Annual Executive Summary

- 2013 -

Council on Virginia's Future

COUNCIL ON VIRGINIA'S FUTURE

Annual Executive Summary

January 2014

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Introduction and Highlights

The Council on Virginia's Future, which is chaired by the Governor and includes state, business, and community leaders, was established in 2004 to advise Virginia's leaders on the development and implementation of a long-range approach for assessing and improving the quality of life and the effectiveness of state government in Virginia. Virginia Performs, a signature initiative of the Council, is the Commonwealth's performance leadership and accountability system (VaPerforms.virginia.gov).

The Appendix (page 10) provides a brief introduction to the Council and Virginia Performs. More information is available on the Council's website (future.virginia.gov).

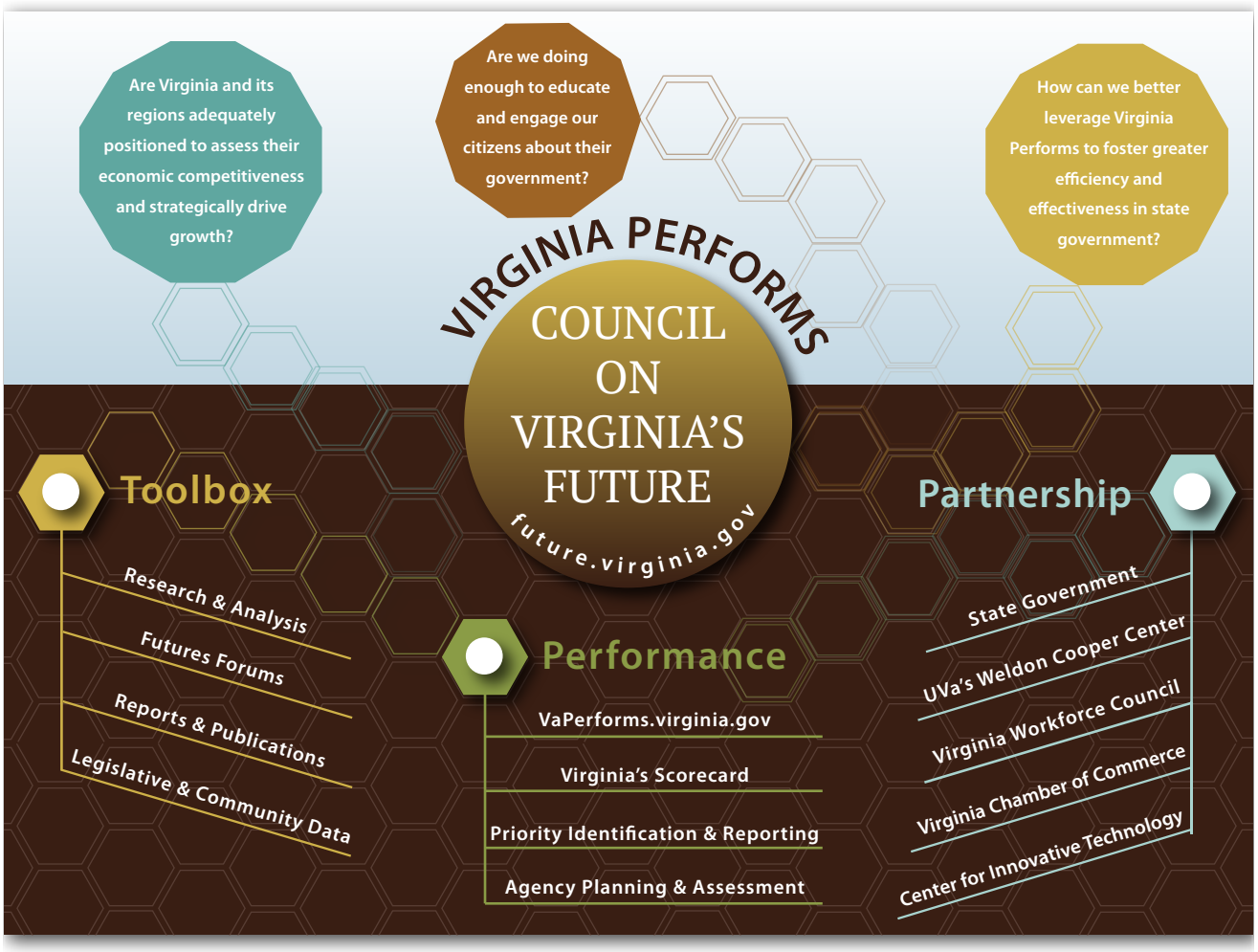
This report was prepared pursuant to §2.2-2687 of the *Code of Virginia*, which requires the Council on Virginia's Future to provide an executive summary of the activities and work of the Council annually to the Governor and the General Assembly. Included is a discussion of recent accomplishments related to the continued evolution of Virginia Performs and development of special issues. Some of highlights of recent progress include:

