

Number 4 | December 2009

Evolution of
Virginia Performs

issue insight

Other reports in the Issue Insight series:

- The High Cost of Low Educational Attainment (#1)
- Why Students Drop Out (#2)
- Survey of the Business Climate in Virginia (#3)
- Educational Attainment in Virginia (#5)

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Dear Reader:

Over the past few years, the Council on Virginia's Future has been working with its state partners to develop a robust performance leadership and accountability system to help ensure that state government is efficient and effective in improving the quality of life for Virginians. This nationally recognized system, Virginia Performs, has improved transparency and strengthened performance-based decision-making, drawing clearer links between important outcomes for Virginians and agency results.

While the foundation has been established and our performance continues to improve, we cannot simply rest on past accomplishments. The purpose of this Issue Insight is to outline a series of steps that will continue to strengthen Virginia Performs and enhance a focus on outcomes and data-driven decision-making throughout state government.

As Virginia Performs continues to evolve, even greater progress can be made on outcomes and cost-effective service delivery for our citizens:

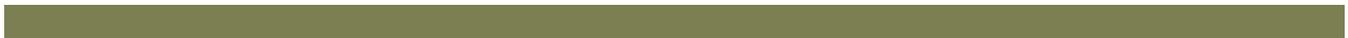
- Agency and enterprise-level information will be available to support policy and budget decisions.
- Every agency will have clear performance goals, focused improvement initiatives, and ongoing measurement and analysis of results.
- Plans and measures will be fully integrated into the budgeting system.
- Performance plans and results will be communicated in a way that promotes transparency and civic engagement.

As always, we are interested in your comments and suggestions as we continue on our journey.

Jane N. Kusiak

Executive Director

Council on Virginia's Future



Evolution of Virginia Performs

Virginia is recognized as a national leader in areas ranging from state management and business climate to the education of our children. A critical factor in Virginia's success is the Commonwealth's performance leadership and accountability system, Virginia Performs, a signature initiative of the Council on Virginia's Future. Especially in these challenging economic times, it is essential to consider the next steps in the evolution of Virginia Performs—steps that will continue to strengthen the system of performance leadership and accountability and sustain a culture in state government where the focus is on outcomes and where critical policy decisions are consistently data-driven.

Recommendations

Virginia Performs has successfully laid the foundation for greater continuity in Virginia's budget and policy decision-making and improved efficiency and effectiveness at all levels of state government. The following recommendations are intended to sustain this past success and take Virginia Performs to the next phase of evolution.

- Continue to strengthen Virginia Performs and the performance management and productivity structure through the Governor's Performance Leadership Team and his designated champion.
- Continue training and technical assistance for Cabinet members and agency heads and orient new officials in early 2010.
- Employ new and existing tools to improve performance and outcomes:
 - ▶ Enterprise scorecards and dashboards supported by sound metrics to make timely data available for decision-makers
 - ▶ Internal and external forums for in-depth examination of high-priority issues
 - ▶ Frequent communications and feedback about progress on the Governor's priorities
 - ▶ Results teams to set targets, monitor results, and improve processes, productivity, and outcomes.
- Increase the capacity for performance assessment, including performance audits and program evaluations.
- Continue the momentum for full implementation of the new integrated performance budgeting system.



ernment is both efficient and effective in improving outcomes and the quality of life for Virginians. This system, Virginia Performs, helped earn Virginia a top score and played an important role in keeping Virginia a “Best Managed State” in the Pew Center on the States report, “Grading the States 2008.”

Prior to the creation of Virginia Performs, performance management in Virginia had multiple moving and unconnected parts. For example, agency reporting was inconsistent and fragmented, and plans and metrics were unconnected to long-term statewide goals and indicators. In addition, many measures were primarily administrative, focused more on process than outcomes, and often were unrelated to the agency’s mission. Enterprise views to support decision-making were difficult to obtain. There was little or no formal assistance or training for effective performance management; and, importantly, the system lacked transparency for policy-makers and citizens.

