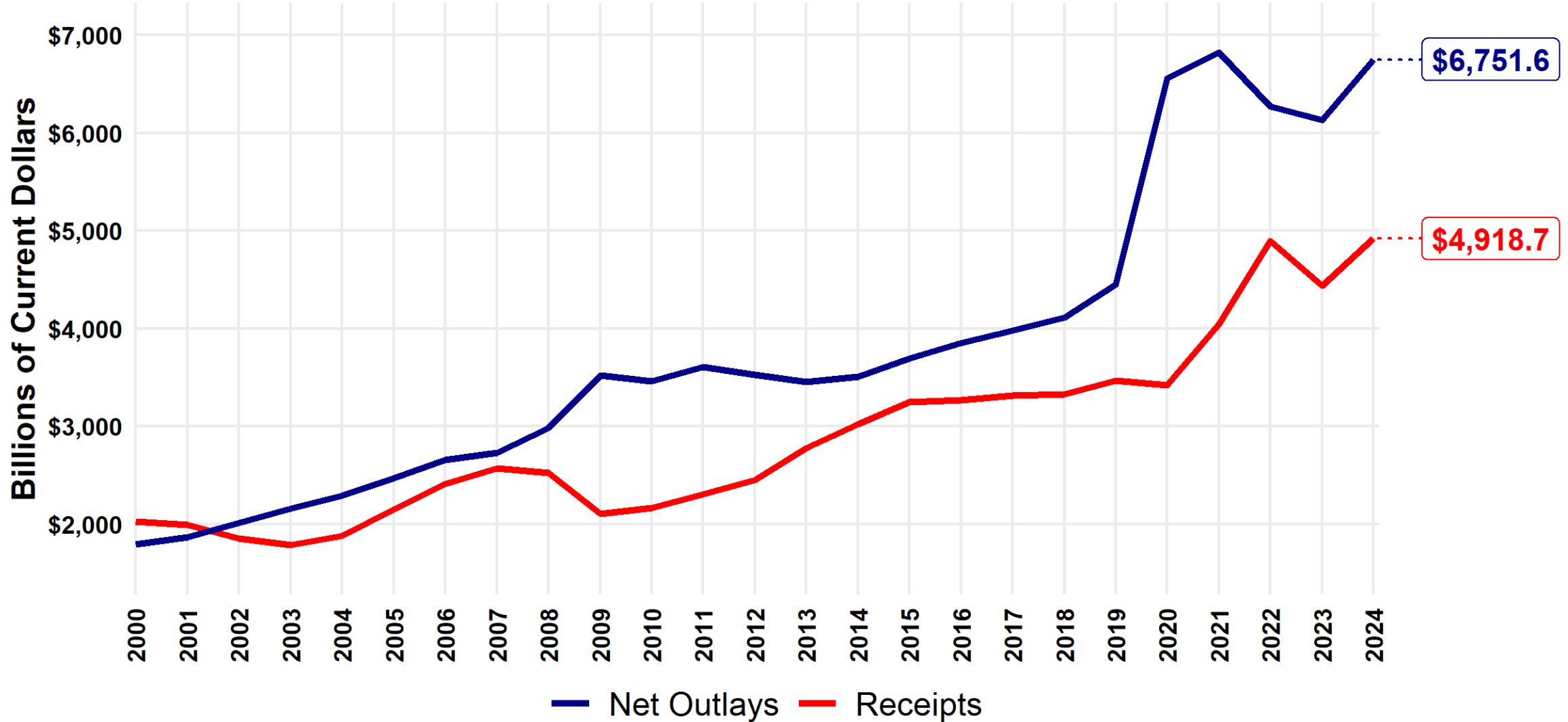
- Job growth continued in 2024, however, labor markets appear to be weakening as businesses are increasingly concerned about a recession.
- Consumer sentiment was lower in 2024 and expectations have shifted downward in the first two months of 2025.
- Federal layoffs and disruptions in federal spending will raise the unemployment rate in the coming months, state and local layoffs will follow in the second half of the year.
- The on-again / off-again tariff announcements continue to increase economic uncertainty.
- Growth prospects are declining rapidly and a recession may become a self-inflicted reality in the second half of 2025.

Federal Spending and Debt

Photo name: Hurricane Dorian 2019
Photo by @Virginia Sea Grant

Federal Net Outlays and Receipts

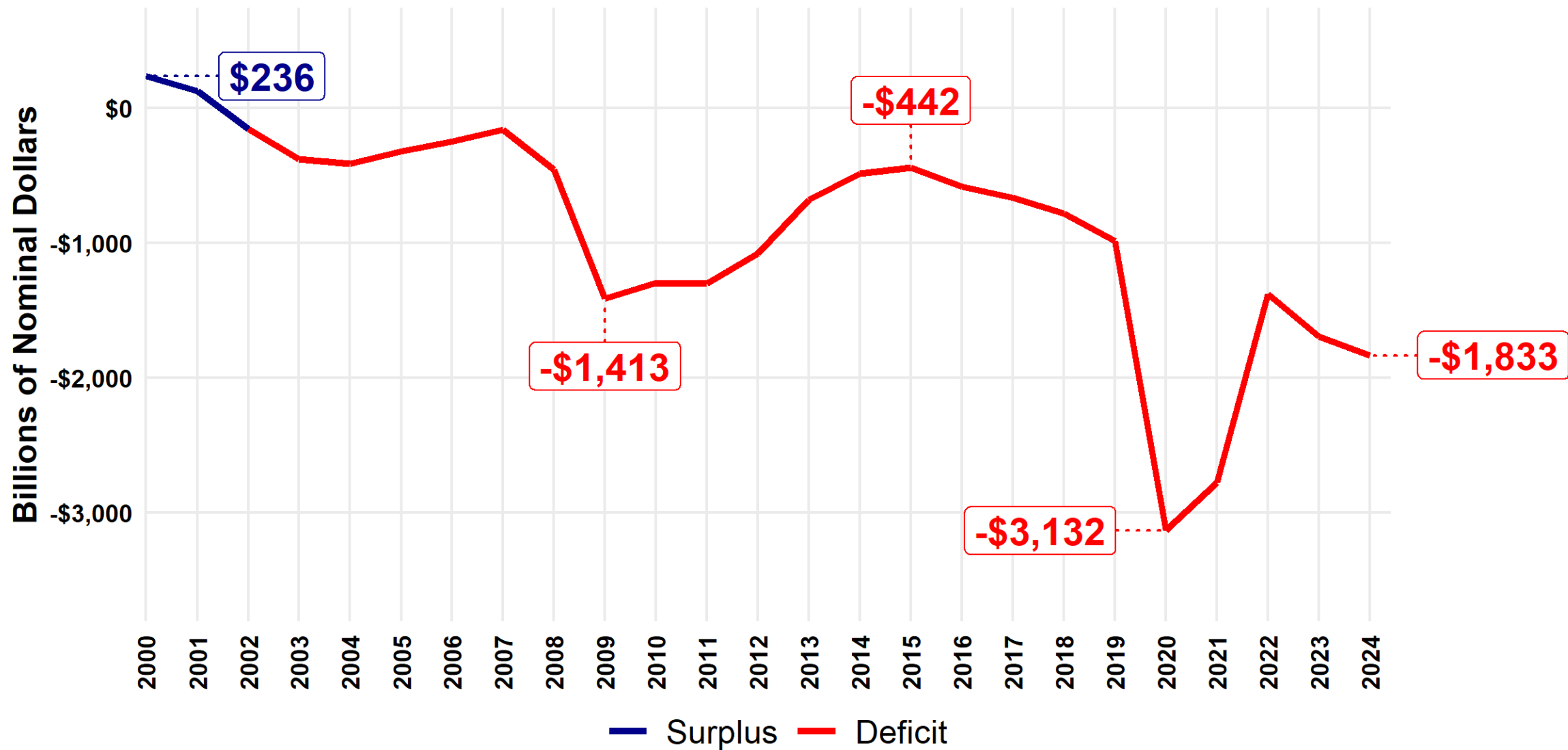
United States, FY 2000 - FY 2024



Source: Fiscal Year (FY), U.S. Office of Management and Budget. Net outlays are outlays net of amounts that are adjustments to obligational authority. Net outlays are considered disbursements net of refunds and reimbursements collected.

