Annual Executive Summary

- 2008 -

COUNCIL ON VIRGINIA'S FUTURE

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December 2008

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Introduction

This document provides a brief introduction to the Council on Virginia's Future, which is chaired by Governor Timothy M. Kaine, and Virginia's performance leadership and accountability system. Included is a discussion of recent accomplishments and the enhancements underway for three focus areas (assessment, service performance, and productivity improvement) and activities related to the development of special issues.

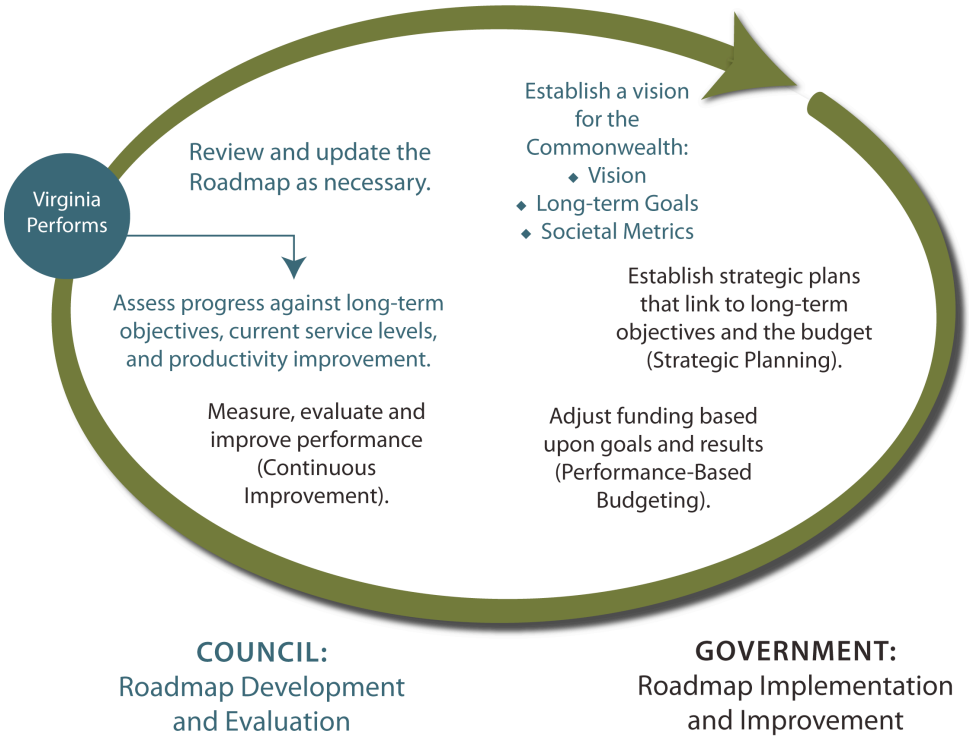
The Council on Virginia's Future – which is comprised of state, business, and community leaders from across the state – was established by the 2003 Session of the General Assembly to advise Virginia's leaders on the development and implementation of a roadmap for Virginia's future. The Council is committed to improving the quality of life and the effectiveness of state government in Virginia.

The Council works to create these improvements by:

- Providing a long-term focus on high-priority issues;
- Creating an environment for improved policy and budget decision-making;
- Increasing government accountability and transparency;
- Improving government performance; and
- Engaging citizens in dialogue about Virginia's future.

The Council began its work in 2003 by designing the Roadmap for Virginia's Future (Figure 1), a model for improving performance leadership and accountability in state government.

Figure 1: Roadmap for Virginia's Future



The Council then began working with its partners to set long-term goals for the Commonwealth and to develop a performance leadership and accountability system that would help ensure that state government is both efficient and effective in improving outcomes and the quality of life for Virginians.

The performance leadership and accountability system establishes a vision-driven, disciplined approach for encouraging collaboration, facilitating change, setting policies, making decisions, and ensuring accountability for producing positive results for citizens. It starts with a shared vision for Virginia – one of responsible economic growth, an enviable quality of life, good government, and a well-educated citizenry prepared to lead successful lives and to be engaged in shaping the future of the Commonwealth. It drives state leaders to manage with Virginia's long-term future in mind.

Vision for Virginia

Responsible Economic Growth

Enviable Quality of Life

Educated Citizens Prepared for a Successful Life

Best-Managed State Government

Informed and Engaged Citizens Helping to Shape the Commonwealth's Future

Long-Term goals

Be recognized as the best-managed state in the nation.

Be a national leader in the preservation and enhancement of our economy.

Elevate the levels of educational preparedness and attainment of our citizens.

Inspire and support Virginians toward healthy lives and strong and resilient families.

Protect, conserve, and wisely develop our natural, historical, and cultural resources.

Protect the public's safety and security, ensuring a fair and effective system of justice and providing a prepared response to emergencies and disasters of all kinds.

Ensure that Virginia has a transportation system that is safe, enables easy movement of people and goods, enhances the economy, and improves our quality of life.

Long-term goals further define the vision by describing specific desirable outcomes. Seven goals have been established for Virginia. Six of the goals are outwardly (i.e., citizen-customer) focused and address quality-of-life issues, while the seventh is focused on the efficiency and effectiveness of state government operations. The vision and high-level goals established by Council and championed by Governor Kaine serve as a compass to guide state government decisions and actions.

The Council's statutory authority (§ 2.2-2683 et seq. of the *Code of Virginia*) outlines three core components of the performance leadership and accountability system:

Assessment:	Effective measurement and analysis of outcomes and productivity.
Service Performance:	Outcome-driven, performance-based planning and budgeting processes.
Productivity Improvement:	Innovative methods for improving efficiency and effectiveness.

These elements, the interrelated core components of the Council's scope of work, continue to evolve; the areas of emphasis for 2008 are outlined in Figure 2 and are described in more detail in this document.

Figure 2: Emphasis in 2008

Council		Executive Branch	
Roadmap and Special Issues Development	**Assessment**	**Service Performance** (Strategic Planning and Performance Budgeting)	**Productivity Improvement** (Efficiency and Effectiveness)
Purpose *Refine the Roadmap for Virginia's Future.*	Purpose *Refine Virginia Performs.*	Purpose *Improve state government planning, budgeting, and performance management.*	Purpose *Enhance state government's productivity improvement and change management.*
Priorities for 2008 • Accelerate emphasis on high-priority issues, starting with educational attainment. • With partners, develop options for improving Virginia's educational attainment rates.	Priorities for 2008 • Continue to refine and analyze performance data. • Enhance site functionality with improved reporting, mapping, and navigation features. • Launch regional versions of Virginia Performs, beginning with Hampton Roads.	Priorities for 2008 Continue the development and refinement of core planning and budgeting systems: • Strengthen program evaluation, target-setting, and root-cause analysis. • Strengthen the links between outcomes and budget decision-making. • Develop a new performance budgeting system.	Priorities for 2008 • Continue development of the Productivity Investment Fund. • Establish agency-level productivity measures. • Promote continuous improvement within state government.