Virginia was among the first states to develop and sustain a comprehensive approach to the integration of planning with budgeting and performance management. Virginia has made significant progress in establishing the infrastructure that focuses on future goals while improving the efficiency and effectiveness of state government:

- A new approach to strategic planning and budgeting now links plans to the budget through service areas of expenditure that support one or more products or services.
- Agency measures, connected to long-term goals and indicators, focus on mission-critical outcomes.
- Outcome data is integrated into policy and budget decision-making.
- Administrative measures have been streamlined and simplified and productivity measures are producing more efficient operations.
- The Virginia Performs website serves as the public face of the performance leadership and accountability system and provides easy access to information about how Virginia and state government are doing on a variety of measures. The site’s Scorecard at a Glance on the next page (Figure 2) provides a quick snapshot and summary of the state’s performance.
- Approximately 84 state agencies enter data directly into the Virginia Performs website to report progress on standardized performance measures. Initial barriers due to non-standard approaches to performance measures have been overcome through structured training, guidelines, and emphasis on outcome versus process measures.
- The website also serves as a model for regional projects, e.g., Hampton Roads Performs, which uses some of the same indicators as Virginia Performs and others that are unique to the region.



Figure 2

01.2010

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	→
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	↑
Lifelong Learning	→

Health and 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	↑

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

Transportation

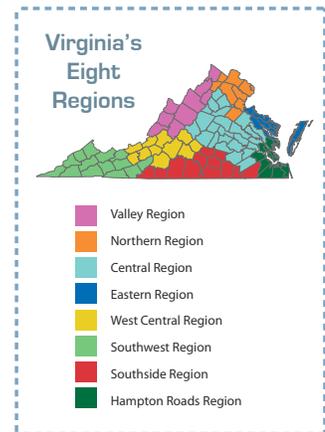
Goal: Ensure Virginia has a transportation system that is safe, enables the easy movement of people and goods, enhances the economy, and improves our quality of life.

Infrastructure Condition	↓
Land Use	↑
Traffic Congestion	↓

Government & Citizens

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

Bond Rating	↑
Consumer Protection	↓
Internet Access	↑
Taxation	→
Voter Registration & Turnout	→