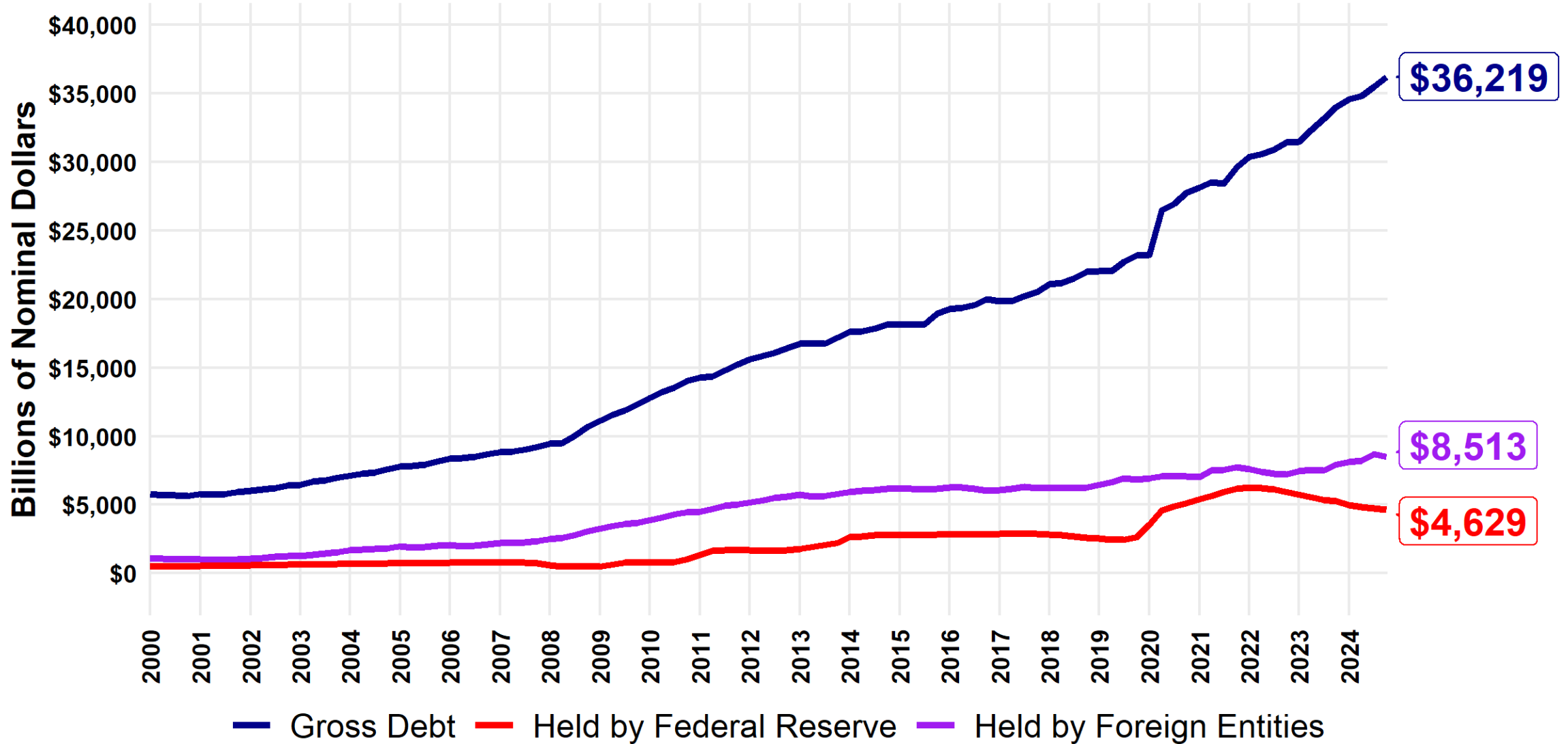
Federal Surplus or Deficit

United States, FY 2000 - FY 2024



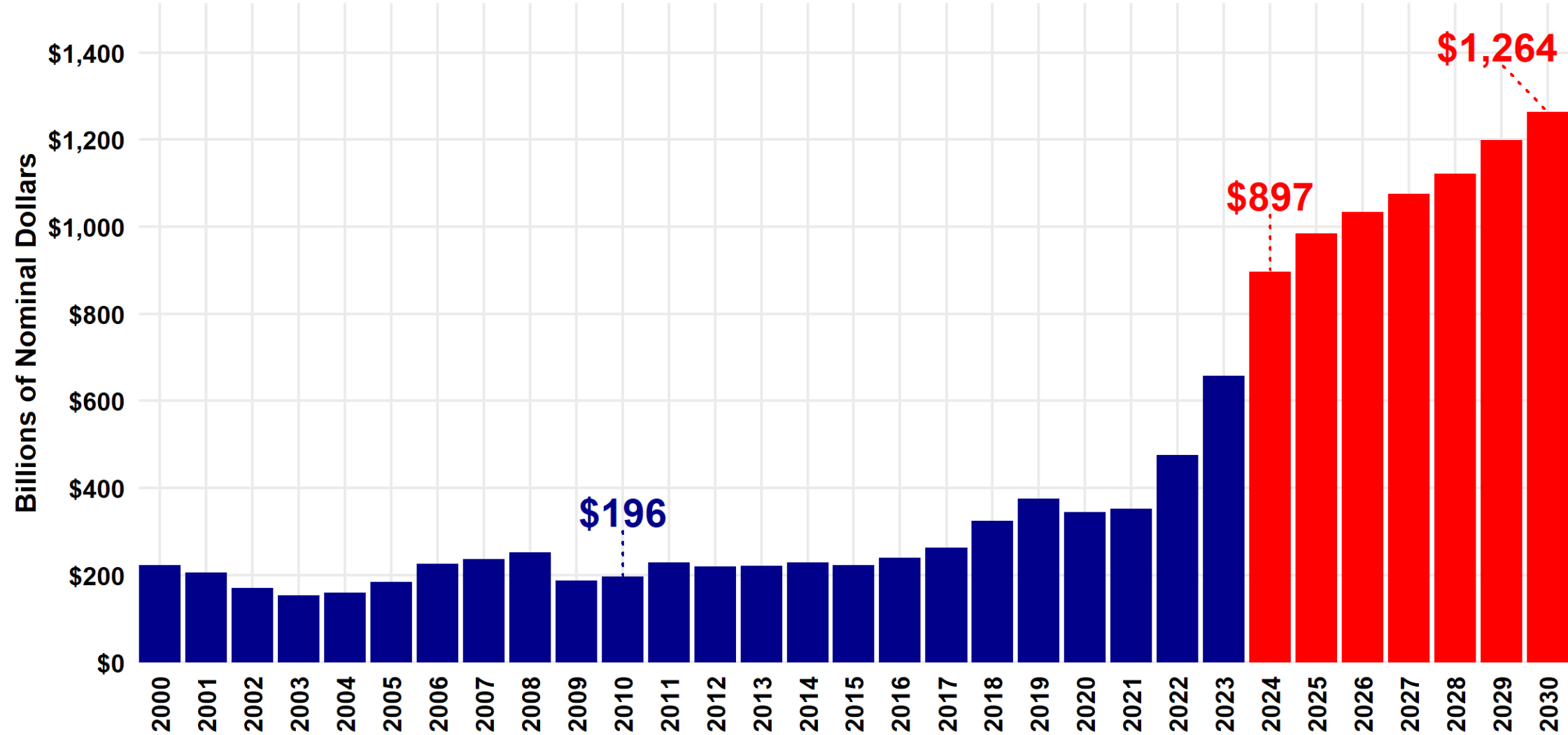
Federal Debt

United States, Q1 2000 - Q4 2024



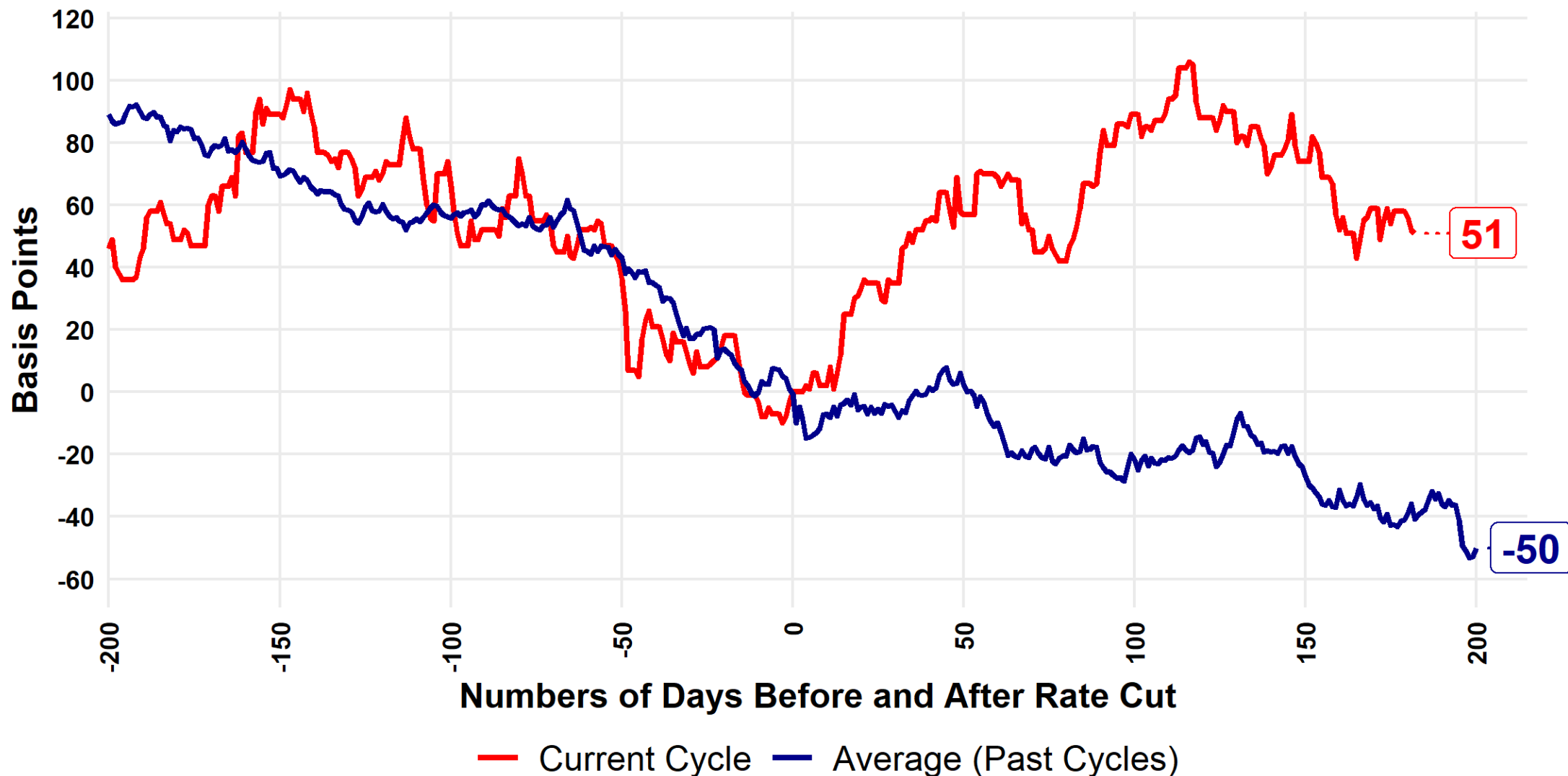
Federal Government: Net Interest Outlays

Fiscal Year, 2000 - 2030*



Sources: Office of Management and Budget, Congressional Budget Office, and Dragas Center for Economic Analysis and Policy. *OMB estimate for FY 2024 and projections for FY 2025 to FY 2030.