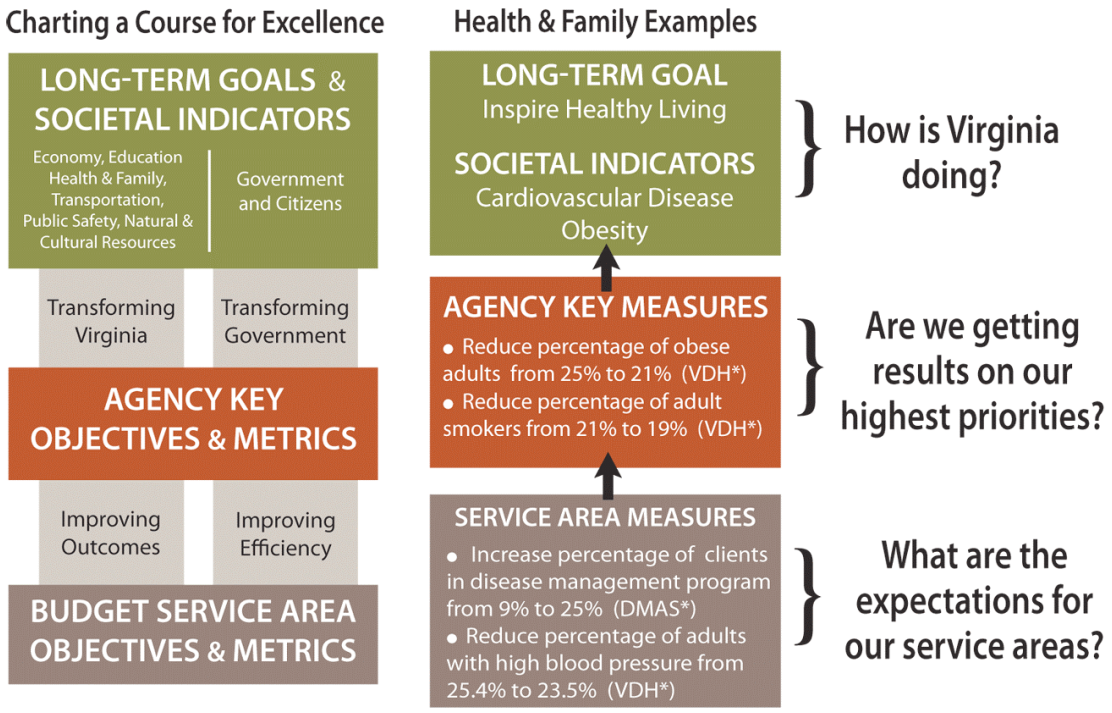
Assessment

The performance leadership and accountability system aligns agency-level outcomes with broader statewide goals. The system:

- Serves as a catalyst for better strategic thinking and policy, enterprise solutions, performance-driven decision-making, and improving outcomes;
- Supports strategic state, regional, and local planning; and
- Informs and engages citizens about Virginia's progress and its future.

Figure 3 presents a high-level example of the "architecture" of the performance leadership and accountability system. At the highest level, quality-of-life measures known as societal indicators provide a snapshot of how Virginia is doing with respect to several broad issues (e.g., water quality, educational attainment). Agency key objectives and measures help us understand whether we are achieving high-priority performance targets and improving the factors that influence the targets. At the foundation or agency detail level, service area measures are used to provide budget transparency and monitor whether state government programs and services are producing desired results. This structure also supports innovation and improvement projects by providing data for analysis and assessment. Combined, the goals and performance measures ensure that results accountability exists throughout all levels of state government.

Figure 3: Virginia Performs Architecture / Example



* The acronym VDH stands for the Virginia Department of Health; DMAS stands for the Department of Medical Assistance Services.

The Virginia Performs website (www.VaPerforms.virginia.gov), launched in early 2007, provides a window into the state's evolving performance leadership and accountability system. The website gives citizens an opportunity to see the real world results of efforts to make Virginia's government more effective and efficient. Citizens can:

- See how the Commonwealth is performing from region to region and compared to other states;
- Track performance in their communities;
- Monitor activity on important issues such as health care, educational attainment, workforce quality, and voter turnout; and
- See how state government is working for them.

It is an easy-to-use portal that provides one-stop data and analyses on quality-of-life indicators and state agency performance, enabling improved planning and implementation and significantly enhancing government transparency and accountability.

Quality-of-life Indicators

Quality-of-life indicators (e.g. personal income, high school graduation, air quality) are linked to Council long-term goals and are used to measure and assess Virginia's overall quality of life and progress towards improvement. For each Council long-term goal, indicators answer the question, "How is Virginia doing?" Included on the website are a description of each indicator, a summary of its importance, Virginia's progress, major influences, and the state's role.

Approximately 50 societal indicators, shown in the Scorecard at a Glance (Figure 4), are measured over time, and, where possible, by region and in comparison to other states. The Scorecard was updated in November 2008.