Performance Trend

Improving	↑
Maintaining	→
Worsening	↓

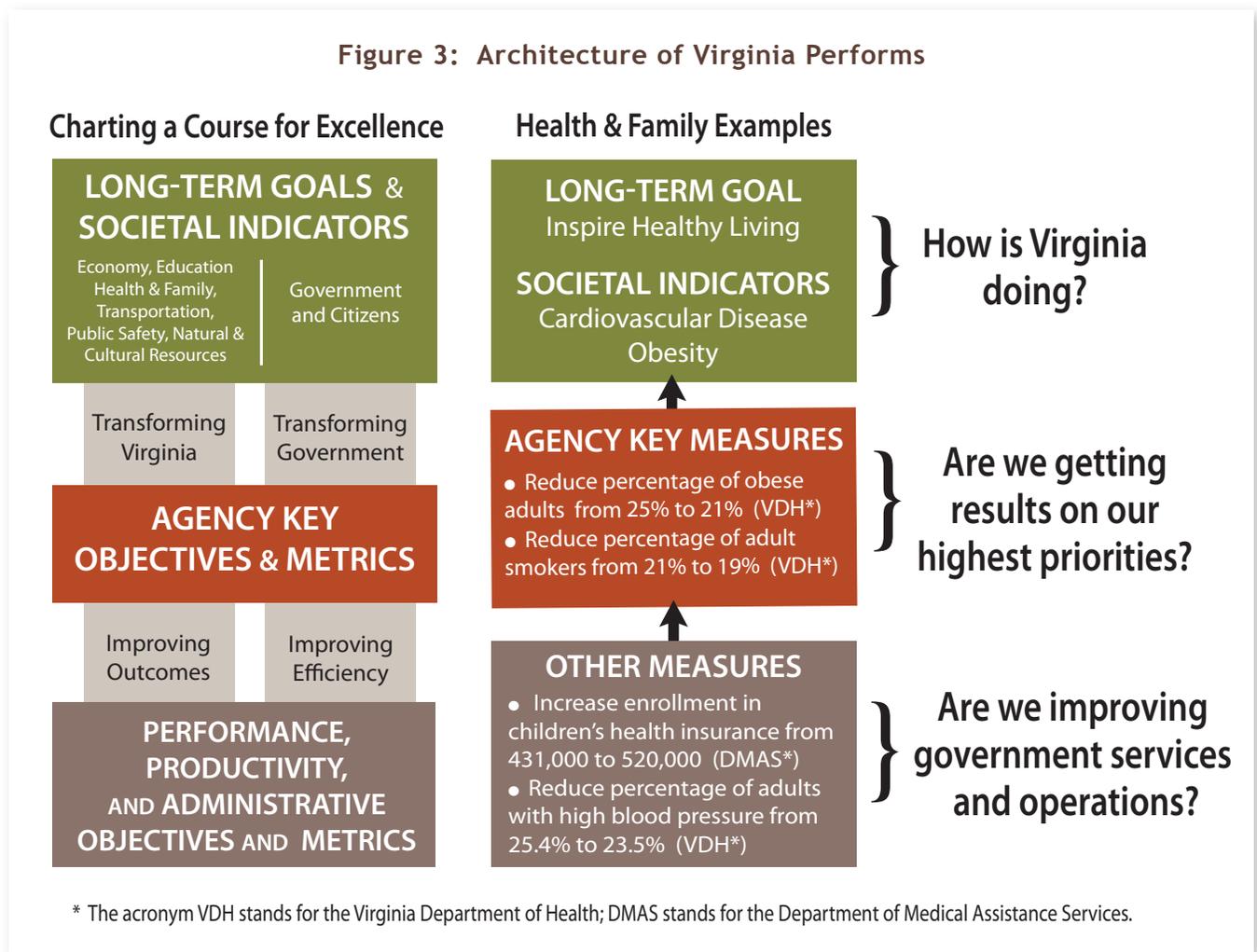


The architecture of Virginia Performs is designed to answer the questions: How is Virginia doing? Are we getting results on our highest priorities? Are we improving government services and operations? For example, when the Department of Health observed an increase in infant mortality a key measure it allocated additional funds to ten health districts that accounted for 50 percent of the infant deaths. In 2008, Virginia's infant mortality rate declined to its lowest level in history.

Similarly, the Governor included targeted investments in foster care in his biennium budget to "move the meter" on this important outcome. These investments, coupled with increased monitoring of foster care data, succeeded in reducing entries into foster care by 12 percent and the foster care population by 8 percent between 2007 and 2008.



Figure 3 depicts the core architecture of Virginia Performs, with examples of agency measures to illustrate how the system works at all levels.



As it becomes fully integrated into the operations of state government, Virginia Performs will help enable significant progress on outcomes and cost-effective service delivery for citizens:

- Agency and enterprise-level information will be available to support policy and budget decisions.
- Each agency will have clear performance goals, focused staff members, and ongoing measurement and analysis of results.
- Plans and measures will be fully integrated into the budgeting system.
- Performance plans and results will be communicated in a way that promotes transparency and civic engagement.



Discussion

Virginia is already one of the best-managed states in the nation, evidenced by its long-standing AAA bond rating and top marks from leading national organizations. But Virginia, like most states, has felt the effect of job losses, decreased home sales, and declining tax revenues as the U.S. and Virginia economies deteriorated in fiscal year 2009. The downward trend is continuing into fiscal year 2010 and the next biennium, requiring budget actions to address the shortfall in revenues. Moreover, the workforce is aging and the state is facing a significant number of retirements with concomitant loss of institutional knowledge and experience. Now more than ever, citizens expect transparency and Virginia's leaders need reliable data about the performance of state programs.

Virginia's leadership has made great strides in establishing and implementing the infrastructure for Virginia Performs. Moving to the next generation of performance management will require a commitment to strengthening several elements of the performance leadership and accountability system to sustain its momentum and ensure continued progress.