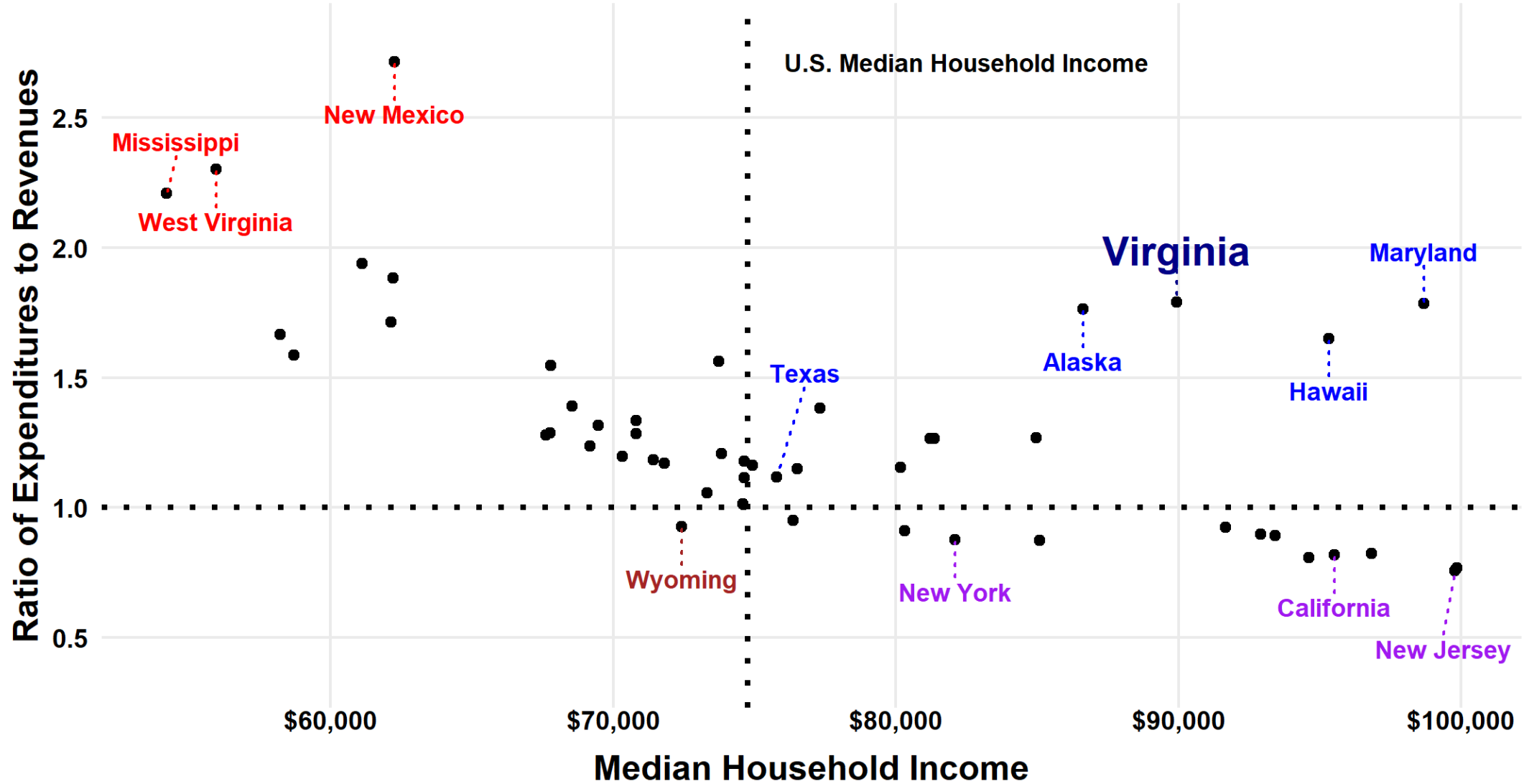
Change in 10-Year U.S. Treasuries Prior to and After the First Reduction in the Discount Rate



Source: Torsten Slok of Apollo, Board of Governors of the Federal Reserve System (US) and the Dragas Center for Economic Analysis and Policy. First reduction in discount rate after peak, 1995, 2001, 2007, 2019, and 2024.

Median Household Income and Ratio of Federal Expenditures to Revenues

U.S. States, 2022



Source: Rockefeller Institute, U.S. Census Bureau, and Dragas Center for Economic Analysis and Policy. U.S. median household income in 2022 was \$74,755. Return on the dollar is the ratio of federal spending in a state to the amount paid to the federal government by a state's residents and businesses.

Uncertainty, Inflation, and a Recession?

- Virginia may be the epicenter of the changes in tariff, federal employment and spending, and immigration policy. The growth prospects for the Commonwealth are markedly diminished from January 2025.
- Tariffs are a tax on American consumers and businesses. Continued tariffs will shock supply chains and we should expect inflation to rise in the coming months. Retaliatory tariffs will undermine US exports, reducing traffic through the Port of Virginia.
- The House and Senate budget resolutions for FY 26 include trillions in new debt to fund the extension of the Tax Cut and Jobs Act of 2017, increasing net interest payments on the federal debt to almost \$2 trillion annually by 2030.
- Tariff uncertainty continues to limit the Federal Reserve's ability to react to the declining prospects for growth in 2025. While growth is slowing, anticipated inflation due to tariffs is rising. The worst outcome, stagflation, is on the horizon.

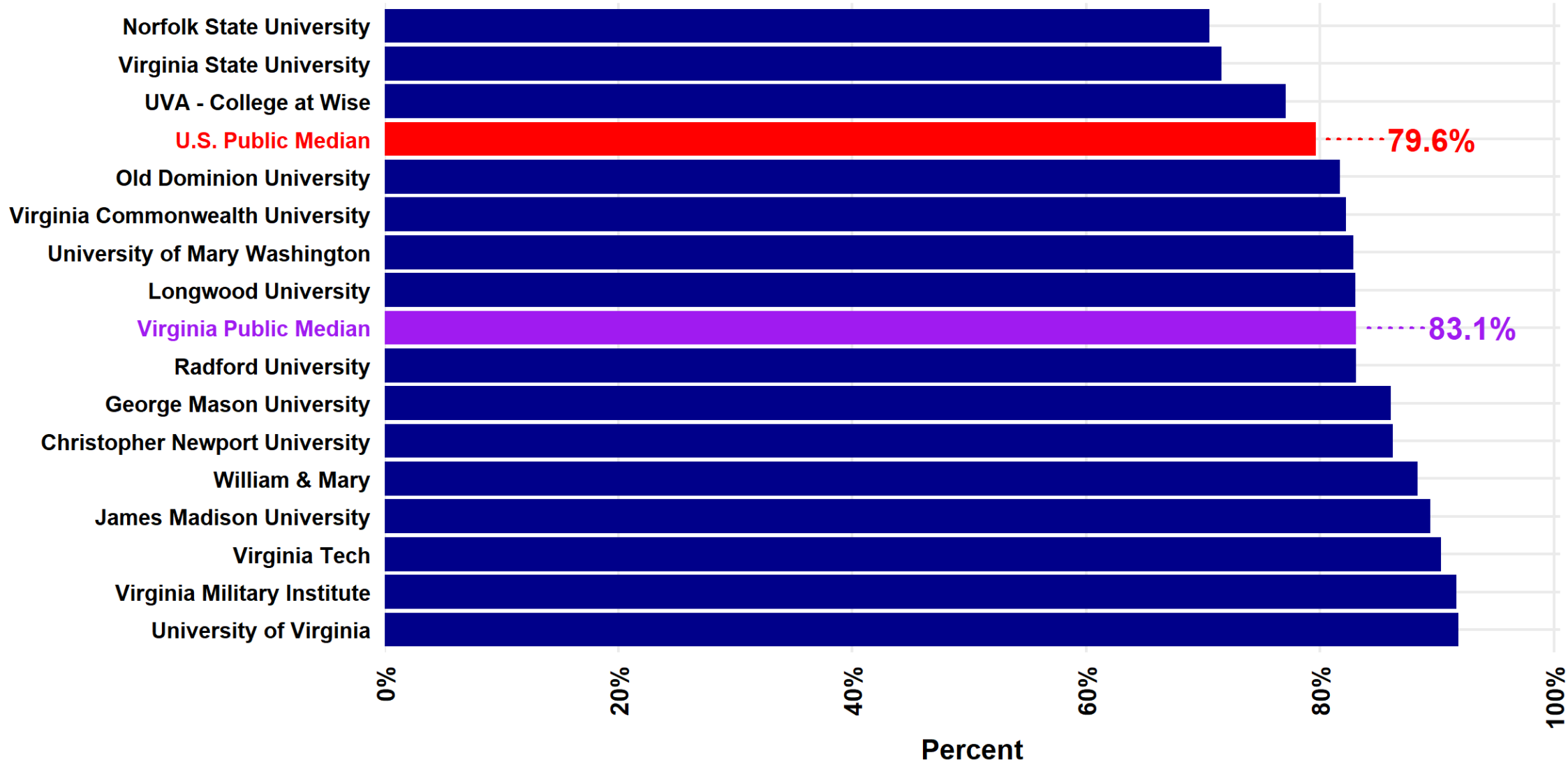
A conceptual image with a solid red background. A large black silhouette of a balance scale is centered. On the left pan, a man in a grey sweatshirt and dark pants is sitting, looking down at a smartphone. On the right pan, the text 'IS COLLEGE REALLY WORTH IT?' is displayed in large, bold, white and yellow capital letters. The scale is tilted, with the right pan being higher.