Figure 4: Scorecard at a Glance

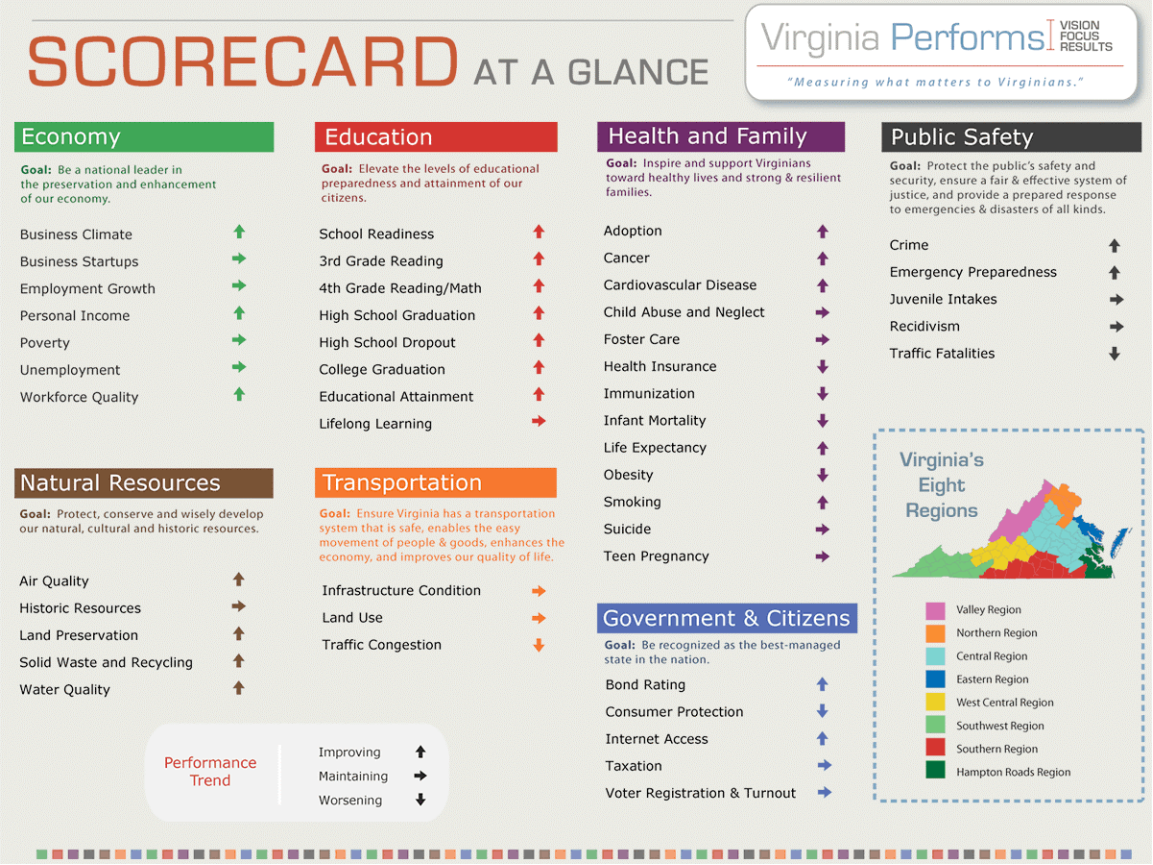
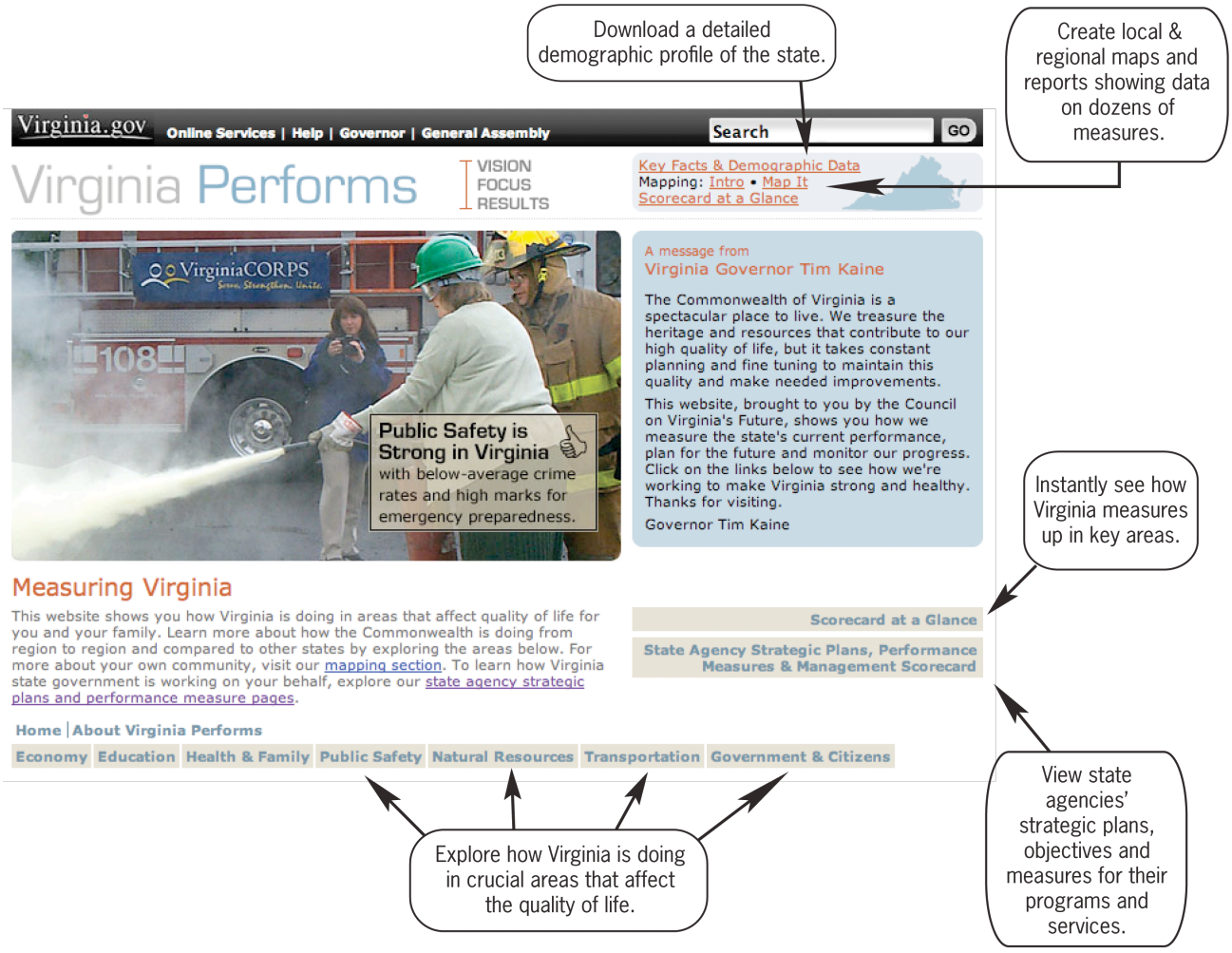


Figure 5 shows a snapshot of the Virginia Performs home page. The text box insets highlight the research, reporting, and mapping capabilities of the system, which all provide a view into state plans and performance, significantly increasing government's transparency and accountability.

Figure 5: The Virginia Performs Home Page (www.VaPerforms.Virginia.Gov)



Agency Objectives and Measures

State agency key and service level objectives and measures, the middle and foundation levels of the performance data architecture (Figure 3), track state agency progress in meeting performance targets. State agencies work with the Governor, the Department of Planning and Budget, and other stakeholders to develop these objectives and measures.