Performance management and productivity improvement structure. Virginia has a long tradition of strong strategic leadership at the enterprise and agency levels that communicates a vision and direction for the successful operation of state government. But it is important to continue strengthening the structure for setting goals and maintaining progress, including the quality of agency metrics and effective communications, through the Governor's Performance Leadership Team and his designated champion. Training and technical assistance for Cabinet members and agency heads should continue, including an orientation for new officials on the background, structure, and continuing evolution of Virginia Performs.

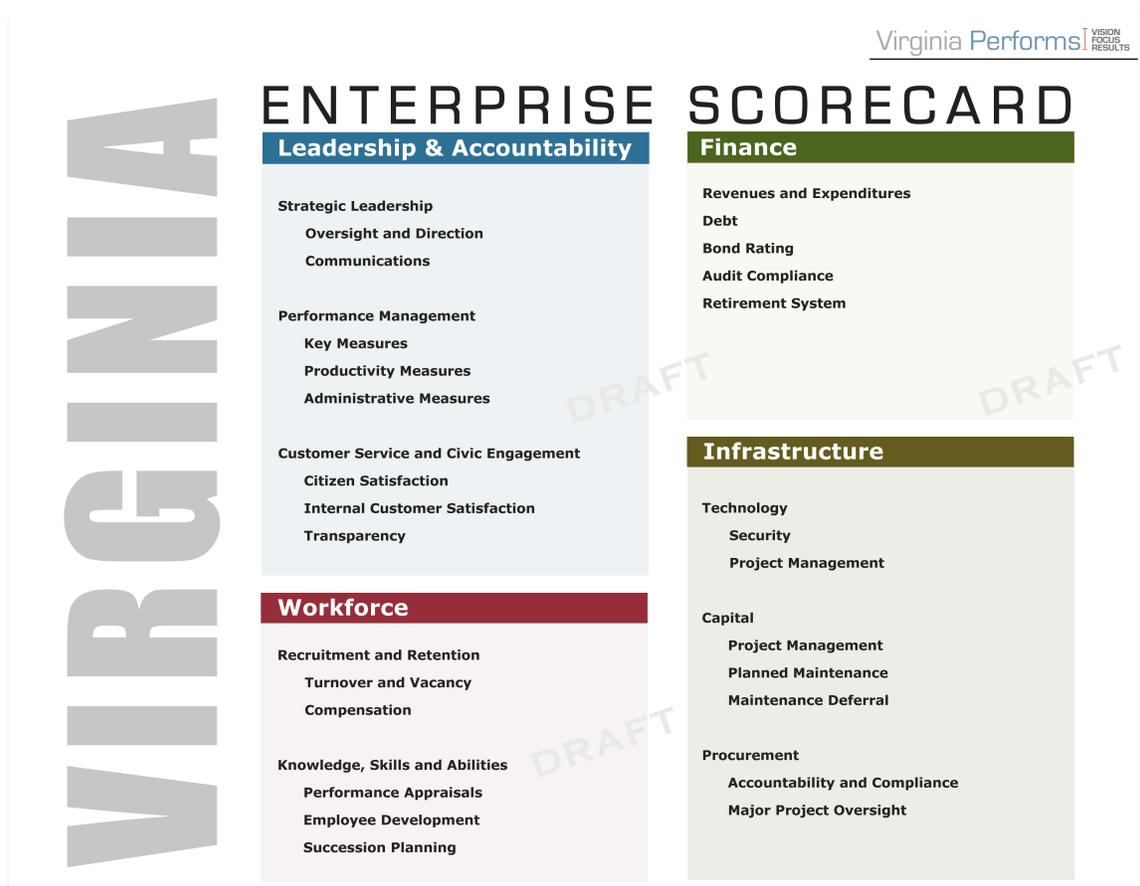
Tools to improve performance and outcomes. Progress on high-priority outcomes is likely to span the responsibilities of multiple agencies, which must collaborate effectively to achieve success. Moreover, issues related to funding mechanisms and intergovernmental relations increase the complexity of efforts to improve critical outcomes.

