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Letter from Governor Mark R. Warner

Members of the Council on Virginia's Future

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About This Report

This is the Council on Virginia's Future's third annual report. Its purpose is to explain the Council's current scope of work and provide an overview of where the Council will focus its efforts over the next two fiscal years. To obtain additional copies of this or prior reports, you may contact the Council at the address or phone number shown below or download copies from our website.

Council on Virginia's Future
Jane Kusiak, Executive Director
JaneKusiak@Virginia.edu

700 East Franklin Street, Suite 700, Richmond, VA 23219
804.371.2346 office ω 804.371-0234 fax ω gma2n@Virginia.edu
www.future.virginia.gov

Chairman's Letter

Council on Virginia's Future Membership

The Honorable Mark R. Warner, Chairman
Governor, Commonwealth of Virginia

General Assembly Members

The Honorable Vincent F. Callahan, Jr.
Chairman, Appropriations Committee
Virginia House of Delegates

The Honorable John H. Chichester
President Pro Tempore
Chairman, Finance Committee
Senate of Virginia

The Honorable H. Morgan Griffith
Majority Leader
Virginia House of Delegates

The Honorable Franklin P. Hall
Minority Leader
Virginia House of Delegates

The Honorable William J. Howell
Speaker of the House
Virginia House of Delegates

The Honorable Richard L. Saslaw
Minority Leader
Senate of Virginia

The Honorable Walter A. Stosch
Majority Leader
Senate of Virginia

The Honorable William C. Wampler, Jr.
Member, Finance Committee
Senate of Virginia

Cabinet Members

The Honorable John M. Bennett
Secretary of Finance
Commonwealth of Virginia

The Honorable Sandra D. Bowen
Secretary of Administration
Commonwealth of Virginia

Citizen & Business Community Members

Ms. Marjorie M. Connelly
Executive Vice President
Capital One Services, Inc.

The Honorable William D. Euille
Mayor
City of Alexandria

Mr. W. Heywood Fralin
CEO and President
Medical Facilities of America, Inc.

Dr. Edward G. Murphy
President and CEO
Carilion Health System

Mr. Timothy B. Robertson
CEO
Bay Shore Enterprises, LLC

Mr. John O. (Dubby) Wynne, Vice Chairman
President and CEO (retired)
Landmark Communications

Executive Summary and Overall Direction

Charting a Course for Excellence

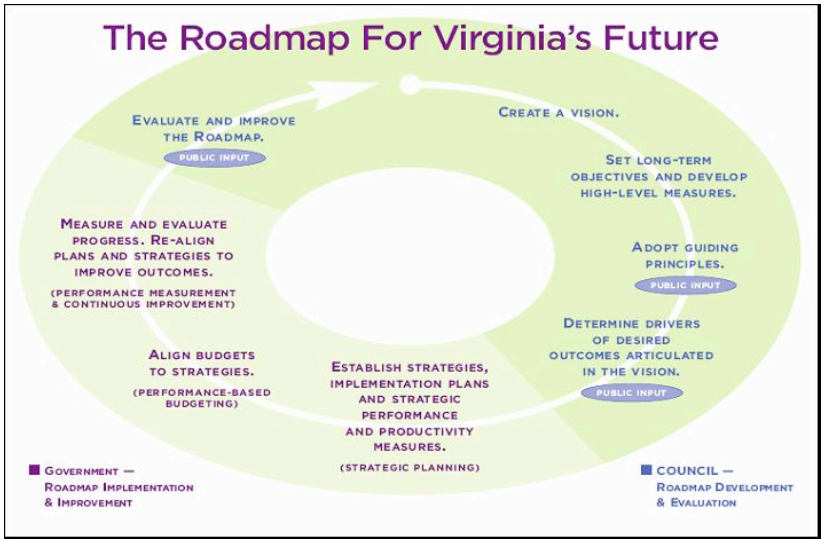
Purpose and Structure

The Council on Virginia's Future was established pursuant to House Bill 2097 of the 2003 General Assembly. The Council's purpose is to create a vision of Virginia's future and a system for state government that aligns with and supports achievement of the vision. The purpose encompasses several factors – 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. Annually, the Council will submit two distinct reports: (1) *The Virginia Scorecard*, which is focused on state government performance, and (2) *The Virginia Report,* an annual report of the Council's proceedings. The Council is chaired by the Governor and its membership is unique. It is a public/private partnership, comprising representatives from the General Assembly, the Governor's Cabinet, the business community and citizens.

History

The Council began its work in July 2003 by designing a *"Roadmap for Virginia's Future."* The roadmap, depicted in figure 1, serves as the conceptual model for the Council's work.

Figure 1



During 2003, the Council created a vision and established several long-term objectives (figure 2) designed to further define the desired outcomes expressed in the vision. In addition, the Council identified high-level measures that could be used to measure progress against the long-term objectives and published *Virginia Today*, a compendium of performance measures.

Figure 2

Vision for Virginia's Future

Building on a centuries-old heritage of leadership, achievement and commitment to the success of all its citizens, and with an abiding commitment to the rich historic and natural resources of this Commonwealth, we aspire to responsibly grow our economy to provide an enviable quality of life. To do so, we must ensure an attractive business environment, challenging and rewarding jobs reflective of a changing marketplace, and strong growth in personal income throughout all regions in the Commonwealth.

We aspire to increase the levels of educational preparedness and attainment of our citizens throughout all regions in the Commonwealth because an educated, well-trained citizenry, committed to lifelong learning, provides the greatest opportunity to responsibly grow our economy.

We have a responsibility to be the best-managed state in the country. To do so, we must have a focused vision, and a fiscally responsible system that provides clear, measurable objectives, outcomes and accountability, and that attracts, motivates, rewards and retains an outstanding state workforce.

We aspire to have an informed and engaged citizenry so that our citizens can provide knowledgeable input to shape the vision of the Commonwealth, identify appropriate service levels and assess progress.