- Keeping Virginia Performs fresh and relevant remains a top priority. Regular enhancements and updates to citizen-facing data are made in collaboration with economists at the University of Virginia's Weldon Cooper Center for Public Service. Two new societal indicators were developed in 2013: Multimodal Transportation and Innovation and Entrepreneurship (I&E). The I&E indicator will be released in January 2014.
- Agencies have completed the new agency Executive Progress Reports (EPR). These brief reports (4 to 5 pages) are concise and accessible summaries that more clearly communicate what an agency does, its performance, and the most important opportunities and issues facing the agency. The EPRs provide increased transparency and help introduce new leaders to state government.
- Recently developed Enterprise Strategic Priorities span agency and secretariat organizational boundaries and help guide agencies as they craft their strategic plans. A new technical platform for tracking these highest priorities of government is nearing completion.
- The Council, as part of the continued evolution of Virginia Performs, has begun a long-term effort to accelerate progress on key outcomes by developing more focused, issue-specific "report cards" based on the Virginia Performs Scorecard at a Glance model. The Council's partnership with the Governor's Office to develop a high-level report card for the Commonwealth's workforce development system was the first such report card. Two new report cards, Innovation and Entrepreneurship and Government Operations, have been completed and will be added to the Virginia Performs website in January 2014.
- The Council continued its focus on the drivers of state and regional economic growth and collaborated with the Virginia Chamber of Commerce on its *Blueprint Virginia* initiative to develop a long-term plan to enhance economic competitiveness and growth across the Commonwealth.
- Along with the high-level initiatives described above, the Council continued to publish special reports, analyses, and other products that enhance our understanding of issues important to Virginia's long-term future.

Framework

Figure 1 provides a high-level overview of a framework that helps guide the work of the Council. Virginia Performs provides a foundation for our work. The bottom section identifies some of the tools, products, and partnerships that are central to our efforts. The three questions in the top section reflect core elements of the Council's mission and its ongoing focus on the foundations of Virginia's future: a vibrant economy, a well-educated and engaged citizenry, and excellence in government. The main section of this report is organized around the main categories of the framework: Performance, Toolbox, and Partnerships.

Figure 1
A Framework for Progress



Performance

Virginia Performs, a signature initiative of the Council, is the Commonwealth's performance leadership and accountability system (VaPerforms.virginia.gov). Virginia Performs has won national recognition and served as a model for other states and nations; it has also been cited as an important factor in Virginia maintaining its status as a "best-managed state."

Virginia Performs aligns agency-level performance with high-level statewide goals and serves as a catalyst for better strategic thinking and performance-based decision-making across the government enterprise. Continued progress was made during the year in the ongoing evolution of the performance leadership and accountability system.

Virginia's Scorecard

Regular updates and enhancements are made to ensure that Virginia Performs stays fresh and relevant. As noted earlier, two new high-level indicators were developed (Figure 2 on page 4) because of their importance to Virginia's competitiveness and quality of life:

- Multimodal Transportation: The term multimodal transportation refers to the network of airports, seaports, roads, rails, transit systems, and walkways that are integrated to form a seamless system for moving people and freight from point to point. Typically, the more viable options there are for movement -- and the better these modes support and interconnect with each other -- the less congestion and stress there will be on all systems. Progress in developing and utilizing multimodal transportation capabilities are strategically important to economic growth and the long-term quality of life in Virginia.
- Innovation and Entrepreneurship: Supported by a high-quality workforce, innovation and entrepreneurship are key drivers of economic competitiveness and figure prominently in economic development strategic planning. Key performance information comes from the Innovation and Entrepreneurship Measurement System (IEMS), which was created by the Center for Innovative Technology (CIT) to measure the growth of these economic drivers in the Commonwealth.