IS COLLEGE
REALLY
WORTH IT?

Higher Education in Virginia

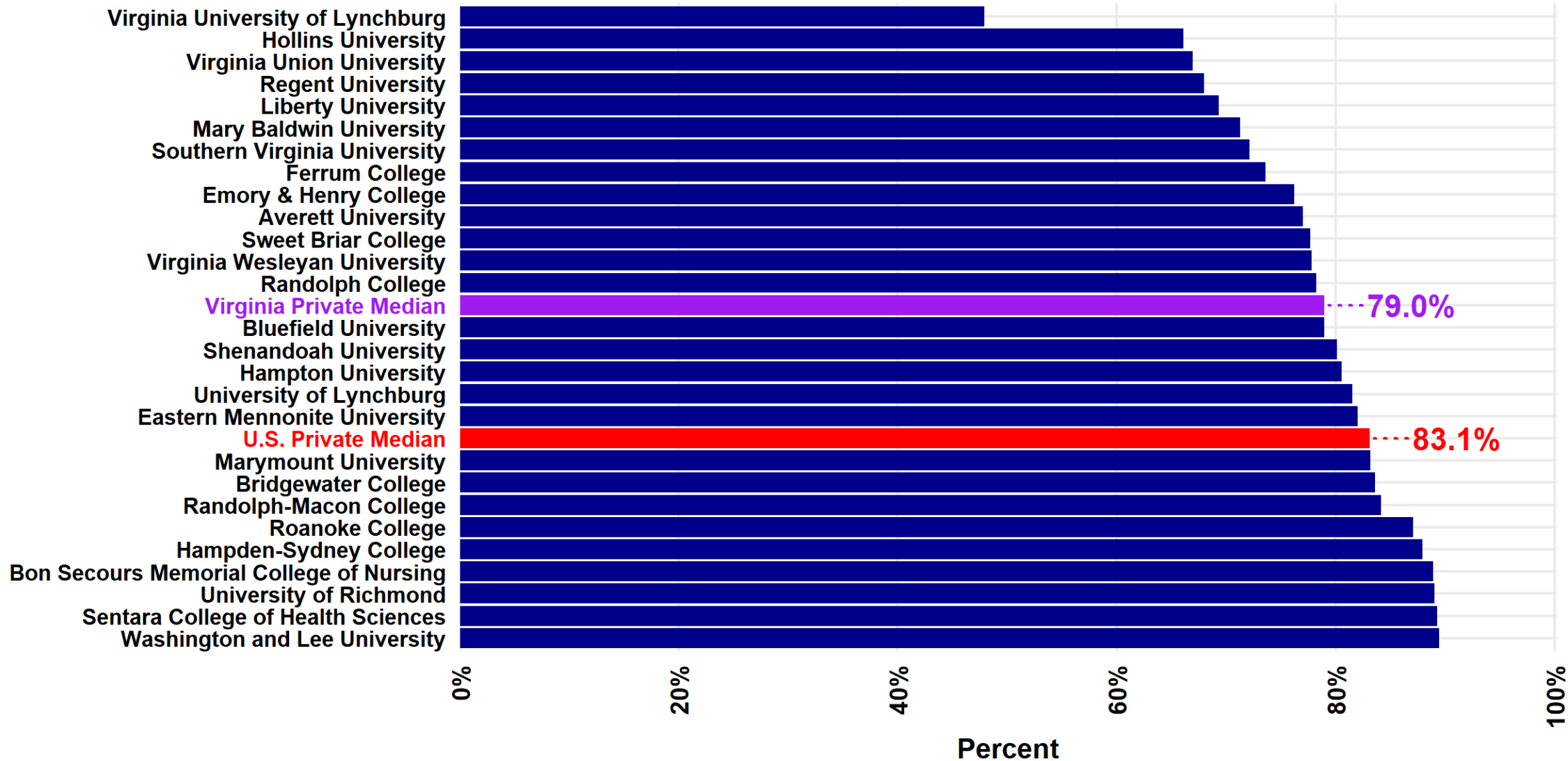
- In 2022, more than 1 in 5 college graduates across the United States found themselves earning less than the national median income for high school graduates in the same graduating class year.
- In 2022, on average, 19.9% of graduates from four-year Virginia institutions of higher education earned less than the typical high school graduate 10 years after entry into college or university.
- The College Board reported that 51% of bachelor's degree recipients in 2021 took out student loans, with the average debt totaling \$29,400.
- **Does it still pay to attend college in Virginia?**

Share of Students Earning More Than a High School Graduate, 10 Years After Entry Selected Public Colleges and Universities in Virginia, 2020 - 2021



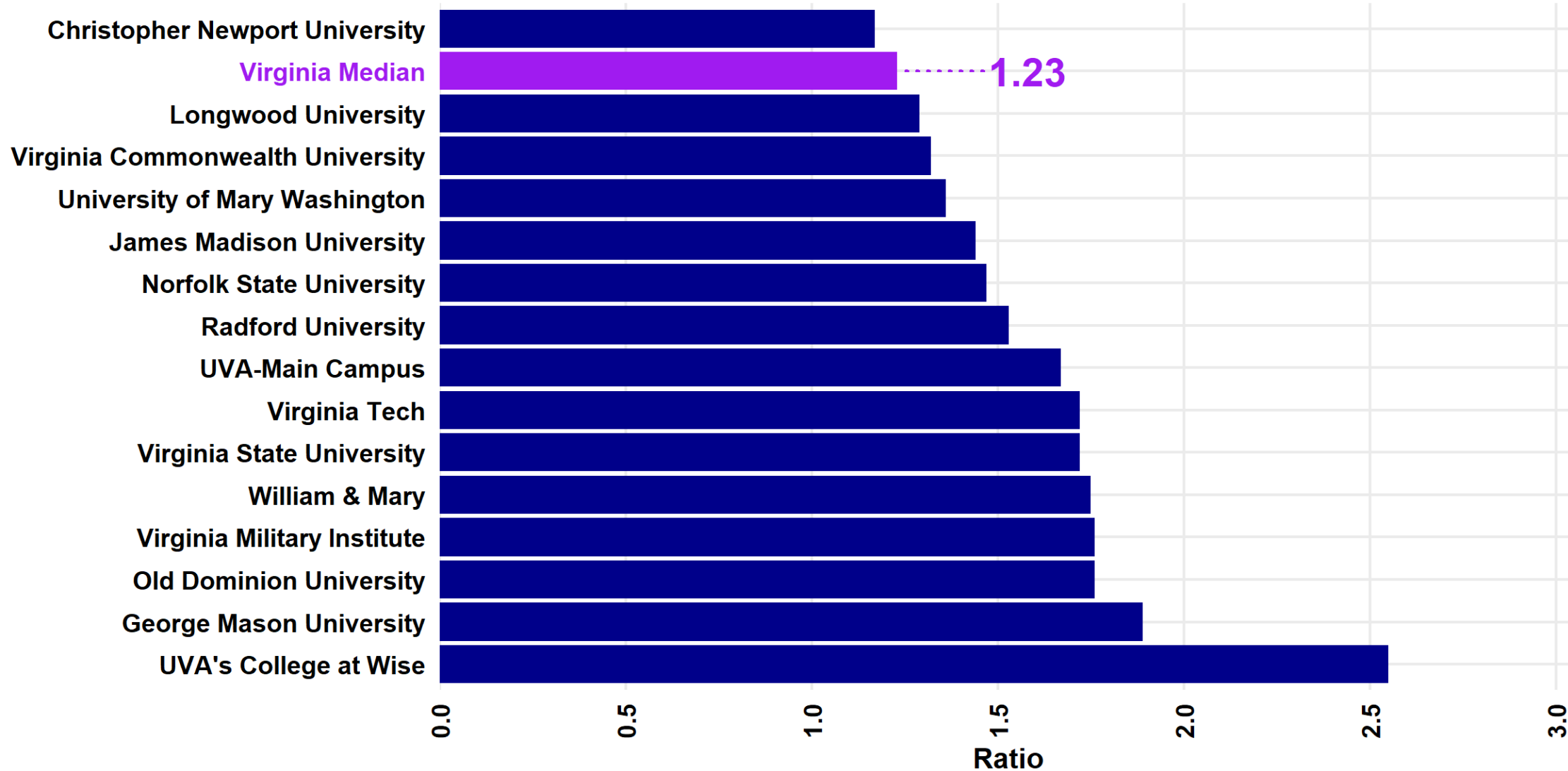
Share of Students Earning More Than a High School Graduate, 10 Years After Entry