Long-Term Objectives

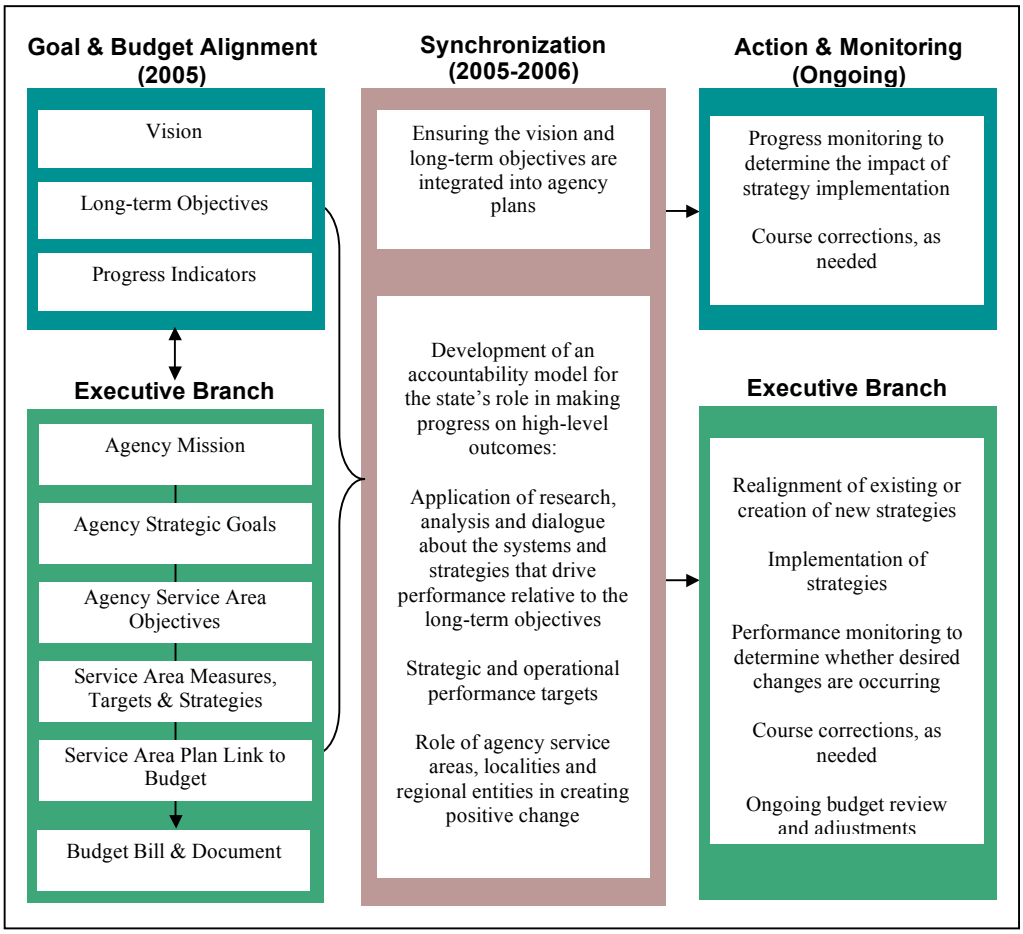
- Be recognized as the best-managed state in the nation.
- Be a national leader in the preservation and enhancement of our economy.
- Elevate the levels of educational preparedness and attainment of our citizens.
- Support Virginians toward healthy lives.
- Inspire strong and resilient families.
- Protect, 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.

In 2004, the Council continued to refine the vision and objectives and began work to determine what changes would be necessary to move to performance budgeting – "the systematic incorporation of planning, strategic performance and productivity measurement, and program evaluation information into the budgetary process" *(HB2097, 2003)*. In the fall of 2004, a strategic planning workgroup was formed to design the new version of Virginia's planning, performance budgeting and performance measurement system. During this period, the Council also benchmarked other states to identify best practices for scorecards and performance indicators, and began to monitor the progress of several enterprise-wide reengineering efforts designed to improve state government efficiency and effectiveness.

Performance Leadership – Current Model

During the past year, the Council used a conceptual model for performance leadership (figure 3) to describe and provide guidance for its work. The model illustrates a process for change, with the Council establishing overall direction through its vision, long-term objectives and performance indicators, while agencies develop plans and set goals to align with the overall direction. At the center of the model, the two views are combined to form a process for studying an issue vital to Virginia's future, and improving its outcome by identifying what is and is not working with current programs and strategies and then identifying new approaches through dialogue, research and benchmarking. As part of this process, new performance targets are established. The roles of state, regional and local government and other entities – and the accountability systems associated with the roles - may change and new legislation or policies may be developed. Once a pathway for change is chosen, implementation occurs through the appropriate state agencies, with the Council and Administration leadership monitoring the results. As the use of the model evolved and new approaches to change were identified, the Council felt that a new model would better reflect its overall approach for creating change.