The key to successful programs—such as CitiStat (Baltimore, Maryland), StateStat (Maryland), and Government Management Accountability and Performance (GMAP, Washington)—is the clear, detailed focus on performance and outcomes. This focus includes analyzing what the data reveal about past performance; establishing specific targets for future performance; holding frequent meetings to review agency progress; and collaborating to make adjustments based on the data. In addition:



- Frequent communications and ongoing re-enforcement, using vehicles such as the Leadership Communiqué (distributed to all Cabinet members and agency heads), can report progress on the Governor’s priorities and recognize best practices and key successes.
- Internal and external forums can bring decision-makers together to gather information, ask questions, and assess progress in important areas, such as the forum on educational attainment hosted by the Council on Virginia’s Future in 2009.
- Results teams organized around high-priority goals or significant processes would offer enhanced focus and collaboration, supported by measures and sound data to track progress. Teams have been used successfully to improve processes (e.g., DMV business processes) and to address issues such as foster care and infant mortality.
- Enterprise and agency scorecards and dashboards can provide timely information related to progress on the Governor’s priorities and government operations. For example, the Virginia Department of Transportation uses a dashboard to report, among other things, the quality of road surfaces, traffic congestion, and project management. At the enterprise level, a government operations scorecard could include measures related to leadership and accountability, finance, workforce, and infrastructure. (A preliminary draft is shown in Figure 4.)

Figure 4: Draft Enterprise Scorecard





These new scorecards/dashboards would complement the existing Scorecard at a Glance and the agency administrative measures reports on the Virginia Performs website.

Increasing the Capacity for Performance Assessment. The Pew Center on the States “Grading the States 2008” report recommended that assessment capacity, including performance audits and program evaluations, be increased to augment Virginia Performs. Analysts should regularly examine the quality and appropriateness of performance measures, the results of state agency activities, and the causes of performance trends over time.

In addition, all executive branch agencies should submit Executive Progress Reports based on the prototype developed by the Council on Virginia’s Future to the Governor and Cabinet Secretaries that outline service, customer, and financial information; key risk factors; performance highlights; and management discussion and analysis as a way of communicating agency progress and potential performance issues. (See Figure 5 for a draft sample of an agency Executive Progress Report.)

Figure 5: Selected Snapshots of Sample Executive Progress Report (Draft DMV Example)

Sample EPR, Page 1

COMMONWEALTH OF VIRGINIA
SECRETARY OF TRANSPORTATION

Department
of Motor Vehicles

AT A GLANCE

EXECUTIVE PROGRESS REPORT

OCTOBER 2009

Background & History

The Department of Motor Vehicles (DMV) issues a wide variety of transportation and tax-related credentials and products for individuals, government agencies, and businesses. The agency collects state transportation revenues and enforces motor vehicle laws. Additionally,

Sample EPR, Page 2

DMV’s revenue collections of \$2.06 billion in FY 2009 were primarily from the following sources:

REVENUE COLLECTIONS	FY 2010 - IN MILLIONS	REVENUE COLLECTIONS	FY 2010 - IN MILLIONS
Fuel taxes	\$857.7	Information products	\$30.7
Automobile sales and use taxes	\$413.2	Federal funds	\$22.8
Vehicle registration fees	\$277.7	Motor vehicle title fees	\$20.6
Rental taxes	\$74.2	Liquidated damages	\$10.6
International registration plan	\$58.8	Other state agencies/other states’ programs	\$134.8
Driver licensing fees	\$42.8		

Monies collected by DMV primarily provide funds for the construction of new highways and the maintenance of Virginia’s existing highway infrastructure.

Key Risk Factors

Several factors will have a significant impact on the agency over the next four years.