Selected Private Colleges and Universities in Virginia, 2020 - 2021



Income-to-Cost Ratio for Selected Public Colleges and Universities

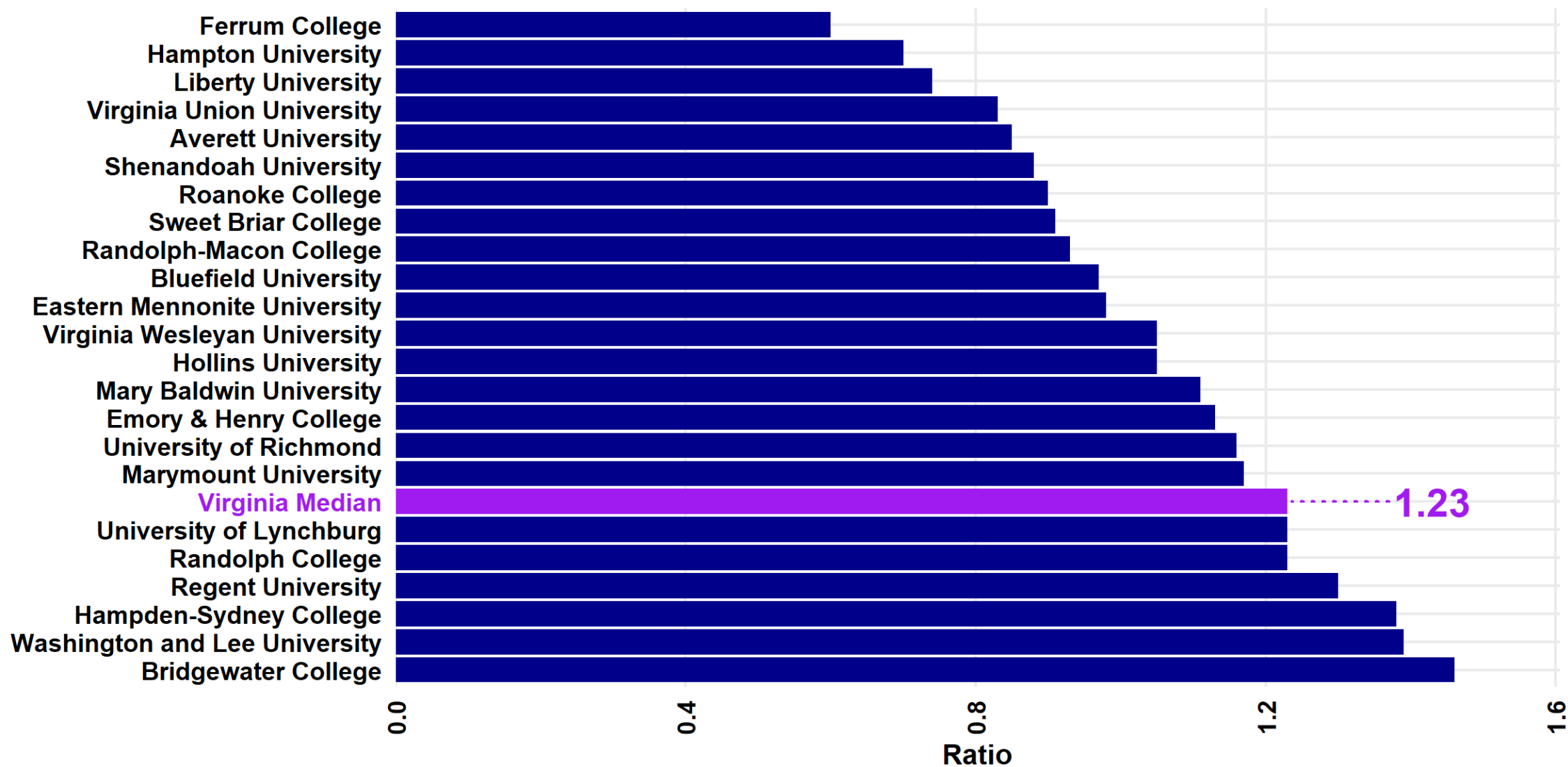
Virginia, 2023



Sources: U.S. Department of Education, (2024). College Scorecard. Predominantly bachelor's degree-granting public and private, not-for-profit institutions. Some Virginia institutions not reported due to lack of data. Estimates in 2023 dollars for bachelor's degree graduates.

Income-to-Cost Ratio for Selected Private Colleges and Universities

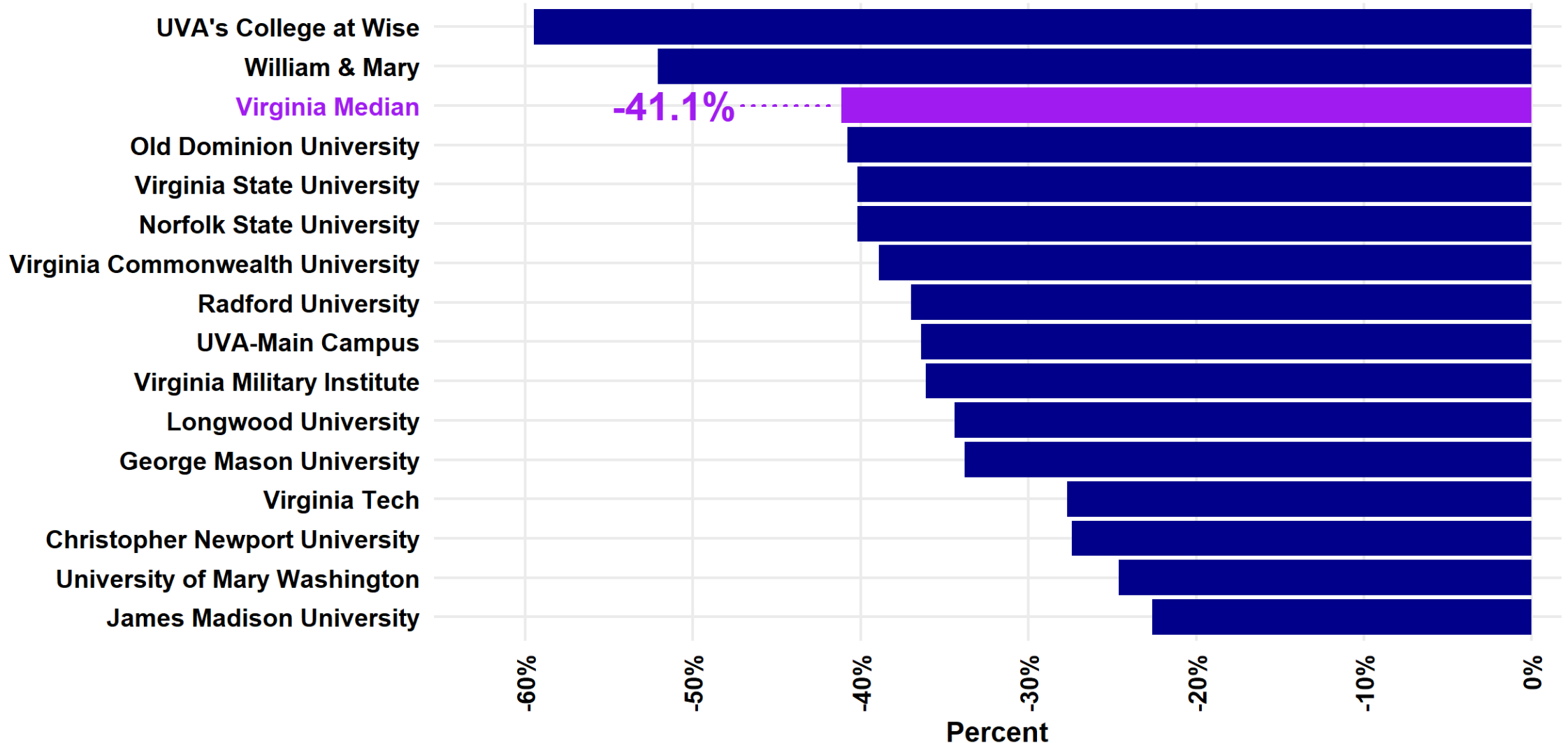
Virginia, 2023



Sources: U.S. Department of Education, (2024). College Scorecard. Predominantly bachelor's degree-granting public and private, not-for-profit institutions. Some Virginia institutions not reported due to lack of data. Estimates in 2023 dollars for bachelor's degree graduates.

Actual Cost of Attendance as a Percent of 'Sticker Price'