Figure 3 – Current Conceptual Model for Performance Leadership



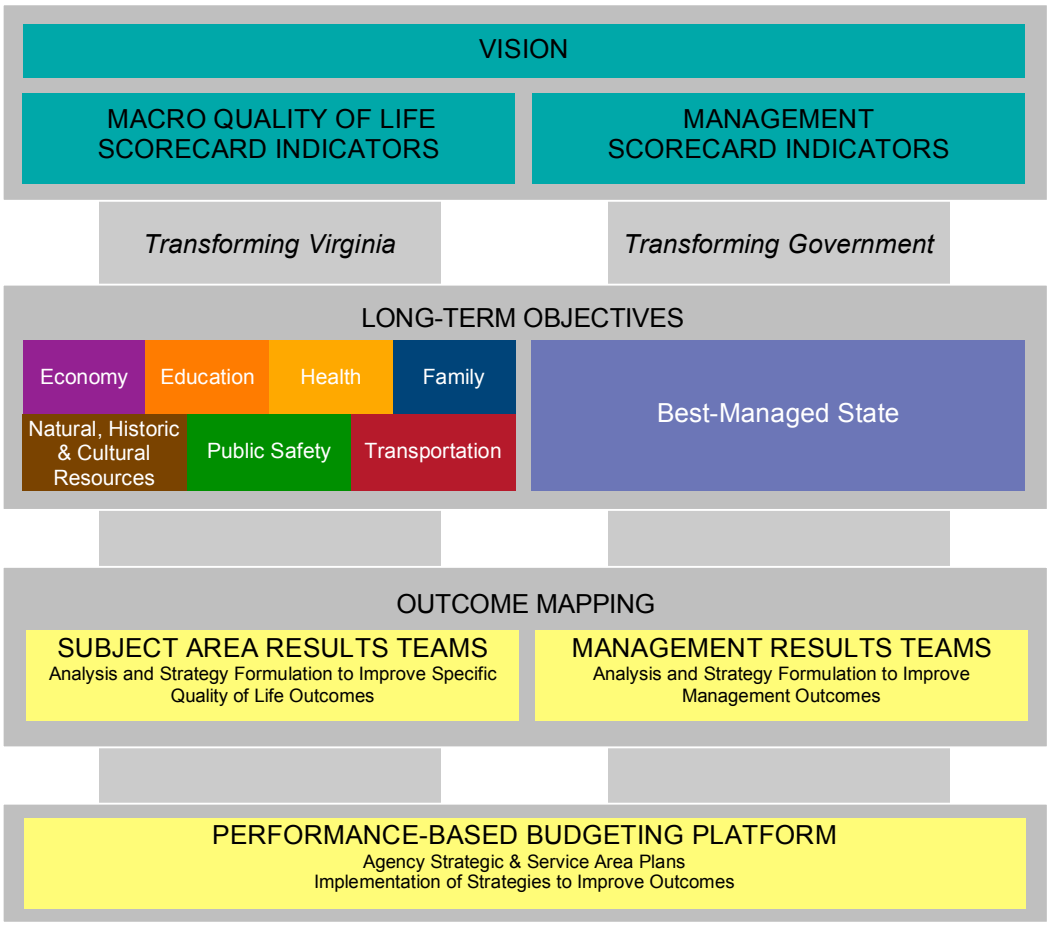
Performance Leadership Model – Next Stage of Evolution

The new performance leadership model (figure 4) that will shape the Council's work comprises five primary catalysts for change: the vision, high-level performance indicators, long-term objectives, results teams and the strategic planning / budgeting platform.

The vision serves as a compass for the Council's continued work, providing a consistent view of the future we seek to influence. The performance indicators in the scorecard measure progress toward the vision and reveal areas where improvement is needed. Long-term objectives further define the vision by describing specific outcomes we wish to achieve. Seven of the objectives are outwardly focused (i.e., customer/citizen focused) and deal with quality of life issues, while the eighth objective is inwardly focused on the efficiency and effectiveness of state government operations.

Results teams and outcome mapping are new approaches that will be used to analyze issues of importance and recommend strategies for effectively addressing the issues. The strategic planning/budgeting platform facilitates change through agency-level strategic plans, measures, targets and performance-based budgets. These five catalysts for change are not independent. Instead, they are aligned to ensure efforts at transformation are coordinated and synchronized.

Figure 4 – New Performance Leadership Model



Current & Future Scope of Work

Focus and Work Components

In 2005, the Council balanced the exploration of three topical areas - the economy, educational attainment, and best-managed state – with implementation of the agency-level strategic planning process. Workgroups were established for each of the subject areas and the work was organized into four components (figure 5): (1) overall direction, (2) issue analysis and public dialogue, (3) strategic planning, budgeting and performance measurement, and (4) efficiency and effectiveness. The education and economy workgroups led efforts for the issue analysis and public dialogue component and the best-managed state workgroup led efforts for the other components. See figure 6 for a description of the work components and highlights of the current and future scope of work.

Figure 5

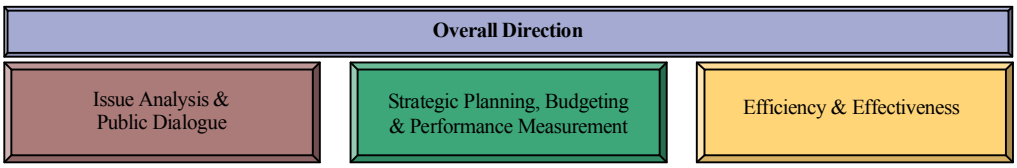


Figure 6 – Council Work Components & Highlights

Overall Direction

Overall Direction
Focus & Description

The focus of this category of work is to design a performance leadership and management model and create mechanisms to continually inspire and evaluate progress.

This area encompasses ongoing Council development (e.g., membership and meetings), definition of the Council's scope of work, communication and public relations, the creation of an organization structure to carry out the work, the development of an information system to support planning and analysis, and publication of the Council's annual report (*The Virginia Report*).

Current Scope of Work
January 2005 – June 2006

Council Meetings:
- May 12, 2005
- August 29, 2005 Retreat
- December 16, 2005

Activities, Achievements & Products:
- Performance leadership and budgeting model refinement
- David Osborne review and subsequent refinement of long-term objectives
- Council on State Governments award nomination
- World Future Society presentation
- Information management system model development
- 2004 Annual Report
- 2005 Annual Report

Future Scope of Work
Fiscal Years 2007 & 2008

Overall direction and support for the continual refinement of performance leadership in the Commonwealth

Special emphasis to be given to (1) developing shared accountability models to support government programs that are financed and/or delivered by multiple entities (i.e., federal, local and/or private involvement, (2) determining the regional role in performance leadership, (3) developing an information management platform to support performance measurement and issue analysis, and (4) developing a citizen education initiative.

Issue Analysis & Public Dialogue

Issue Analysis & Public Dialogue
Focus & Description

The focus of this category of work is to deepen understanding and elevate thinking about selected high priority issues in order to provide input for the development of strategies designed to improve quality of life or management outcomes.