Improvements were also made to the Energy, Adoption, and Life Expectancy indicators. Energy now includes information about energy production from alternative sources; the Adoption indicator was enhanced to more clearly show Virginia's progress in increasing the number of adoptions; and the Life Expectancy indicator now tracks both national and regional longevity by gender and over time.

Trend changes were made for five indicators on the societal-level Scorecard at a Glance: Business Startups, Employment Growth, High School Dropouts, Immunization, and Taxation. All went from a "maintaining" performance trend to an "improving" one.

A new Virginia's Regions section was added to the website to offer users additional ways to view regional performance. Regional scorecards summarize current performance on more than 30 indicators, and a Regional Trends at a Glance page allows comparison of current performance across regions.

Figure 2

01.2014

SCORECARD AT A GLANCE

Virginia Performs | VISION FOCUS RESULTS

"Measuring what matters to Virginians."

Economy

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

- Business Climate ↑
- Business Startups ↑
- Employment Growth ↑
- Innovation/Entrepreneurship ↑
- Personal Income ↑
- Poverty ↓
- Unemployment ↑
- Workforce Quality ↑

Education

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

- School Readiness ↑
- 3rd Grade Reading →
- 4th Grade Reading/Math →
- High School Graduation ↑
- High School Dropout ↑
- College Graduation ↑
- Educational Attainment ↑

Health & Family

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

- Adoption ↑
- Cancer ↑
- Cardiovascular Disease ↑
- Child Abuse and Neglect ↑
- Foster Care ↑
- Health Insurance ↓
- Immunization ↑
- Infant Mortality ↑
- Life Expectancy ↑
- Obesity ↓
- Smoking →
- Suicide →
- Teen Pregnancy ↑

Each Topic Covers:

Why Is This Important?

How Is Virginia Doing?
- Over Time
- By Region
- Compared to Other States

What Influences the Indicator?

What Is the State's Role?

Public Safety

Goal: Protect the public's safety and security, ensure a fair and effective system of justice, and provide a prepared response to emergencies and disasters of all kinds.

- Crime ↑
- Emergency Preparedness ↑
- Juvenile Intakes ↑
- Recidivism ↑
- Traffic Fatalities ↑

Natural Resources

Goal: Protect, conserve and wisely develop our natural, cultural and historic resources.

- Air Quality ↑
- Energy ↑
- Historic Resources →
- Land Preservation ↑
- Solid Waste and Recycling ↑
- Water Quality ↑

Transportation

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

- Infrastructure Condition →
- Land Use →
- Multimodal Transportation →
- Traffic Congestion ↓

Government & Citizens

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

- Bond Rating ↑
- Civic Engagement →
- Consumer Protection ↓
- Government Operations ↑
- Internet Access ↑
- Taxation ↑
- Voter Registration/Turnout →

Performance Trend

- Improving ↑
- Maintaining →
- Worsening ↓

Enterprise and Agency Assessment

Virginia Performs continues to evolve with ongoing improvements to planning and performance budgeting systems and processes and reporting capabilities:

- Enterprise Strategic Priorities: These goals, priorities, and initiatives, which often transcend agency and other organizational boundaries, provide important input into agency planning processes and serve as a baseline for assessing progress on key issues. A new technical platform for tracking these highest priorities of government is nearing completion.
- Executive Progress Reports (EPRs): EPRs are concise, accessible documents that more clearly communicate what an agency does, what it spends, its performance in key areas, and the most important issues and opportunities facing the agency. EPRs have been completed and will be used to help orient new state leaders.