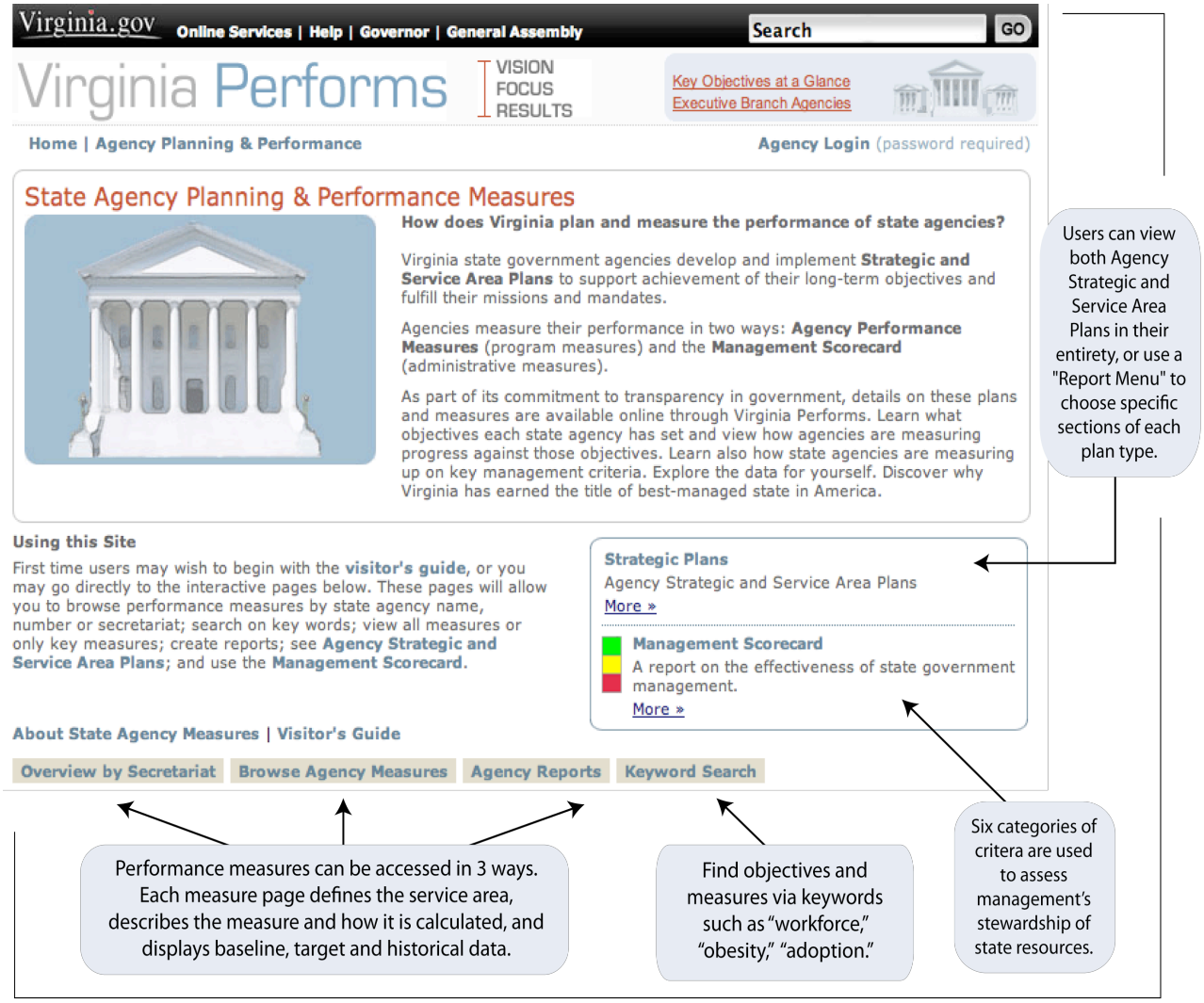
Key objectives and measures are designed to identify and track progress on vital, mission-related priorities that, when addressed, will positively affect desired outcomes. Some of the measures are drawn from agency outputs, while others reflect desired outcomes that are influenced by many factors, not just state services. This is an important step forward for Virginia's performance leadership and accountability system. State strategies and spending can be more clearly linked with shared long-term goals and actual performance and results.

State agency strategic plans and budgets identify desired performance results for defined budget service areas. This more comprehensive data set ensures a high level of accountability and alignment of resources with citizen priorities and allows agencies and executive leadership

to ensure that programs and services are meaningful, effective, and efficient. Agencies report their progress at regular intervals directly on the Virginia Performs website for both sets of metrics.

This information is available through the state agency planning and performance measures section (Figure 6) of the Virginia Performs website.

Figure 6: State Agency Planning and Performance Measures Page

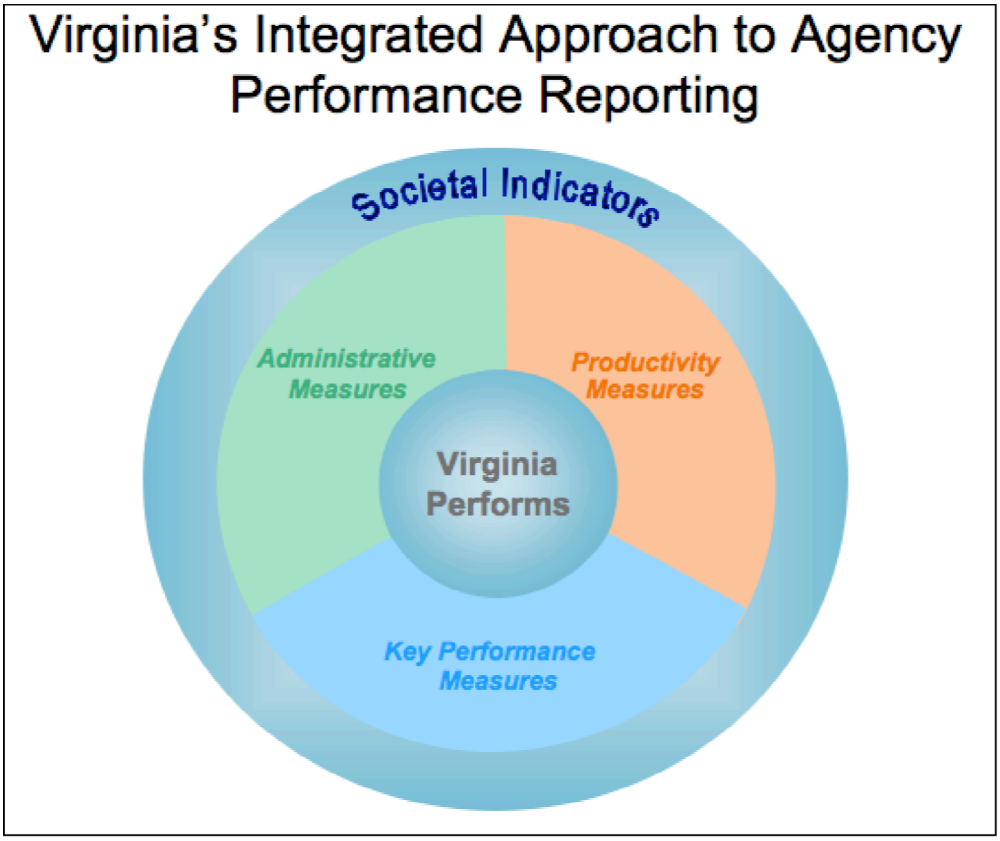


Recent Developments and Next Steps

The Virginia Performs Architecture (Figure 3) describes the relationship linking agency performance outcomes to broader societal results. Agency performance reporting is being expanded to include operationally focused measures of productivity and administrative practices. The administrative measures will replace the Management Scorecard. The three core components of agency assessment data / performance reporting are key and service area

measures, productivity measures, and administrative measures. Figure 7 portrays the high-level relationship among these measures as it will be presented to agency management.

Figure 7: Agency Performance Measures



Governor's Key Measures

Agencies continue to update and refine performance data to improve budget decision-making and program evaluation. Agency key and service area measures were revised in early 2008 to reflect the final 2008-2010 budget. Performance data continue to be added to the site as results become available. Council staff worked with DPB analysts to update the tables aligning key measures with societal indicators. This table includes a consensus estimate of recent progress made by the agencies toward the targets set for their key objectives. This review and update process takes place twice a year and gives budget analysts an opportunity for regular, structured reviews of agency metrics and results.