This area encompasses the Virginia Futures Forum, associated regional forums, public dialogue, and research studies that provide insight into emerging trends and the factors that drive performance outcomes.

Current Scope of Work
January 2005 – June 2006

Council Workgroup Meetings:
- Education – 6/1/05, 7/15/05, 8/11/05
- Economy – 6/14/05, 7/12/05, 8/11/05
- Best-Managed State – 3/8/05, 4/8/05, 4/27/05, 6/13/05, 7/13/05, 8/4/05

Activities:
Virginia Futures Forum
- 11/30/05 – 12/1/05
- *Competing in the 21st Century: Moving Virginia's Human Capital Meter*
- Regional follow-up to Virginia Futures Forum
- 2006 Futures Forum planning

Products:
- Charting the Course for Economic Change: Next Generation of Thought (8/05)
- Virginia Futures Forum Issues Book
- Business Climate Survey
- Government Performance Project designation as best-managed state

Future Scope of Work
Fiscal Years 2007 & 2008

Issue Analysis:
- Analyze Virginia's current and probable competitive advantage and identify "break out" strategies; create competitiveness index to benchmark performance using a composite index of the quality of life indicators
- Focus on educational excellence, including a comparative analysis of Virginia students' math and science skills
- Implement an information technology platform to disseminate demographic, economic, education and employment data and enhance decision-making

Public Dialogue:
- Continuation of the Virginia Futures Forum as a vehicle to promote identification of and public debate on emerging trends
- Facilitate regional follow-up to Virginia Futures Forum
- 2006 & 2007 Virginia Futures Forums and planning
- 2006 possible theme: creating and retaining competitive advantage in Virginia, including *Competitiveness Index*

Strategic Planning, Budgeting & Performance Measurement

Strategic Planning & Budgeting Focus & Description

The focus of this category of work is on how state government plans for the future, makes budget decisions and communicates performance data to citizens and decision makers.

This area encompasses the creation of the model for the performance leadership system, the *Budget Bill, Budget Document*, and cabinet and agency level performance data. It also includes publication of the Council's annual performance scorecard *(The Virginia Scorecard)*.

Current Scope of Work January 2005 – June 2006

New service structure for the budget to enable performance budgeting

Performance-based planning and budgeting model implementation

- Training and technical assistance for agencies (4/05)
- Agency strategic and service area plan submission in new, consistent format (9/05)
- Budget submission in new format with new service structure (12/05)
- Publication of a budget document that enables performance-based decision-making (12/05)
- Revisions to agency plans to reflect the introduced budget (1/06)
- Development and implementation of the next phase of metric refinement

Products:

- Budget Document (12/05)
- Budget Bill (12/05)
- 2005 Virginia Scorecard (1/06)

Future Scope of Work Fiscal Years 2007 & 2008

Critique and refinement of agency performance measures

Mapping agency and programmatic metrics to macro-level metrics

Mapping existing programs to desired outcomes through the use of subject area results teams

Full integration of performance budgeting into planning and decision-making processes

Reconciliation of Enterprise Business Architecture model with agency service structure

Efficiency & Effectiveness

Efficiency & Effectiveness Focus & Description

The focus of this category of work is to continually improve state government performance.

This area encompasses an efficiency/effectiveness support system (e.g., training, methodology, incentives), the selection of enterprise and agency level reengineering initiatives and the evaluation of improvement initiative results.

Current Scope of Work January 2005 – June 2006

Phase I Reengineering Projects:

- Administrative Dispute Resolution
- Fleet Management
- Mail Services at the Seat of Government
- Procurement: eVA, VaPP
- Receivables
- Real Estate Portfolio Management
- VITA (Virginia Information Technology Agency)

Phase II Reengineering Projects:

- DOE – Web-based Process for Federal Reimbursement
- State Police – Amber Alert Upgrade
- VDH – On-Site Sewage System Review and Approval Process
- HCD – Electronic Reporting
- DHRM – Recruitment Management System
- Enterprise Architecture Project
- DMME – Electronic permitting, reporting, governance

Future Scope of Work Fiscal Years 2007 & 2008

Creation of a high level locus of responsibility for efficiency and effectiveness work

Establishment of public/private results teams to reengineer processes to improve productivity

Continuation of agency-generated reengineering efforts

Continuation and refinement of incentive program for agencies and staff to support efficiency and effectiveness initiatives

2005 Milestones

Figure 7 provides a breakdown of the Council's 2005 milestones and highlights of the Council's 2005 meetings and retreat.

Quarterly Highlights

During the first quarter of 2005, the Council focused its efforts and resources on developing a new state agency strategic planning and performance budgeting model. Emphasis in the second quarter was placed on monitoring the implementation of the strategic planning and performance budgeting model and convening meetings of the education, economy and best-managed state workgroups to develop performance indicators for their respective areas of focus. Planning for the first Virginia Futures Forum also began in the second quarter. Appendices A, B and C contain reports for the best-managed state, economy and education workgroups.

The main focus of the Council's work during the third quarter was on preparations for the Council retreat in August. Workgroup deliberations and forum planning activities continued during the third quarter and the Council began a study of the Commonwealth's current information management systems as a first step toward determining how to develop an appropriate information platform to support performance measurement and issue analysis work. In addition, the Council approved a project to develop a business climate survey that would serve two purposes – to obtain a baseline measurement for a business climate performance indicator and provide input for the development of strategies that would enhance Virginia's business climate and competitiveness. The Council's fourth quarter focus was on the Virginia Futures Forum, refinement of the strategic planning and budgeting system, determination of the appropriate information management system for performance management, and the business climate survey.