Priority-focused Report Cards

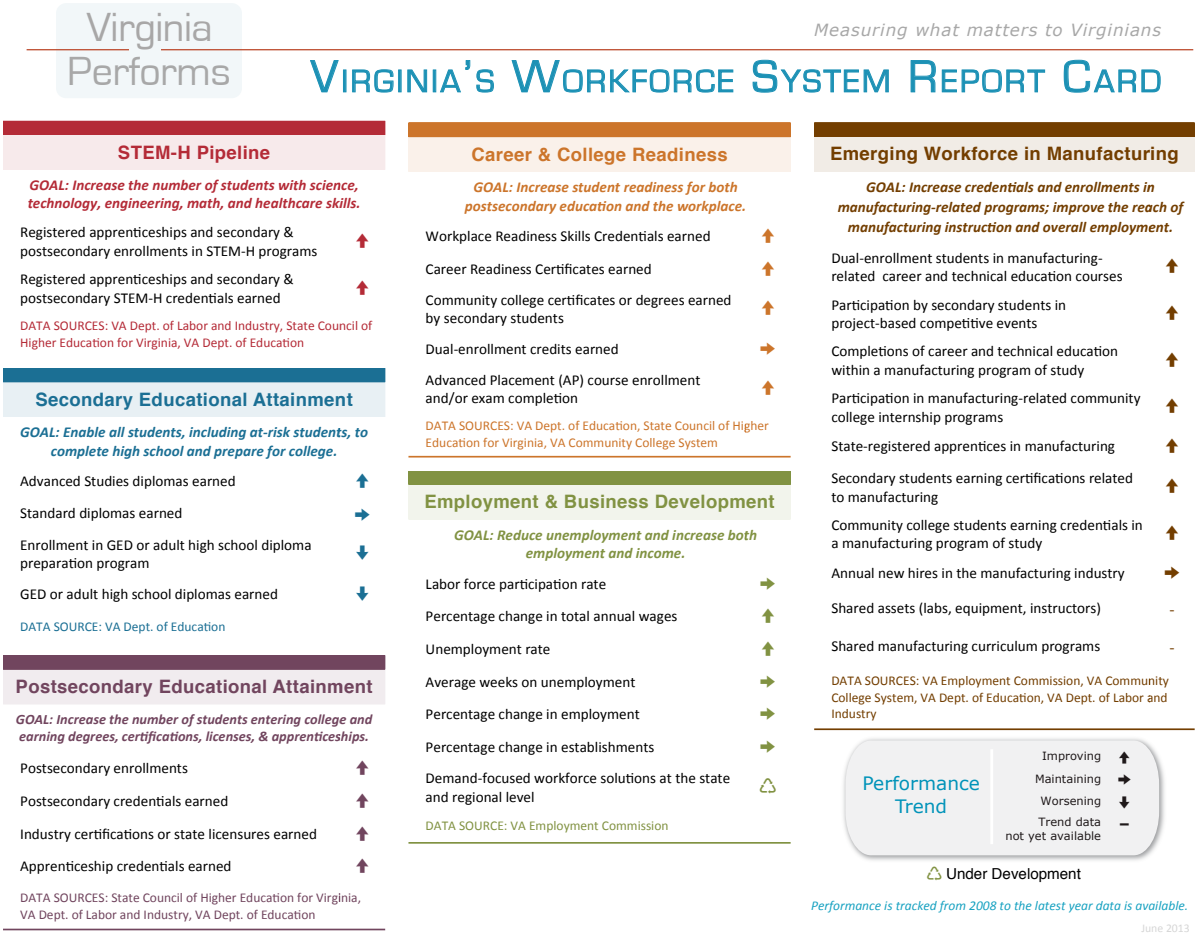
As noted earlier, the Council is undertaking a long-term initiative to accelerate progress on high-priority issues by providing information for better strategic thinking and enhanced collaboration across organizational boundaries. New report cards will be based on the Virginia Performs

Scorecard at a Glance model and help deepen our understanding of the progress we are making on the drivers of broad issues such as economic competitiveness. The initiative began in 2012 with the development of Virginia's Workforce System Report Card. Two new report cards – Innovation and Entrepreneurship and Government Operations – were recently added to Virginia Performs.

Workforce System Report Card: The Commonwealth's workforce development system is multi-layered and engages different levels of government, as well as many partners, both public and private. Virginia's Workforce System Report Card (Figure 3), released in late 2012 and the first of these issue-oriented report cards, is improving assessment of this extensive system.

Council staff have continued to work with the Governor's Office, the Virginia Workforce Council, and other partners to refine and enhance the report card. Updates and refinements will continue through 2014. In addition, Council staff and its partners are working to develop a new approach to assessing regional business-driven approaches to workforce development. Closing critical workforce skills gaps will depend on regions working closely together – as a well-coordinated system – to align and adjust their workforce development strategies to meet regional needs. The goal of the new approach will be to help assess a region's progress in developing and improving a market-driven, aligned, and responsive workforce development system.