Productivity Measures

All state agencies have developed one or more productivity measures. These measures will help agencies optimize their use of resources while maintaining or improving results. The goal is to measure productivity gains and help agencies better understand the drivers of process efficiency and effectiveness and target their improvement efforts. Agencies will be expected to develop multiple measures in the future, but the emphasis for 2008 was on developing one measure well. The first draft of these measures is available in the *2008 Virginia Report*.

Productivity measures are tied to a key process – one that produces the agency's most important service or product and has a significant impact on customers, budgets, or performance outcomes. Where possible, the measures are stated in terms of cost per unit. Examples currently in use by agencies include the cost to renew a vehicle registration and the cost to process a Medicaid application. Productivity data will be reported in January 2009.

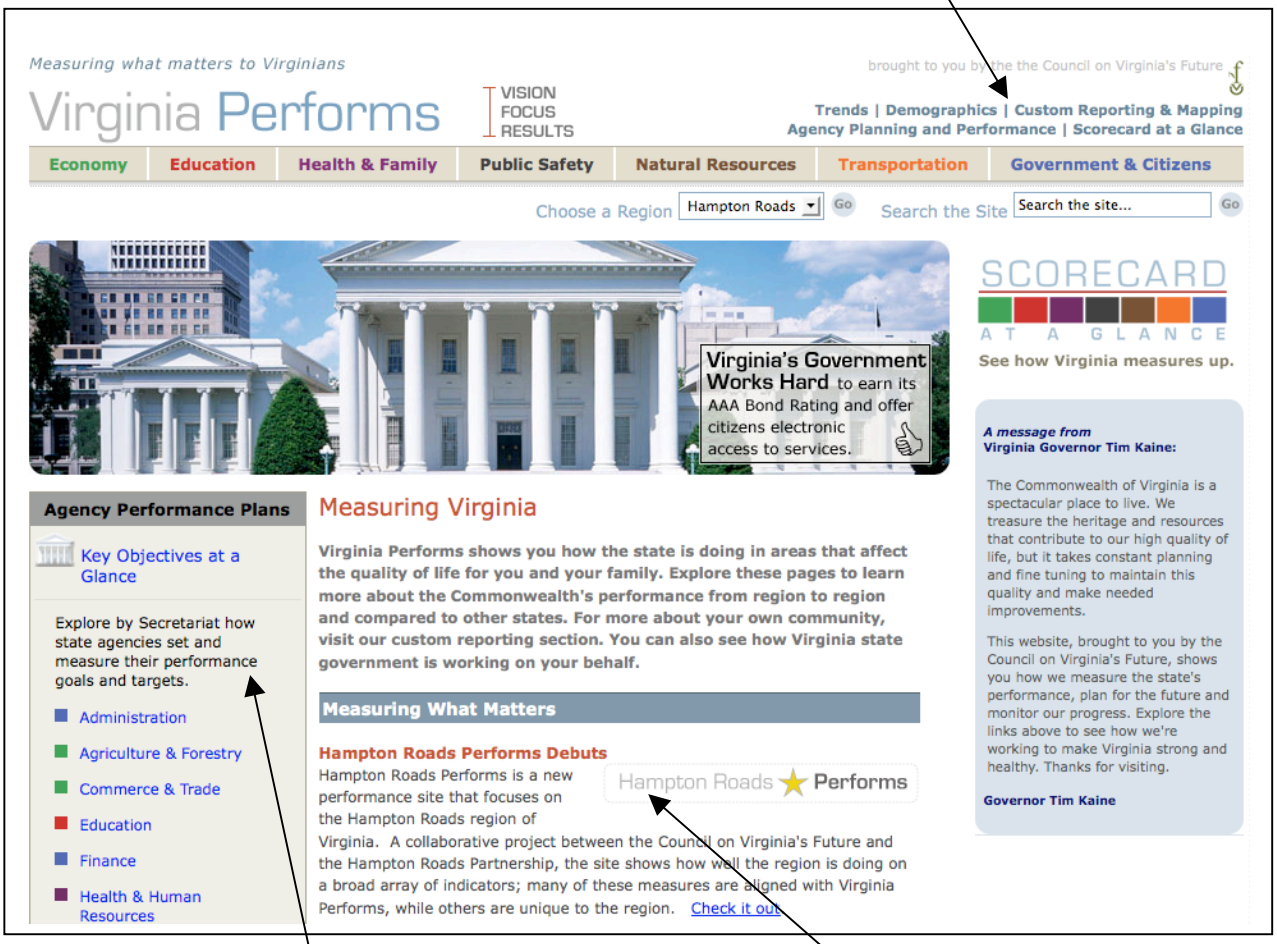
Administrative Measures

A task force of agency managers and outside experts has developed recommendations for the next generation of what was the Management Scorecard. These recommendations are currently under review. The development team's goal was to keep the measures simple, quantifiable, and consistent across agencies. A more focused set of measures will replace the 20 that were included in the previous Management Scorecard. Data for these measures currently exists, and the goal is to begin publishing performance results annually in 2009.

Virginia Performs Website

The look and feel, information infrastructure, navigation, and functionality of the website have been redesigned to enhance its presentation of data, usability, and value to Virginia citizens. Recommended enhancements were presented in May 2008, and the improvements are near completion. In addition to keeping content up to date, key steps in the project include building the new pages and implementing the enhanced technical functionality into the new website. Some of the enhancements are discussed here. (See the next page)

The new site will include summary information about Virginia's performance, clearer links to agency performance data, and new ways to view and generate reports on statewide and local