Council Meetings & Presentations

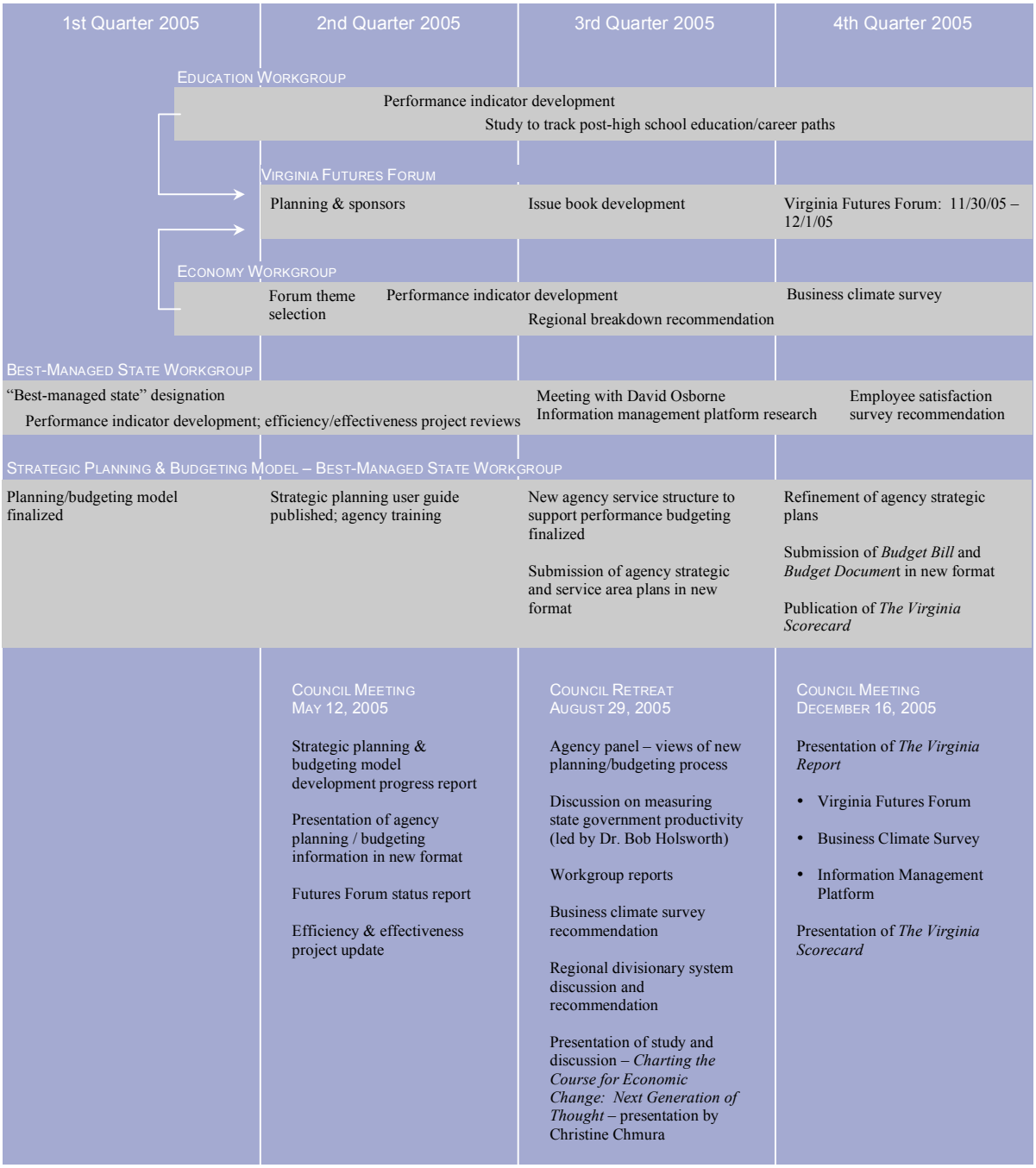
The Council held three meetings in 2005. The focus of the first meeting, held May 12, was on reviewing the structure of the new planning/budgeting model and discussing the application of performance budgeting through the use of agency examples. In August, the Council held a retreat to receive feedback on the new planning/budgeting process from agency leaders and to discuss productivity measurement in state government. In addition, the Council heard and discussed a presentation on the intersection between the economy and education – a study initiated by the Council's economy and education workgroups. Proposals for conducting a business climate survey and establishing an eight-region system to support measurement and analysis were presented, with the business climate survey receiving Council approval.

In July, the Council invited David Osborne, co-author of *Reinventing Government,* to review our overall approach and progress and provide suggestions for improvement. Osborne's feedback was very positive with respect to the overall approach and progress. He offered several suggestions including basic things such as shortening the vision statement and refining long-term objectives to make them more outcome oriented, and more dramatic ideas such as organizing the budget around results instead of departments. Osborne suggested that two important issues were looming on the horizon: (1) determining how to ensure that the Governor's staff and legislature would use the performance information available through performance budgeting to change what the state funds, and (2) how to use language that will be clear enough to agency managers and legislators that the system will push them to rethink the strategies they now fund.

Throughout the year, Council leaders and the executive director made presentations to and held meetings with a variety of audiences within and outside of state government to provide information about the Council's purpose and activities and to obtain feedback and ideas.

Audiences included the World Future Society, Lead Virginia, the Commonwealth Managers Association, the Information Technology Investment Board, the Council of State Governments, the Virginia Workforce Council, the Virginia Chamber of Commerce and others.

Figure 7– Milestones by Workgroup and Activity; Council Meetings



One of the highlights of the year came in February, when Virginia tied with Utah to receive the highest grade for government performance by the Government Performance Project. States were evaluated in the following four areas of management: people, money, infrastructure and information.