Figure 3



Innovation & Entrepreneurship Report Card: Entrepreneurship and innovation help drive economic competitiveness and figure prominently in economic development strategic planning. Innovation – the introduction of new ideas, processes, or products – help businesses create more value for their customers relative to their competitors. Entrepreneurs are the agents that capitalize on innovation to start and expand businesses.

The Center for Innovative Technology (CIT) has created the Innovation and Entrepreneurship Measurement System (IEMS) to help assess progress on these key influences of economic growth and to track progress on the Commonwealth Research and Technology Strategic Roadmap (www.cit.org/initiatives/research-and-technology-strategic-roadmap/). Data from the IEMS was used to create the new Innovation & Entrepreneurship Report Card (Figure 4).

Figure 4

Virginia Performs

Measuring what matters to Virginians

INNOVATION & ENTREPRENEURSHIP REPORT CARD

NOTE: Data provided by the Center for Innovative Technology

Talent Pipeline

Goal: Expand and enhance Virginia's high-quality, highly skilled workforce.

Entrepreneurship Training	Under Development
High-tech Employment	→
Knowledge Worker Migration	↓
STEM Degrees	↑
Virginia FIRST Participation	↑

Commercialization

Goal: Accelerate the introduction and growth of new technologies and products derived from research in Virginia.

University Licensing	↓
University Startups	↑

STEM: Science, Technology, Engineering, and Math
FIRST: For Inspiration and Recognition of Science and Technology (programs to introduce six to 18-year-olds to science and technology)
SBIR: Federal Small Business Innovation Research grants
STTR: Federal Small Business Technology Transfer programs
IPOs: Initial public stock offerings

Research and Development

Goal: Increase support for the research and development activities that provide a foundation for high-tech growth.

Corporate R&D Intensity	↑
Federal R&D Spending in Virginia	↓
Patents Filed	↑
Patents Awarded	↑
SBIR and STTR Awards	↓
State R&D Intensity	↑

Business Dynamics

Goal: Enhance Virginia's business climate for entrepreneurs and high-growth technology enterprises.

Broadband Access	↑
Entrepreneurial Activity	↑
Establishment Churn	↓
Fast Growing Firms	↑
IPOs, Mergers, and Acquisitions	↑
Startups	→

Access to Capital

Goal: Improve access to capital for new and expanding high-tech enterprises.

Private Investment	↓
Public Sector Investment	→
R&D Tax Credits	↑

Outputs

Goal: Accelerate technology-based capital investment and job growth.

High-tech Export Share	↓
High-tech Job Creation Share	↓
High-tech Output Share	↑
High-tech Wages	→
Hypergrowth Share	→
Market Trends	↑
Workforce Educational Level	→

Performance Trend: Improving ↑ / Maintaining → / Worsening ↓

Under Development

Government Operations Report Card: Virginia's state government is a large and complex enterprise. With revenues of more than $40 billion in fiscal year 2013 – a total roughly equivalent to iconic Fortune 100 companies such as FedEx and Walt Disney – its 122,000+ employees manage operations in more than 100 agencies, universities, and other organizations. In addition, a significant share of the work of government and the delivery of its services is accomplished

through local governments and other public and private third-party partners. Given this scope and complexity, it is important to develop a high-level, accessible view of government operations.

The State Government Operations Report Card (Figure 5) complements and builds on the information contained in the current Government Operations indicator in the Government and Citizens section of the Scorecard at a Glance. This high-level and informative report card provides an overview of the overall efficiency and effectiveness of state government.

Figure 5

Virginia Performs

Measuring what matters to Virginians

State Government Operations Report Card

Customer Service

Goal: To improve the quality and responsiveness of government services across the enterprise.

- Customer Satisfaction →
- Customer Service Management Practices ↑
- Digital Government ↑
- Service Quality →

Performance Assessment and Improvement

Goal: To continually improve the efficiency and effectiveness of government operations.

- Key Process Performance ↑
- Performance Management and Reporting ↑
- Process Improvement Practices ↑
- Strategy and Internal Communications ↑

Financial Management

Goal: To wisely manage and optimize the resources entrusted to state government.

- Audit and Internal Controls ↑
- Bond Rating ↑
- Debt Burden ↓
- Financial Asset Management ↑
- Grants and Contract Management ↑
- Rainy Day Fund ↑
- Revenue Forecasting →
- Self-Insurance Liabilities ↓
- Tax Burden ↑

Accountability

Goal: To protect the health and safety of Virginians while using resources in a fair, accountable, and transparent way.