REAL ID and PASS ID
Federal legislation known as the REAL ID Act will require Virginians to apply for and renew driver’s licenses in person and to provide proof of identification, legal presence in the United States, social security number (or proof that a social security number was not issued or not required), and proof of Virginia residency. DMV will be required to verify with the issuing entity any document for which an electronic verification system exists (e.g., social security numbers must be verified with the Social Security Administration), pay for each of these transactions, and scan and store copies of all proof documents. Virginia has been awarded federal funding to assist in the required system development and to purchase scanners; however, there is no federal funding to support the additional personnel necessary for implementation. Although Virginia will be able to meet the minimum requirements for REAL ID, DMV needs some legislative changes to best implement the program.

Security requirements for credentials will make DMV’s driver licensing procedures significantly more complex and likely much more expensive to provide in coming years.

On June 15, 2009, a new bill known as PASS ID was introduced in Congress that would repeal REAL ID, but retain many of the same requirements, with an implementation timeline to replace all drivers’ licenses extended to 2016. Other than the timeline, the primary difference between REAL ID and PASS ID is the proposed federal support of the program. PASS ID proposes that states not pay for the cost of verification transactions with federal systems and offers an extended grant process for future years to cover some implementation costs. It is unclear if the legislation will pass in time to supersede REAL ID.

Implementing the New Performance Budgeting System. A new integrated performance budgeting system, already under development, will replace the current patchwork of systems, databases, spreadsheets, and documents with a modern, web-based, user-friendly system that supports all existing strategic planning and budgeting functionality. This new system will move the Commonwealth forward by providing additional integrated performance budgeting functionality. Phase I, which includes budget development and budget execution, is scheduled for completion by August 15, 2010. Phase 2, which includes strategic planning and agency spending plans, is scheduled for completion by March 15, 2011.



Conclusion

Figure 6 below charts the path Virginia has traveled in developing its performance leadership and accountability system. The illustration shows where the state was prior to the early development of Virginia Performs, where it is now, and what will be the next steps in its evolution.

Figure 6

EVOLUTION OF VIRGINIA PERFORMS		
Before Virginia Performs	Virginia Performs Now	Virginia Performs Next Steps
<ul style="list-style-type: none"> ◆ Performance management was primarily administrative and focused on basic requirements. ◆ No standardization existed in strategic planning methods, format, language, and metrics. ◆ Plans and metrics were unconnected to long-term goals. ◆ There were multiple planning and reporting requirements. ◆ Little formal assistance or training occurred for effective performance management. ◆ The system lacked transparency for policy-makers and citizens. 	<ul style="list-style-type: none"> ◆ Virginia Performs, the performance leadership and accountability system, is in place. ◆ Strategic plans are linked to the budget. ◆ There is a series of agency-level performance measures: <ol style="list-style-type: none"> 1. Key measures for core missions, long-term goals 2. Administrative measures for management and compliance 3. Productivity measures for business functions 4. Other budget service area measures ◆ Outcome data are integrated into decision-making. ◆ There is enhanced transparency via the Virginia Performs website. ◆ The first regional prototype, Hampton Roads Performs, was launched in February 2009. ◆ Productivity improvement is ongoing. 	<ul style="list-style-type: none"> ◆ Continue to strengthen Virginia Performs. ◆ Continue to strengthen the performance management and productivity improvement structure through the Governor's Performance Leadership Team and his designated champion. ◆ Continue training and technical assistance and orient new officials in early 2010. ◆ Employ new and existing tools to improve outcomes and performance: <ul style="list-style-type: none"> • Enterprise scorecards and dashboards • Internal and external forums • Frequent communications • Sound metrics • Results Teams ◆ Increase the capacity for performance assessment. ◆ Continue the momentum for implementation of the integrated performance budgeting system.
Key Supporting Elements	<ul style="list-style-type: none"> • External leadership from the Council on Virginia's Future • Strong enterprise and agency-level leadership 	<ul style="list-style-type: none"> • Focus on results • Ongoing training • Assessment and feedback

While much has been accomplished in establishing the infrastructure for Virginia Performs and laying the foundation for increased accountability and transparency, continued progress depends on evolution of the system, incorporating the best practices of similar systems nationwide.

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