The work done over the past year can best be characterized as paving the way for creating long-term change. The Council's primary activities were about:

- Laying a foundation – to establish the vehicles through which change can occur (i.e., new agency strategic and service area plans, *Budget Bill* and *Budget Document* changes, The Virginia Futures Forum, and an information management platform)
- Identifying challenges – to understand the roadblocks that could hinder success, including issue analysis on the intersection between the economy and education and the development of human capital to meet our future economic needs
- Reshaping the model that represents the Council's work – to clarify the framework for creating long-term change
- Building enthusiasm and commitment – to gain momentum for change in an organization that is already viewed as highly successful

Information Management Platform

The Council is developing an information system to track performance data and improve agency productivity while also supporting broader policymaking decisions that will help to accomplish the state's long-term objectives. In this context, the policy information platform will include data sources and other systems that are coordinated and integrated through technology standards (e.g., data format and sharing protocols) and software tools (e.g., performance dashboards, web portals, and business intelligence analytics) in order to create strategic knowledge. The platform will support aggregation, comparison, and analysis of the performance data. The system will enable the sorting of the data by geographic parameters and facilitate comparison to measures from other states and historical information.

Ultimately, the platform must serve a variety of users and needs. Agencies will benefit from better performance data to support their decision-making processes. The Legislative and Executive Branches need such information in their budgeting and oversight capacities. The general public needs a more transparent view of government. The platform also will simplify data access (via user friendly data reporting and search tools) and ensure data integrity and consistency. North Highland, a business management and information technology consulting company in Richmond, is assessing the current state of information systems that provide the macro level and agency specific performance information and will recommend a technology platform to support those needs in an integrated manner. A copy of the proposed approach for this project can be found in Appendix D.

A Look Ahead

During the next two fiscal years, the Council will broaden its emphasis on issue analysis and efficiency and effectiveness initiatives and continue to expand public dialogue by sponsoring annual forums as well as providing regional and local follow-up. In addition, the Council will continue to refine elements of the performance leadership model, including the strategic planning and performance budgeting portion.

Issue Analysis & Public Dialogue

The 2005 Virginia Futures Forum was highly successful. The challenges of the next phase of work are to determine how to move insights and strategies gleaned from the forum to a regional level and to select a topic for the next forum that is both vital and challenging. Our

intention is to continue the Virginia Futures Forum as a vehicle to promote identification of and public debate on emerging trends. This can be done through a series of action, including:

- Conducting an in-depth analysis of a high-priority issue to elevate thinking about the issue
- Developing and implementing a process for creating shared understanding about the high-priority issue and emerging trends
- Proposing strategic responses to emerging trends by synthesizing ideas generated from forums; publishing reports, policy briefs and trend analyses that propose innovative approaches to issues.
- Engaging the public and private sectors to explore and test strategies; moving ideas into action at state and regional levels through existing business, economic, education, government and community networks/partnerships

Performance Leadership

As the next phase of performance leadership evolves, several challenges must be addressed:

- Agency strategies and programs, as well as those developed by results teams, must be mapped to current and desired outcomes to ensure there is alignment of resources to the strategic direction of the Commonwealth.
- Refinement of agency-level baseline metrics is also needed to make them more outcome-oriented and to improve their quality and usefulness.
- A strategic approach for how we apply these metrics in decision-making processes needs to be created.
- Cabinet level guidance and interdisciplinary initiatives must be incorporated into the planning process and the planning/budgeting system needs to be linked to efficiency and effectiveness work to create results-driven reengineering.
- There is a need for ongoing refinement of *Budget Document* and agency service areas delineated in planning and budget documents must be mapped to the Council's objectives to show alignment.

To address these challenges, the Council will convene a series of meetings of a performance leadership workgroup during the first four months of 2006 to examine the current performance leadership model and develop its next phase of refinement. We will continue to include national experts in these discussions. The meetings will culminate in a retreat to develop specific recommendations to present at the Council's retreat scheduled for May or June 2006. The Council will seek to involve a broader group of representatives from agencies, money committees and other important constituencies in metrics refinement and will develop and implement an approach to evaluate the performance leadership system on an annual basis. Staffing for these efforts will require support by Cabinet officers and the Department of Planning and Budget.

Issue Analysis & Public Dialogue

Introduction

The focus of this category of work is to deepen understanding and elevate thinking about selected high priority issues

to provide input for the development of strategies designed to improve quality of life or management outcomes. This area encompasses research studies that provide insight into emerging trends and the factors that drive performance outcomes, and public dialogue including the Virginia Futures Forum and associated regional forums.

This year's initial focus was to determine metrics for the economy and education indicators. As the year progressed, the development of human capital to meet Virginia's future economic needs became central to the economy workgroup and the education workgroup discussions. Because of the strong linkage between increased educational attainment and economic prosperity, human capital development was identified as a significant issue impacting Virginia's future and therefore served as the theme for the first *Virginia Futures Forum* held in November. The culmination of presentations, research and policy discussions on understanding the drivers of economic performance has led to identifying the need to facilitate the development of regional strategies to ensure Virginia retains a competitive advantage in the future.