- Consumer Protection →
- Diversity and Fairness →
- Fraud and Waste Control ↑
- Regulatory Framework ↑
- Transparency ↑

Infrastructure Stewardship

Goal: To protect and enhance the returns on the Commonwealth's investments in its infrastructure.

- Cyber Security →
- Emergency Preparedness ↑
- Energy and Environmental Management ↑
- Facilities Maintenance and Construction ↓
- Information Technology →
- Roads, Rail, and Other Infrastructure →

Human Resource Development

Goal: To wisely manage, support, and develop the human resources needed to carry out the functions of government in the most efficient and effective way possible.

- Development and Assessment →
- Employee Health and Workplace Safety ↑
- Employee Relations ↑
- Leadership Development ♲
- Turnover ↑

Performance Trend

- Improving ↑
- Maintaining →
- Worsening ↓
- Under Development ♲

Blueprint Virginia Report Cards: Blueprint Virginia is a statewide initiative of the Virginia Chamber of Commerce to develop a business-driven strategic plan for improving Virginia's competitive position in the global economy. During 2014, Council staff will continue to work with the Virginia Chamber and Blueprint industry council chairs to create one or more report cards to help assess progress on high-priority outcomes.

Partnerships

Since its inception, the Council has worked closely with a wide variety of internal and external partners and thought leaders in the ongoing development of Virginia Performs and in the exploration and analysis of high-priority issues. The Department of Planning and Budget and the Weldon Cooper Center at the University of Virginia continue to be critical partners in maintaining and improving Virginia Performs. Recent partnership developments include:

- Virginia Chamber of Commerce: The Council partnered with the Chamber by helping to frame the data and performance landscape across Virginia and its regions. As noted above, the Council will focus in the second year of the initiative on crafting a method for quantifying progress over time on important priorities identified in Blueprint Virginia, as well as approaches for enhancing regional economic competitiveness and workforce quality.
- Virginia Workforce Council: The Council continues to work with the Governor's Office, the Virginia Workforce Council, and other state and regional partners to refine Virginia's Workforce System Report Card and its regional views. We are working on enhancements to better capture supply and demand gaps in workforce skills and to improve the overall effectiveness of the report card itself.
- Virginia's Center for Innovative Technology (CIT): As noted earlier, we collaborated with CIT on the development of an Innovation and Entrepreneurship Report Card as part of a larger effort to better understand our progress on this key issue.

Figure 6

Ongoing Enhancements & Partners		
Societal	**Enterprise**	**Agency**

• Societal-level data updates and new indicators (Key Partner: Weldon Cooper Center at UVa)
• Blueprint Virginia (Key Partner: Virginia Chamber of Commerce)
• Priority-focused report cards:
  • Workforce System Report Card (Key Partners: Virginia Workforce Council and others)
  • Innovation and Entrepreneurship Report Card (Key Partner: Center for Innovative Technology)
  • Government Operations Report Card (Key Partners: State Agencies)
  • Blueprint Virginia Report Cards (Key Partners: Virginia Chamber of Commerce, business leaders, and others)
	• Enterprise Strategic Priorities:
	  • Priority development (Key Partners: Cabinet Officials and State Leaders)
	  • Dashboard (Key Partners: Secretary of Technology's Office and Virginia Information Technologies Agency)
		• Agency-level planning processes
		• Executive Progress Reports (Key Partner: Department of Planning and Budget)

Information & Engagement		
• VaPerforms.virginia.gov and future.virginia.gov • Publications (The Virginia Report, Issue Insights, Community Snapshots, Virginia Performs newsletter, etc.). • Presentations and outreach activities		

Toolbox

Along with the high-level initiatives described above, the Council regularly publishes a number of special reports, analyses, and other products that enhance our understanding of issues important to Virginia's long-term future, including:

- Published each November, *The Virginia Report* is an annual high-level assessment of Virginia's progress in areas important to our quality of life.
- Published by the first day of each General Assembly Session, an annual executive summary (this report) provides a review of the Council's work during the year, along with a description of the continued evolution of Virginia Performs.
- Issue Insights are developed to provide deeper analysis of specific high-level issues such as educational attainment.
- An electronic newsletter highlights important developments in key outcomes and the evolution of Virginia Performs.
- Special "community snapshots" for legislators and others provide summary information on key outcomes for localities and regions.
- Other reports and analyses focus on specific issues or support the work of high-level commissions and study groups.
- The Council's website (future.virginia.gov) has been completely redesigned with improved organization, navigation, and overall ease of use.