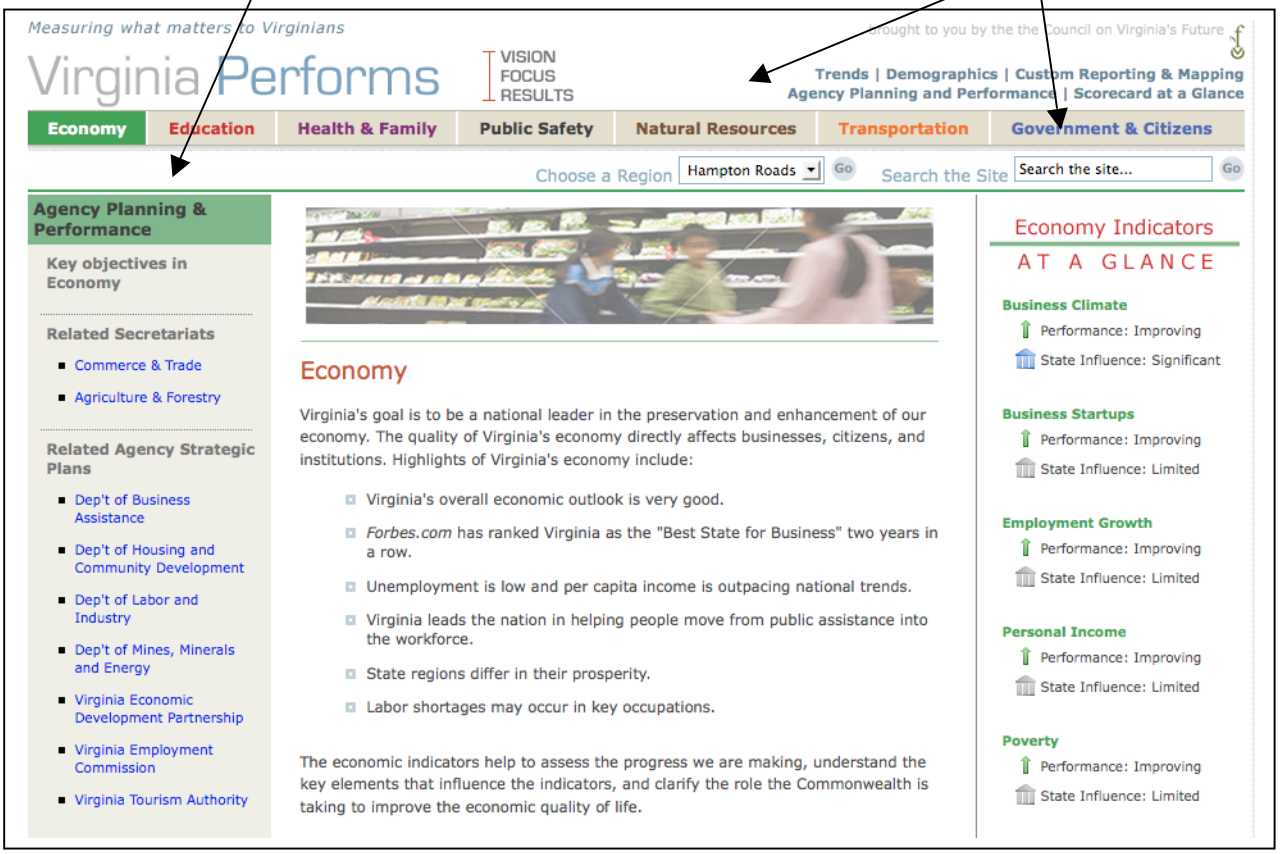


The new design will make it easier to navigate to the core components of the site, including state agency performance data, a significant enhancement to the integration of societal outcomes and agency performance.

Changing stories about key issues in Virginia will help maintain interest in the site.

The new design draws a clearer connection between agency missions and objectives and the outcomes most important to Virginians.

The design will improve navigation throughout the site.

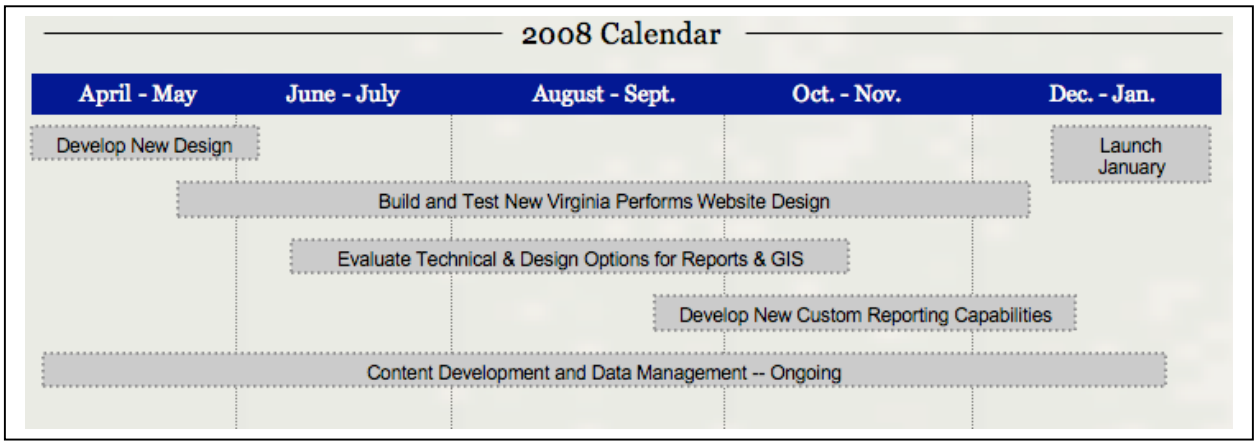


Custom Reporting

The Virginia Performs website currently presents quality-of-life assessment data through the societal indicator pages and local and regional data via the 'Map It' tool on the website. The Map It tool allows users to access local data using an intuitive, map-based interface. Better functionality is being added to the redesigned Virginia Performs website to enable users to more easily generate reports or downloadable files for:

- All state-level societal indicators for a user-defined sub-set of a few states, along with state rankings.
- A user-defined subset of a few indicators for all states, along with state rankings.
- Historical data for specific indicators.
- All locality-level indicators for a small subset of localities or regions, including rankings.

Summary Virginia Performs Workplan

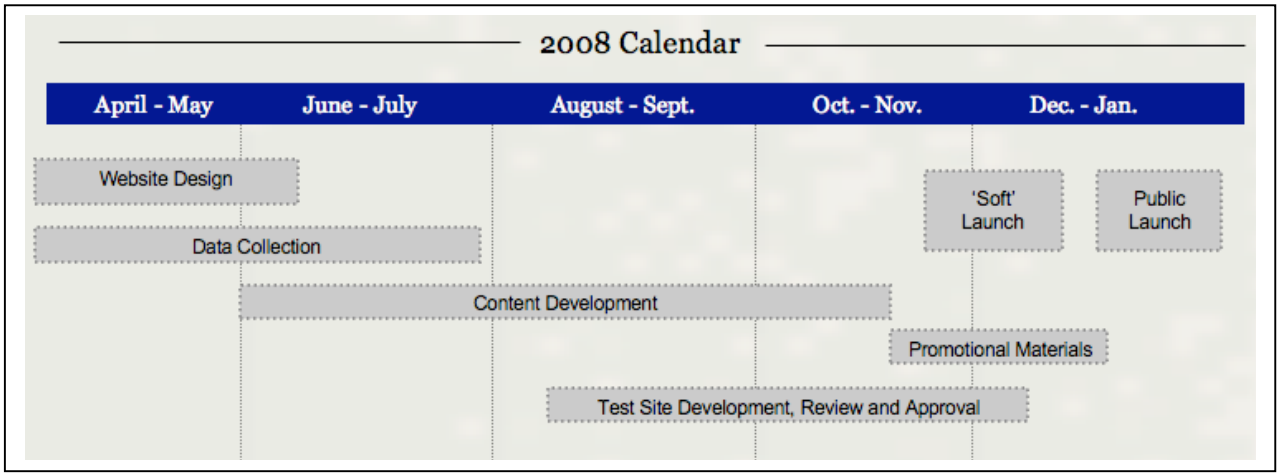


Regional Views/Hampton Roads Performs

The Council is working with a number of community and business leaders on ideas to expand the Virginia Performs model to regions that are committed to objective assessment of long-term improvement goals. Possible regional or special population views include the City of Hampton, Southwest Virginia, rural Virginia, and the Danville area with the Danville Regional Foundation. The prototype for a regional view is being developed in Hampton Roads.