Issue Analysis

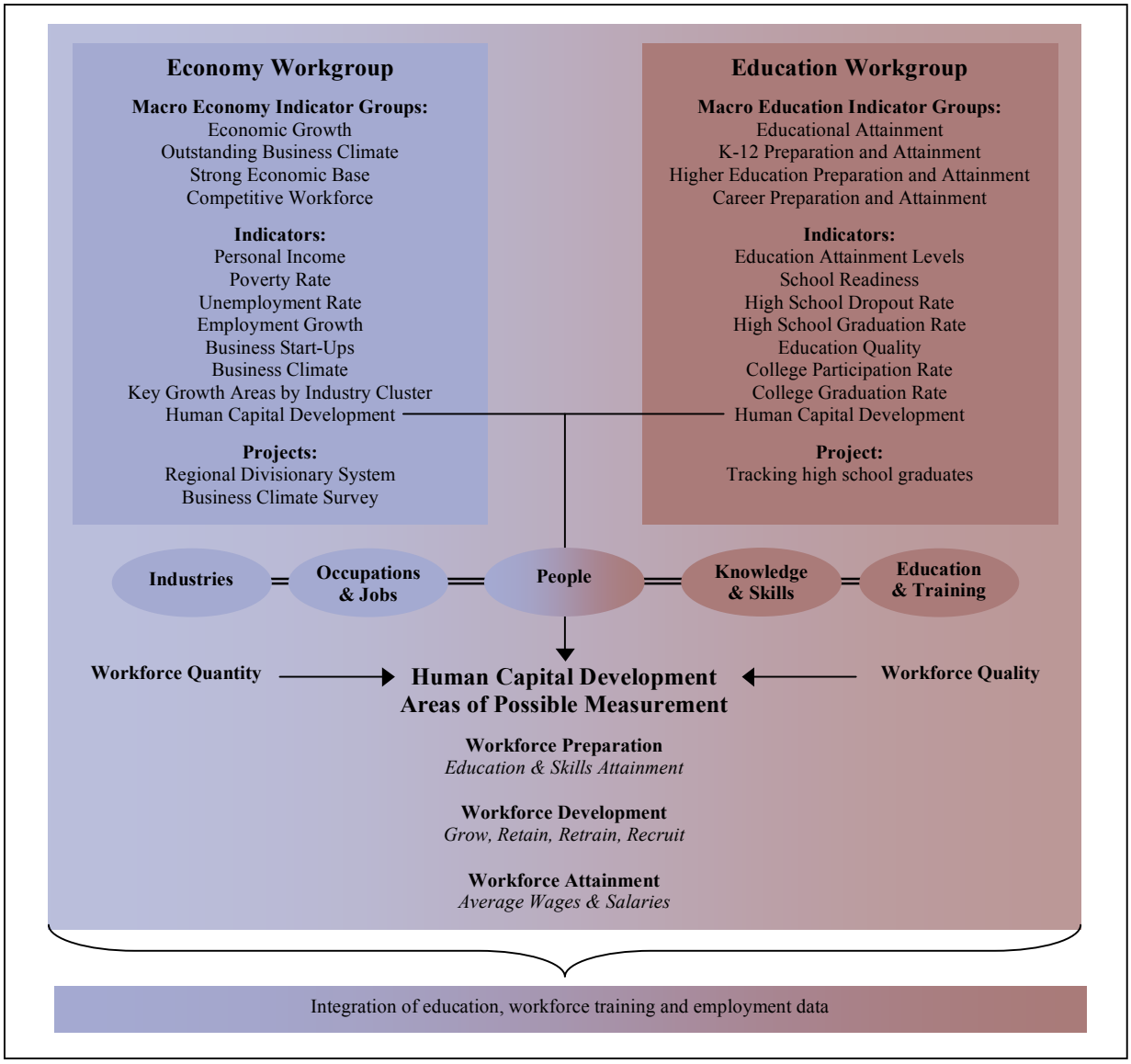
Emerging Trends, Drivers of Performance, Research

The Education and Economy Connection

The identification and analysis of high priority issues began separately in the education and economy workgroups as each group began to identify a set of strategic indicators that would measure the strength of Virginia's economic and educational assets as it relates to accomplishing the Council's vision of responsibly growing our economy and providing an enviable quality of life.

During their summer meetings, each workgroup discussed the factors that most influence their respective performance indicators and made decisions about what additional analysis would be necessary to ensure the right indicators would be developed to monitor progress toward the Council's vision. Both workgroups concluded that in today's economy, more than ever before, education is a necessary precursor and catalyst for economic prosperity. While businesses operating in the "old economy" favored locations with abundant industrial resources (e.g., cheap labor, ready access to raw materials, cheap power), businesses operating in the "new economy" favor locations with abundant knowledge resources (e.g., an educated workforce, first-class and demand-driven schools, colleges and universities, research and development). The economy and education workgroups then combined their analyses and approaches to focus on developing human capital as an asset that would help to ensure all regions of the Commonwealth prosper. The groups also developed a conceptual model to represent their thinking about the relationship between education and the economy with respect to human capital development (figure 8).

Figure 8 – Human Capital Development Conceptual Model



Research on the relationship between education and the economy, presented at a joint economy and education workgroup meeting held on August 11, 2005, revealed several findings:

- Individuals with more education earn higher wages and experience less unemployment than individuals with less education.
- There is a positive relationship between increases in the number of people with college degrees in a given region and regional economic growth, as evidenced in a study conducted by the Kansas Federal Reserve Bank.
- Most occupations that are expected to be in demand in the future require math skills and people with greater math skills have higher wages than those with lower math skills.
- Knowledge occupations are expected to grow more quickly than average and pay higher-than-average wages.

It was discussed that Virginia would benefit from developing a centralized information system that collects, analyzes and presents relevant information on education, workforce training and employment data to policymakers, economic developers, educators and individuals for the purposes of enhanced economic and human capital development planning, including targeted resource allocation, curriculum development and career planning based upon projected employment growth.

Focusing on the connection between education and the economy led to several joint workgroup activities, including the following: refinement of performance indicators and alignment of the indicators with agency measures; analysis of occupational and skill gaps by region; analysis of income distribution by region; development of a cause and effect model to evaluate options for economic growth; determination of the best system for tracking high school graduates and how to use this information to support students on their journey in achievement of career goals; and, development of the human capital development issues book for the Virginia Futures Forum.

Business Climate Survey

In the summer of 2005, after reviewing various approaches for monitoring Virginia's competitiveness and measuring Virginia's business climate, the economy workgroup recommended that the Commonwealth develop a business climate survey. The economy workgroup established a business survey taskforce to define the purpose and objectives of the project and outline its scope. Project leaders are Dr. David Urban (Virginia Commonwealth University) and Dr. Tom Guterbock (University of Virginia).

The purpose of this project is to survey businesses regarding Virginia's business climate. Survey objectives include the following: To determine if Virginia has a business-friendly environment; to determine how business leaders feel about Virginia and how responsive the Commonwealth is to meeting their needs; to determine if there are barriers that the state has created and can remove (i.e., to determine what makes the difference in why a business comes, stays or expands); and, to identify what services businesses receive and if they are satisfied with said services.