During 2013, the Council also continued its varied outreach activities to regional, state, and national organizations and governments. Among these engagements were:

- Community Indicators Consortium
- *LEAD Virginia*
- Ireland, South Australia, and Scotland
- Mississippi and Texas
- Department of Public Expenditures and Reform (Ireland)
- Community Indicators Consortium
- Virginia Resources Authority
- Opportunity Inc. (Hampton Roads)
- Various regional business and economic development groups as part of the Blueprint Virginia initiative
- Virginia Leadership Summit
- King County, Washington
- City of Washington, DC

For more information about the Council on Virginia's Future
and its work please visit the Council's website:
future.virginia.gov/.

Appendix

This Appendix provides a brief introduction to the Council on Virginia's Future, along with a brief description of the purpose and architecture of Virginia Performs, a signature initiative of the Council.

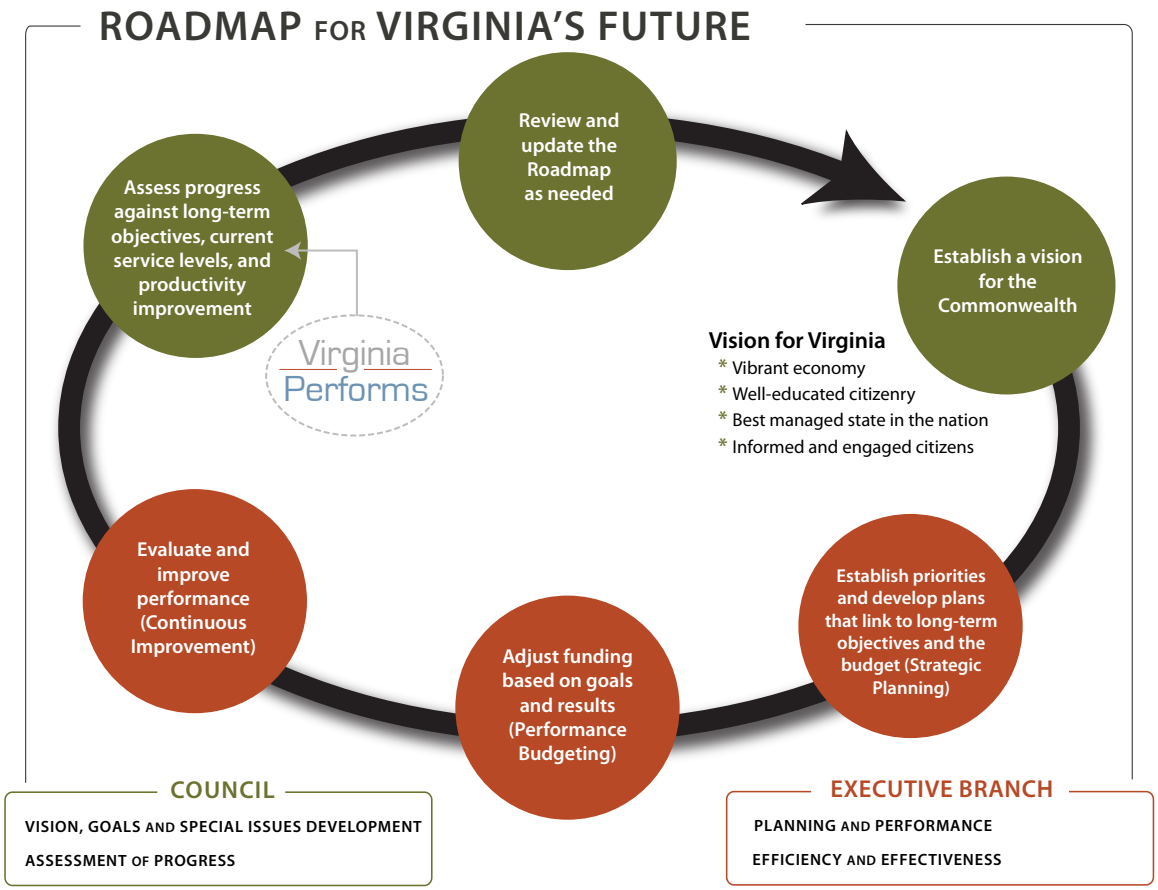
Introduction to the Council on Virginia's Future

The Council on Virginia's Future, which is chaired by the Governor and comprised of state, business, and community leaders, was established by 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 performance, accountability, and transparency; and
- Engaging citizens in dialogue about Virginia's future.