The Council is working closely with the Hampton Roads Partnership to develop Hampton Roads Performs, a website modeled on Virginia Performs. Hampton Roads Performs will include many of the same indicators as the Virginia Performs website as well as indicators of more specific interest to Hampton Roads, including information on modeling and simulation and the ports. The preliminary architecture, look and feel, page layout, and list of indicators have been developed and approved by the Hampton Roads Partnership. The Hampton Roads Performs website will be launched in January 2009.

Summary Hampton Roads Performs Workplan



Service Performance

As the demand for scarce resources intensifies, those states that develop a long-term direction and act most effectively on long-term objectives and priorities increase their chances of future success. The focus of the service performance component has been on the development of a new planning and budgeting system. The old system presented numerous challenges, including variations in how planning was accomplished across agencies, differences in planning language, and the segregation of planning from budgeting processes. The Department of Planning and Budget (DPB) created a new service area structure that now serves as the "taxonomy" for budgeting, accounting, and planning. These and other changes have produced a significant shift in how planning and budgeting occur at the agency level.

- All agency strategic plans follow a consistent format that includes information on the agency's mission, customer base, products and services, statutory authority, and strategic goals. The agency strategic plan also includes an executive progress report.
- Service area plans provide a key link to the state budget. They outline the agency budget, objectives, measures, and performance targets for each service area. These plans and data enable agency leaders and other decision makers to compare goals and appropriations against reported results.
- Agency key objectives sharpen assessment of progress on improving effectiveness, customer service, and critical outcomes. These objectives and measures continue to be refined, with particular attention on their alignment with desired societal level outcomes.
- DPB has increased its training and technical assistance efforts to enhance the system and improve its usefulness in planning and budgeting processes.

With the addition of productivity and administrative measures, the strategic planning and performance-based budgeting elements of a comprehensive performance leadership and accountability system will be in place:

System Component	Purpose
Long-Term Goals	Desired outcomes (e.g., healthy lives, public safety) guide planning and decision-making
Agency Strategic Plans	Plans describe where an agency is going and how it will get there – mission, goals, strategies, performance metrics, and targets
Key Outcome-Based Performance Metrics	Performance measures provide a basis for measuring the impact of core services
Service Area Metrics	Performance measures provide a basis for measuring budget service area results
Productivity & Administrative Measures	Productivity and administrative measures provide a basis for evaluating agency operations and planning improvement initiatives
Performance Targets	Targets set expectations for agency performance measures

Recent Developments and Next Steps

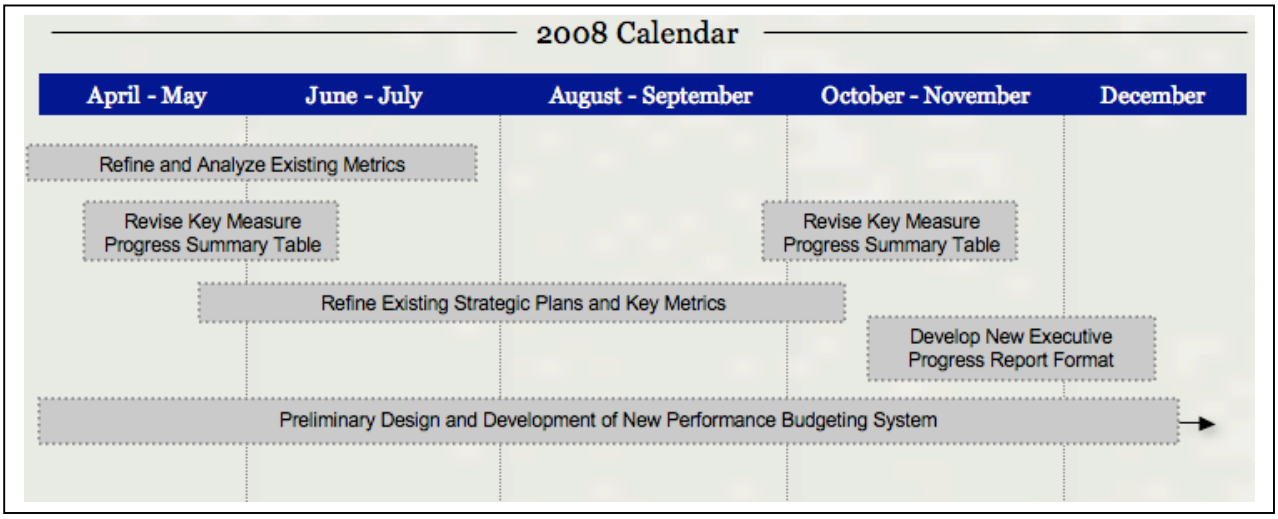
The ongoing emphasis for the Service Improvement component is the refinement of core planning and budgeting systems and processes, including:

- Defining and analyzing planning and performance data to strengthen program evaluation, target-setting, and root-cause analysis;
- Strengthening the links between outcomes and budget decision-making;
- Developing a new format for agency Executive Progress Reports, making them more focused and strategic;
- Providing additional training and technical assistance; and
- Developing a new performance budgeting system for the Commonwealth.

The Department of Planning and Budget is leading the effort to implement the new, more fully integrated performance budgeting system. Schedule details will be worked out with the vendor. This project is part of the Virginia Enterprise Applications Program, a longer-term effort to upgrade the Commonwealth's core business system applications. Business functions to be performed via the new Performance Budgeting module will include:

- Performance budgeting,
- Strategic planning,
- Operating budget development,
- Six-year financial planning,
- Capital budget development,
- Agency spending plans, and
- Advanced reporting and analysis.