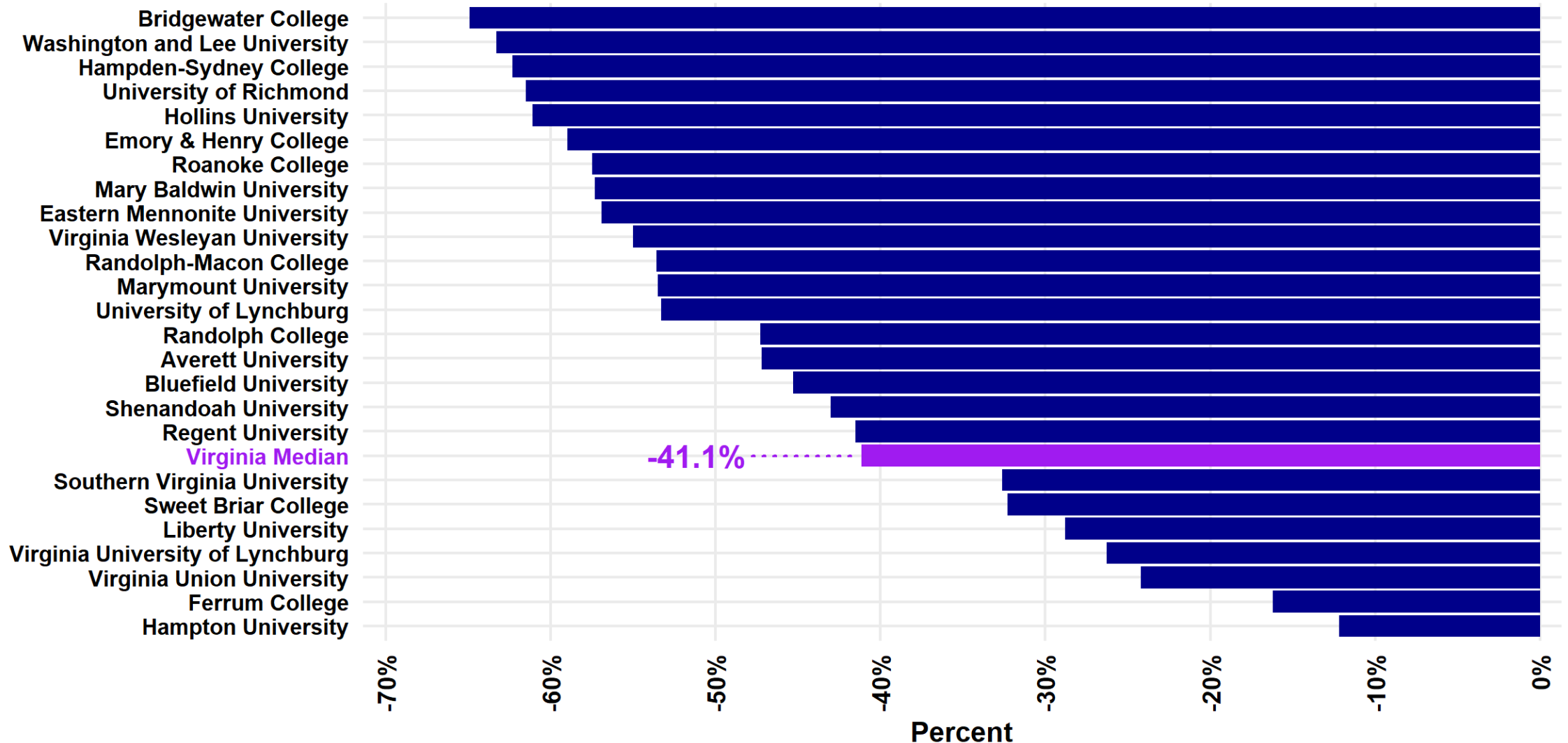
Selected Public Colleges and Universities in Virginia, 2022 - 2023 Academic Year



Source: U.S. Department of Education, (2024). College Scorecard. Predominantly bachelor's degree-granting public and private, not-for-profit institutions. Some Virginia institutions not reported due to lack of data. Estimates only for students that receive federal financial assistance. The discount percentage is equal to (discount price – sticker price)/sticker price and represents an estimate of the average reduction in cost for an undergraduate student receiving federal aid.

Actual Cost of Attendance as a Percent of 'Sticker Price'

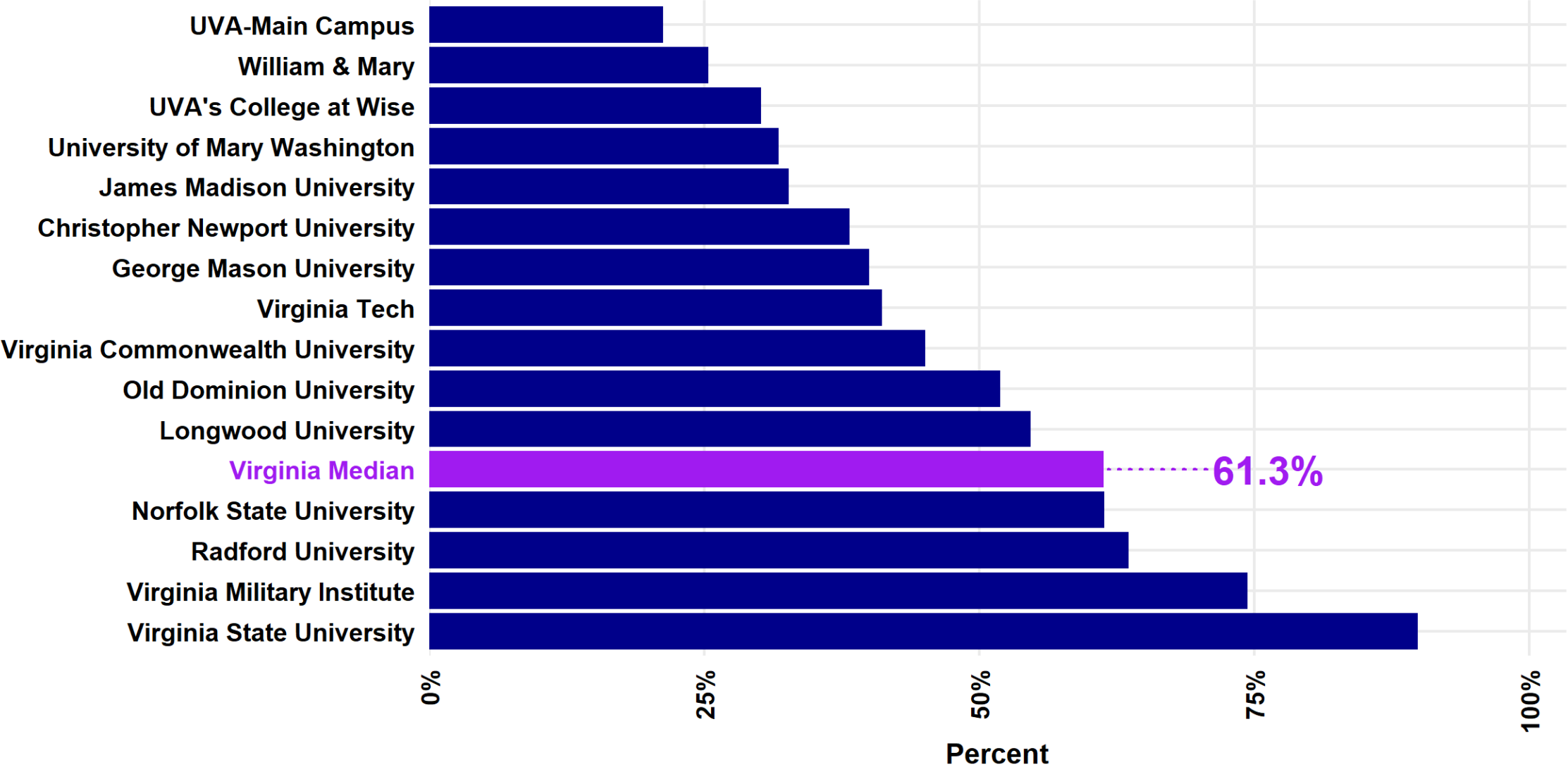
Selected Private Colleges and Universities in Virginia, 2022 - 2023 Academic Year



Source: U.S. Department of Education, (2024). College Scorecard. Predominantly bachelor's degree-granting public and private, not-for-profit institutions. Some Virginia institutions not reported due to lack of data. Estimates only for students that receive federal financial assistance. The discount percentage is equal to (discount price – sticker price)/sticker price and represents an estimate of the average reduction in cost for an undergraduate student receiving federal aid.

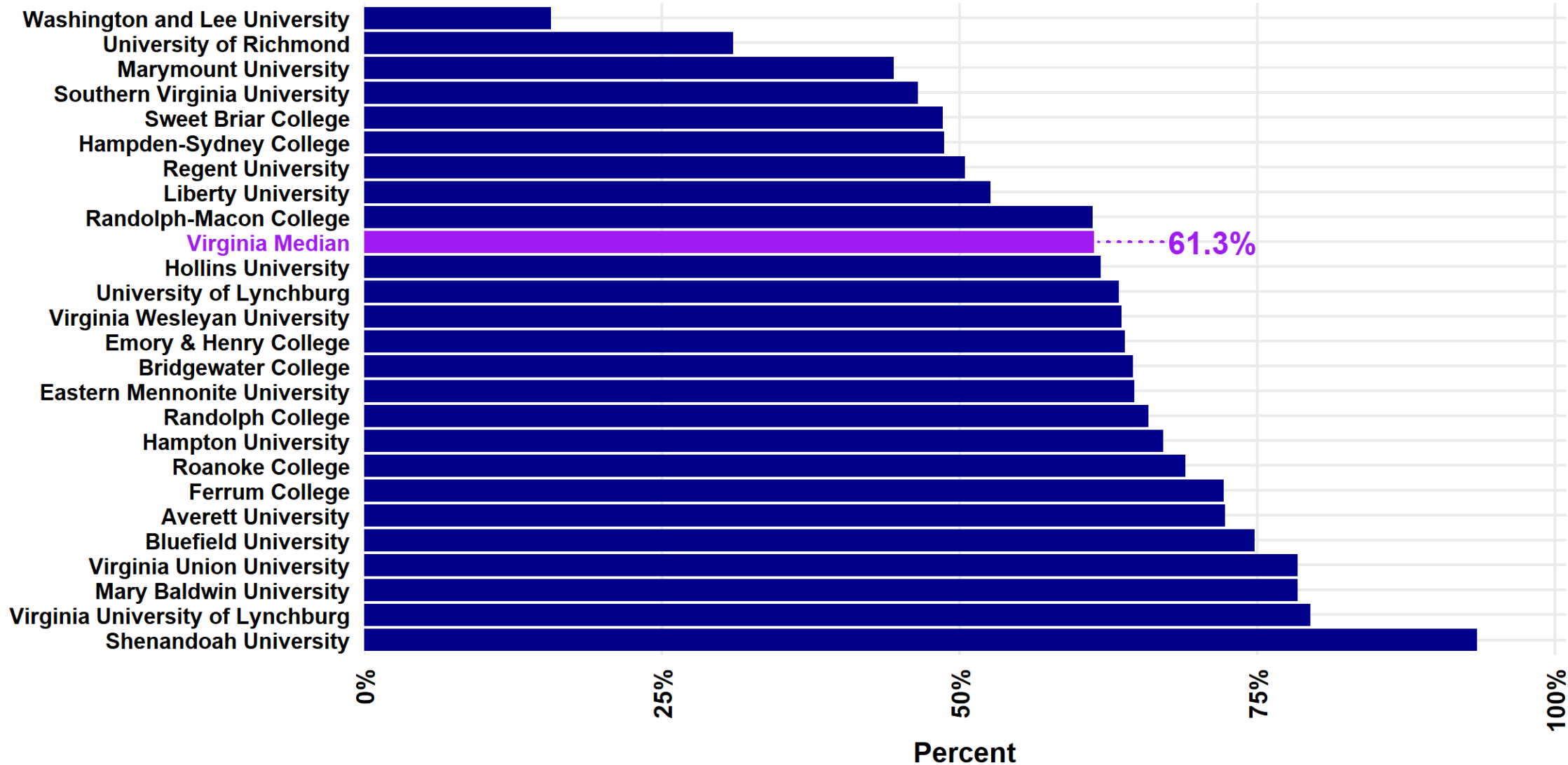
Share of Full-time Undergraduate Students Receiving Federal Loans