The Council began its work in 2004 by designing the Roadmap for Virginia's Future (Figure 7), a model for improving performance leadership and accountability in state government.

Figure 7



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 enables state leaders to manage government 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, which were established by Council and championed by the Governor, serve as a compass to guide state government decisions and actions.

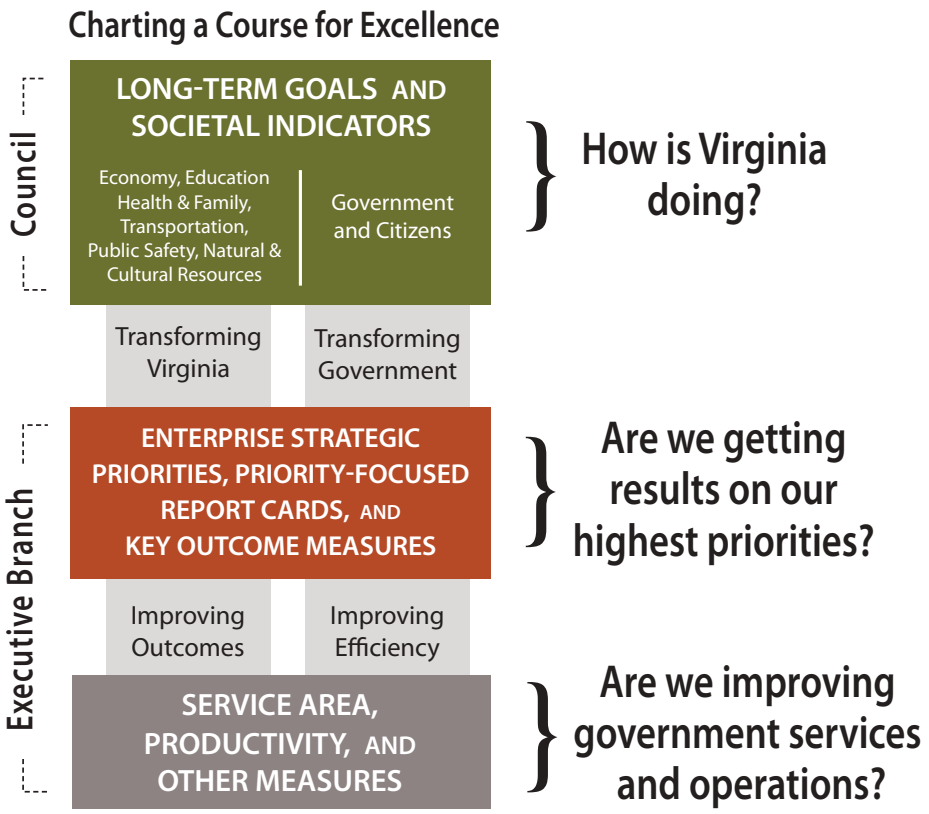
Introduction to Virginia Performs

Virginia Performs, the Commonwealth's 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 8 (page 12) presents a high-level schematic of the architecture of the system.

Figure 8
Virginia Performs Architecture



The Virginia Performs website (VaPerforms.virginia.gov) provides a window into the performance leadership and accountability system. It 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 by 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.

At the highest level, citizen-focused measures known as societal indicators provide a snapshot of how Virginia is doing with respect to issues of particular importance to Virginia's prosperity and quality of life (e.g., water quality, educational attainment). Societal indicators 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. The societal indicators shown in the Scorecard at a Glance are measured over time, and, where possible, by region and in comparison to other states.

At the middle level, newly available enterprise strategic priorities and recently revised 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 and productivity measures are used to provide budget transparency and monitor whether state government programs and services are producing desired results. 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 for both sets of metrics. This information is available through the state agency planning and performance measures section of the Virginia Performs website.

Questions or comments about this summary may be directed to:

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