Service Performance Summary Workplan



Productivity Improvement

Measuring and improving productivity in state government are important goals for the Council. The focus of this component has been on generating innovative ideas to reduce costs and improve service delivery and on establishing an infrastructure for continuous improvement across the government enterprise. Several initiatives are underway to reduce costs and improve service delivery:

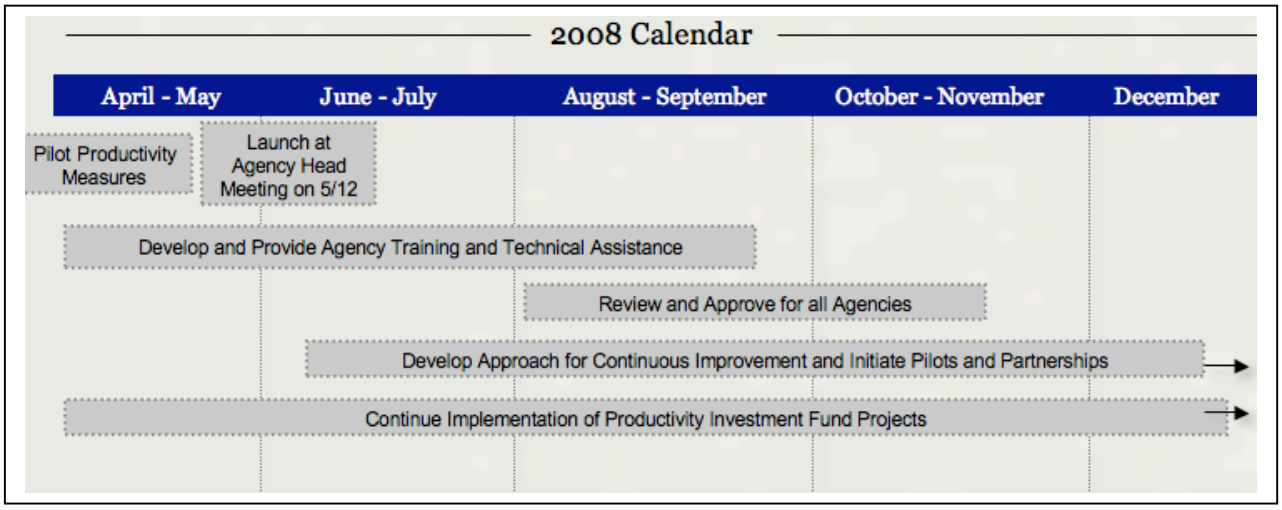
- A Productivity Investment Fund was established to promote innovative ideas and partnerships for improvement projects. The following cost savings and customer service improvement projects from the second round of awards are now under development and are expected to generate a substantial return on investment:

Department	Project	Objective
Taxation	Extend E-File Capabilities	Implement e-filing for corporate returns and pass-through entities
Taxation	Voucher Processing	Eliminate the need for 440,000 paper vouchers annually
Virginia Employment Commission	Enhanced Internet Claims	Improve claims processing for workers with out-of-state income
Mines, Minerals & Energy	Digital Signatures	Speed processing of engineering maps and improve customer service
Medical Assistance Services	Online Claims Submission	Continue elimination of paper-based claims processes
Old Dominion University	VideO-D-U	Reduce costs and improve service by replacing satellite and DVD courses with web-streaming classes

Recent Developments and Next Steps

- The third round of Productivity Investment Fund project proposals was submitted in June 2008 and evaluations were completed in August.
- The state, in collaboration with the Virginia's leading universities, is reviewing possible continuous improvement approaches for implementation at state agencies.
- Four projects are underway to develop innovative applications to reduce constituent transaction times by as much as 50 percent. These include a system to simplify and speed Medicaid applications for the aged or disabled; an application to improve mine permitting processes at the Department of Mines, Mineral and Energy; a system to improve workforce management at the Department of Motor Vehicles; and a cash management application at the Tax Department. A business one-stop to streamline the myriad of forms required to start a business was recently completed.
- New public-private partnerships in health care administrative data exchange and identity management are being explored to leverage resources and increase functionality.

Productivity Improvement Summary Workplan



NOTE: While the development of the productivity measures was included in the Productivity Improvement component, the measures themselves are a key component of an integrated approach to assessment of agency service performance.

Special Issues Development and Communications

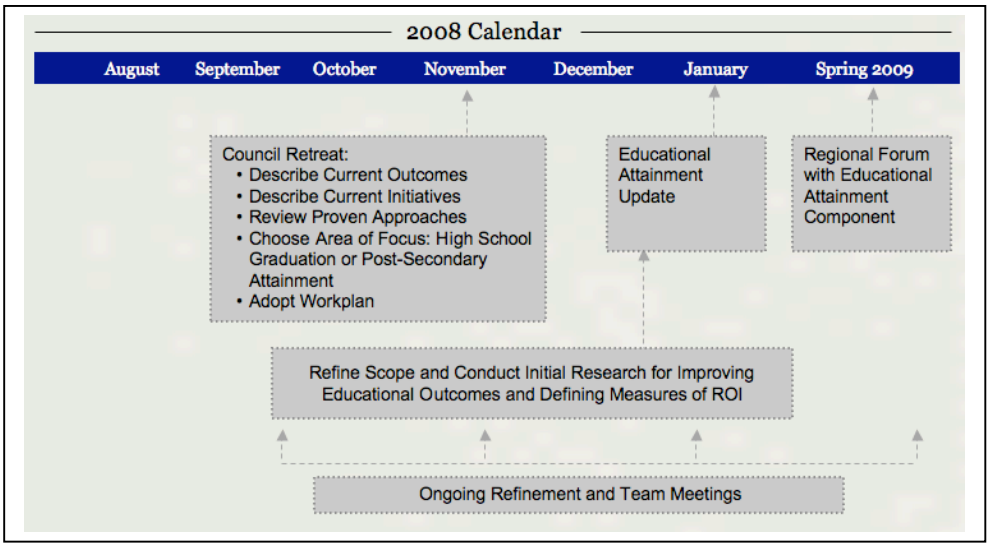
During 2008 the Council began developing an approach for accelerating progress on educational attainment, a high-priority issue for the Commonwealth. Working with its partners, the Council also is expanding its efforts to communicate with and engage regional leaders and citizens around the Virginia Performs model and the key issues facing Virginia.

Recent Developments and Next Steps

- Council e-newsletters, to be published four times a year, will provide brief updates on Council accomplishments and links to more detailed information on important developments in the implementation of the Commonwealth's Roadmap for Virginia's Future.
- Council staff has received numerous requests for information and technical assistance from local governments, other states, and Europe. This interest is leading to the development of similar performance leadership and accountability projects.
- Results from a survey sponsored by the Council to examine the attitudes of business leaders toward the business climate in Virginia are now available. More than 800 businesses responded to the survey conducted by the survey research centers at the University of Virginia and Virginia Commonwealth University. The survey was developed based on phone interviews, focus group analysis, and a pilot survey of 400 randomly selected businesses. A summary of the report's findings is available.
- Surveys of the research literature on the high societal costs of low educational attainment and the reasons dropouts fail to finish high school were completed.

- Key Elements of the Educational Attainment Initiative:
  - Assessment of the current infrastructure supporting leadership's efforts to accelerate improvements in high school graduation rates and post-secondary educational attainment.
  - Identification of the drivers of high school and post-secondary educational outcomes that are the most effective in improving the educational attainment of our citizens.
  - Development of policy options for an enhanced focus on quantifiable high school or post-secondary educational outcomes.

Summary Educational Attainment Workplan



Summary

The Council, together with its partners, continues to make progress on implementing an enhanced performance leadership and accountability system for state government. The emphasis for 2008 has been on improving results through enhanced performance leadership and accountability, accelerating progress on improving educational attainment outcomes, continuing the development of Virginia Performs, and promoting citizen engagement.

Questions or comments about this summary may be directed to:

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