Selected Public Colleges and Universities in Virginia, 2022 - 2023 Academic Year



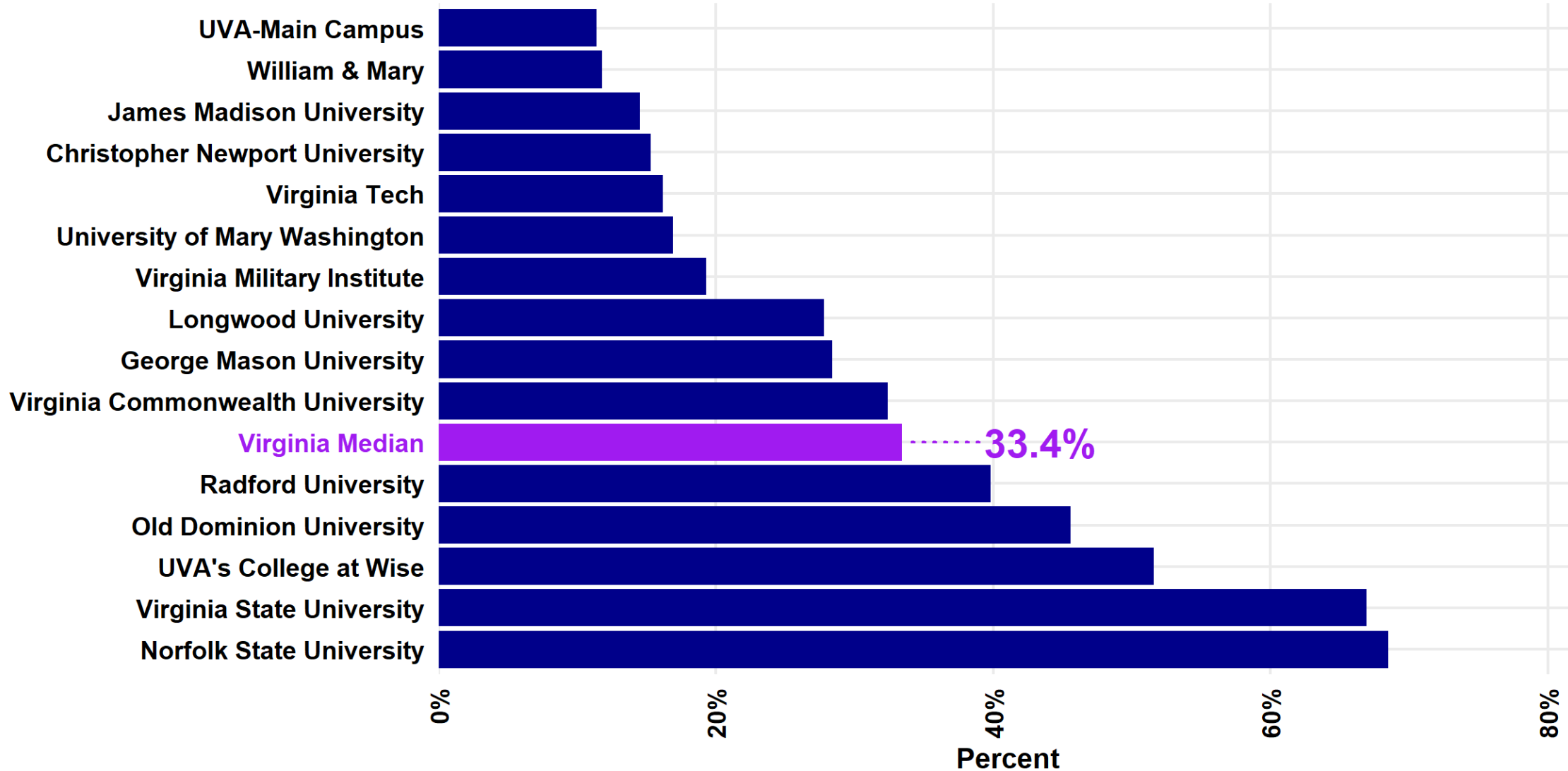
Share of Full-time Undergraduate Students Receiving Federal Loans

Selected Private Colleges and Universities in Virginia, 2022 - 2023 Academic Year



Percent of Full-time Undergraduate Students Receiving Pell Grants

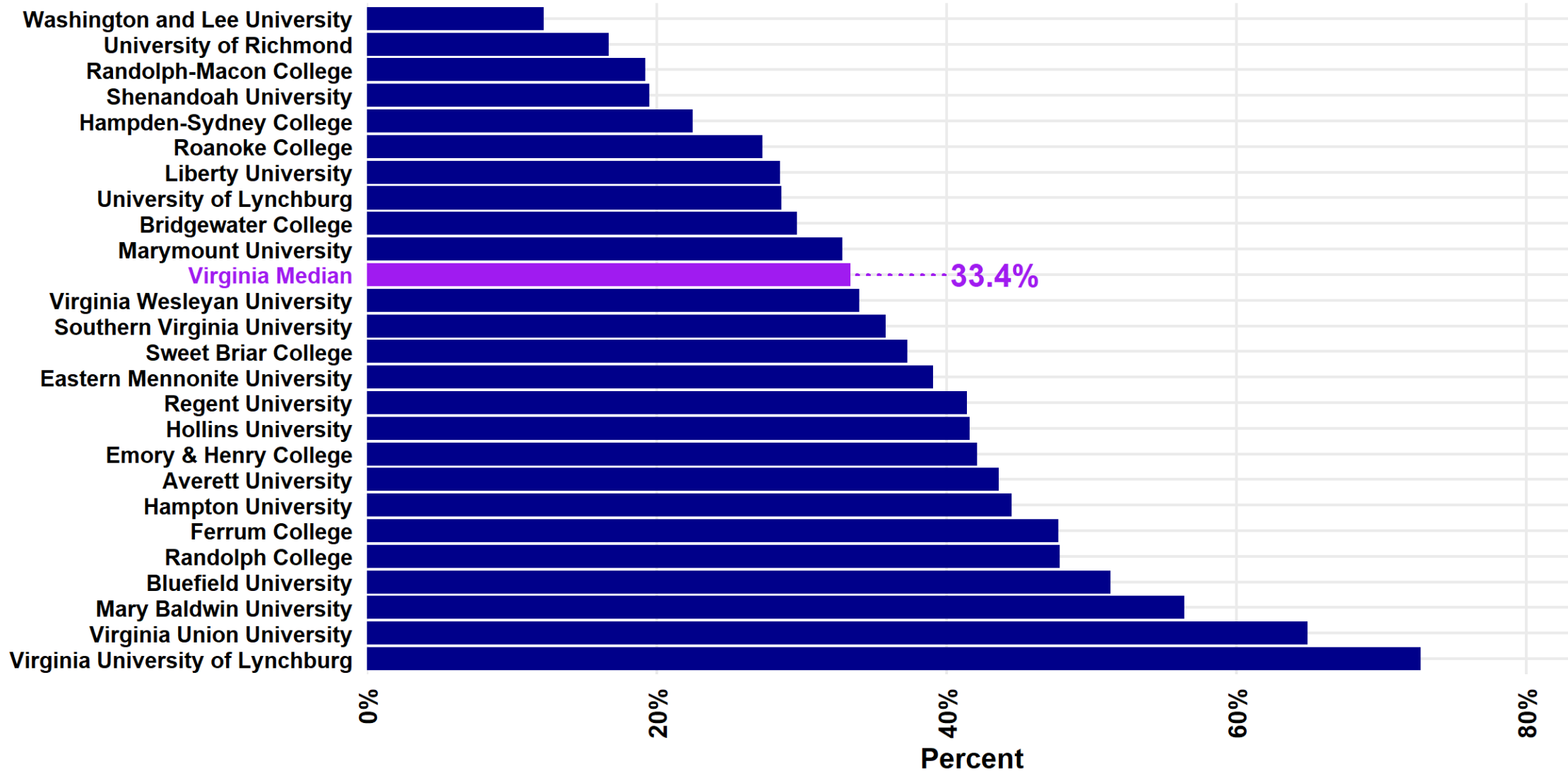
Selected Public Colleges and Universities in Virginia, 2022 - 2023 Academic Year



Source: U.S. Department of Education, (2024). College Scorecard. Predominantly bachelor's degree-granting public and private, not-for-profit institutions. Some Virginia institutions not reported due to lack of data. Estimates only for students that receive federal financial assistance. The recipients are considered first time.

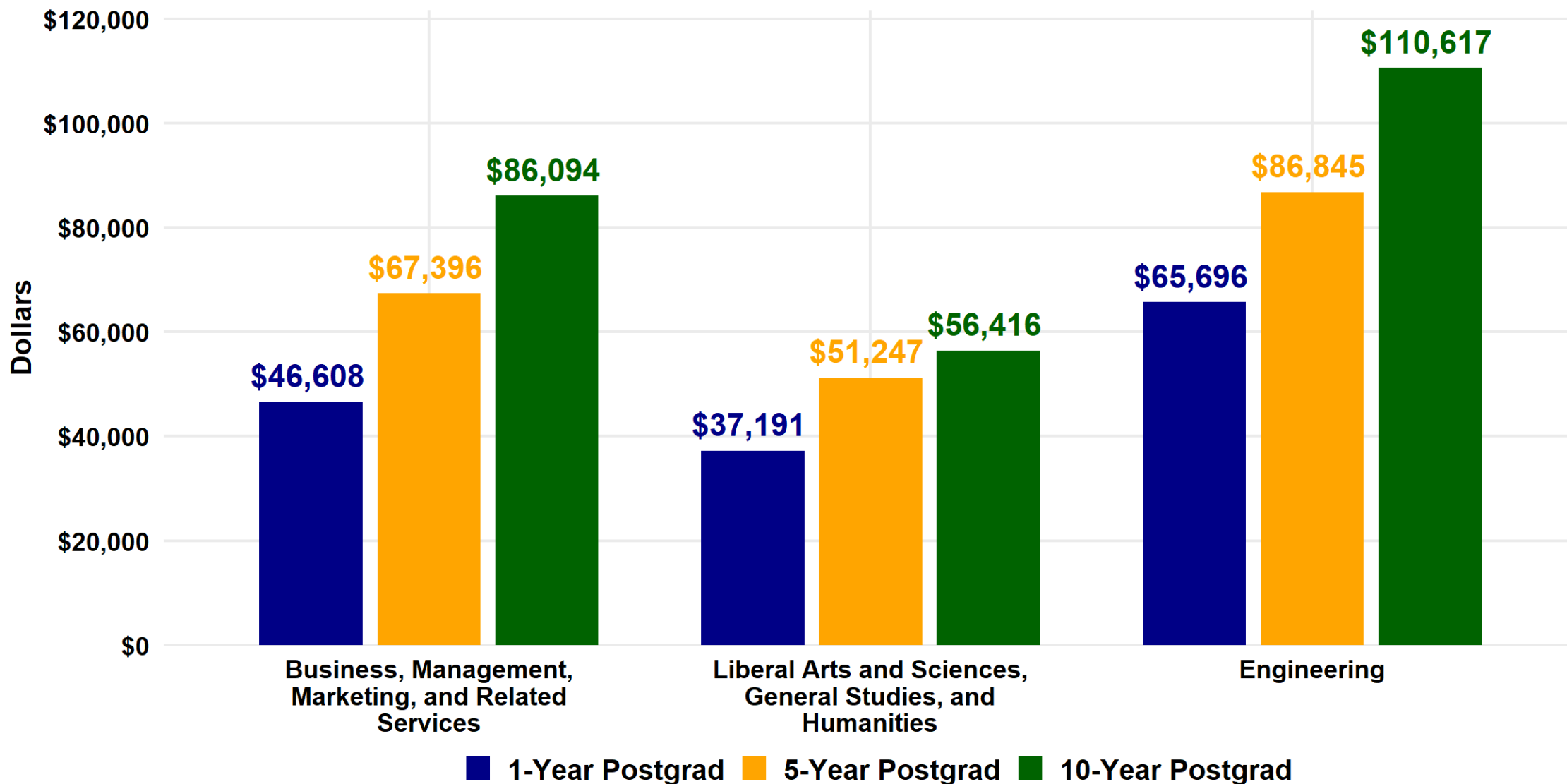
Percent of Full-time Undergraduate Students Receiving Pell Grants

Selected Private Colleges and Universities in Virginia, 2022 - 2023 Academic Year

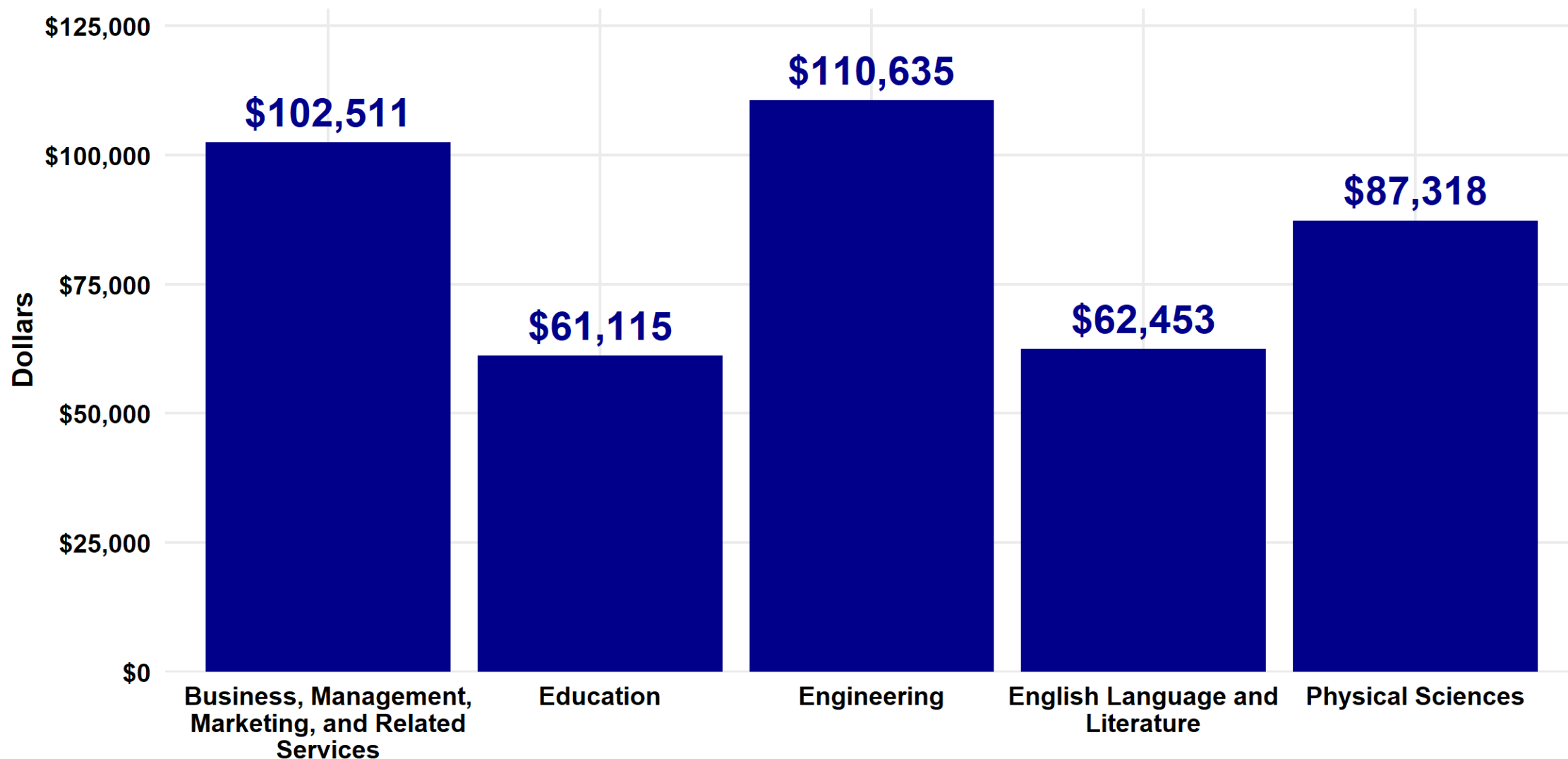


Source: U.S. Department of Education, (2024). College Scorecard. Predominantly bachelor's degree-granting public and private, not-for-profit institutions. Some Virginia institutions not reported due to lack of data. Estimates only for students that receive federal financial assistance. The recipients are considered first time.

Annual Earnings of Degree Holders by Selected Majors Virginia, 1 Year, 5 Years and 10 Years after Graduation



Annual Earnings of Degree Holders by Selected Majors Virginia Tech, 10 Years Post Graduation



Is College Still Worth the Cost?

- Despite continued growth in the nation's population, the absolute number of college students fell by 2.8 million between Fall 2011 and Fall 2022.
- Americans have been voting with their feet on this issue, and their collective judgment is that the value of a college education has declined.
- Data tell us that the average college bachelor's degree recipient earns about \$1.2 million more than a high school graduate over their lifetime, but this depends on where a student goes to college and what they decide to study.
- Colleges have some value-added but also function as signalers who cull the population and identify promising prospects who are intelligent, ambitious, and have good career prospects.

Upcoming Publications and Events

- Mid-Year Economic Forecast (May - June 2025)
- State of the Region Report (October 2025)
- State of the Commonwealth Report (December 2025)
- Text **CEAPODU** to **66866** to join our email list.
- Follow **DragasCenterODU** on Facebook and LinkedIn for up-to-date information and new economic developments.
- All our public presentation materials can be found at our website: www.ceapodu.com