The Tayloe Murphy Foundation, represented by Dr. Bill Sihler, will provide partial funding for survey development, implementation and analysis. A proposal, timeline and budget for the survey were submitted in October 2005. The proposal has been approved and survey work initiated. Survey results are scheduled for submission to the Council in June 2006. Appendix F contains the complete survey proposal and plan submitted by Dr. Urban and Dr. Guterbock.

Regional Divisionary System

The Council's scorecard is intended to report performance data at both a state and regional level. In addition, the Virginia Futures Forum is a catalyst for identifying strategies that can produce better outcomes at both a state and regional level. For these reasons, the Council needs a consistent way of dividing Virginia into regions for analytical purposes and to make comparisons with respect to specific performance indicators.

In 2005, the Council decided to examine whether its current seven-region framework was appropriate. At the August 29, 2005 Council retreat, an eight-region system was proposed after significant research into eight other regional systems that were found to be in use by state and local agencies. Varied opinions were expressed over the proposed regional divisionary system and the Council learned that there are a multitude of implications associated with the proposed and existing systems.

The Council's conclusion is that this issue is broader than the mission of the Council and should be addressed by a high-level group established specifically for this purpose. Appendix

G contains an issue brief published by the Council on its research. Note: The eight (8) regions recommended in the Issue Brief are used for data presented in the *Virginia Scorecard*.

Public Dialogue

The Virginia Futures Forum

To help position Virginia for continued economic success by understanding the connection between the economy and education, the Council assembled some of the best minds in Virginia business, government, education and workforce training, and economic development to participate in the first *Virginia Futures Forum*. Forum participants discussed approaches to human capital development that would likely have the greatest impact on our regions and how those approaches would shape public policy.

Forum Highlights

On November 30, 2005, the Council on Virginia's Future and its co-sponsors convened the inaugural session of the Virginia Futures Forum before an audience of 150 of Virginia's top leaders. The purpose of the forum was to foster dialogue on a high-priority issue for Virginia's future and create a mechanism to address the issue at the regional level. The theme for the first forum was human capital development – *Competing in the 21st Century: Moving Virginia's Human Capital Meter*. The Council's co-sponsors for the 2005 Virginia Futures Forum were the Tobacco Indemnification and Community Revitalization Commission, Virginia Polytechnic Institute and State University and the Virginia Workforce Council. The excerpt from the forum issues book shown in figure 10 summarizes the context established for deliberations at the forum.

Figure 10

Defining the Human Capital Development Issue

Complexity, diversity and an extraordinary rate of change will characterize the economic and workforce development arenas of the 21st century. Globalization and an ever-increasing use of technology will impact businesses like never before. In addition, whereas low business costs were a primary determinant for business location or expansion decisions in the past, the availability of a skilled labor pool and enhanced quality of life will drive these decisions in the future. Virginia must now prioritize the task of creating a workforce advantage that is both globally and domestically competitive. We must establish an approach that will grow, recruit and retain the necessary workforce talent. We must leverage our public and private sector resources in an unprecedented manner to meet this challenge.

Creating a workforce advantage requires us to talk with each other about what the Commonwealth can do to meet the human capital requirements of tomorrow's economy. It means understanding how education and skills training, in part, drive economic prosperity. When we speak of human capital, we mean that people have a stock of assets they possess in the form of knowledge, skills, health, and values that allow them to gain employment, earn a living, and otherwise contribute to the economy. Thus, human capital policy stands in the intersection of several policy arenas, including education, workforce development, and economic development.

We are competing in a world in which economic prosperity increasingly depends upon an educated and skilled workforce. How do we move Virginia's human capital meter to meet our future economic needs? Do we have a human capital development strategy to see that all regions of the Commonwealth can compete in a national and global economy?

Keynote speakers, Dr. William Lewis, author of *The Power of Productivity*, and Dr. Richard Florida, author of *The Rise of the Creative Class* and *The Flight of the Creative Class*, presented contrasting views on the intersection of the economy and education. Dr. Lewis contended that education is not as immediately important as most people think because much of the training needed by workers is provided on the job. He indicated that throughout the world, the number of workers is relatively the same; what makes economies different is the productivity or efficiency of the workforce. Dr. Lewis also stated that often the problem with productivity is not the skill level of the workforce but rather a management problem. In addition, he found that educational attainment is not a good proxy for skill

development and the labor force is self-correcting over time to meet skill needs required by employers.

Dr. Florida shared his views on the creative class – the designers and innovators (from science, arts, engineering, architecture, music, technology) and the problem solvers (from law, finance, business and health care) who are the driving force for economic development in the 21st century. Florida stated that the key to economic success in a global economy is believing that every human being is creative and then harnessing that creativity so that Virginia's economic future is prosperous. Florida believes that enhancing productivity and economic prosperity depends upon the further development of people and that the future economic winners will be those who can attract creative people. The striking difference between Dr. Lewis' and Dr. Florida's research is the primary adjective used to describe a productive workforce: efficient vs. creative.

Governor Mark R. Warner's keynote speech included what he referred to as the unfinished business of his administration as it relates to the topic of human capital development. While the Governor has made strides in these areas, his remarks highlighted key education and workforce policy areas that could be improved: early childhood education ages 0–5, including the daycare and healthcare needs of children; underperforming schools; access to quality teachers; viewing career training and education as a first class education; research and development in higher education; rationalizing workforce training program issues and silos; and establishing a K-12½ education system. In addition, the Governor cited other factors impacting economic prosperity and quality of life: transportation, broadband access, lack of state-provided incentives for regional cooperation, laws that hinder regional collaboration, the need to invest in research, and lack of a long-term plan for supporting arts and cultural activities.

Following his keynote address, the Governor facilitated a discussion among business leaders and Dr. Richard Florida. The panel discussion highlighted the need to create a "commonwealth of opportunity for all." Whether it is addressing the labor shortage needs caused by the retiring population, integrating the fragmented workforce system, developing strategies to transport industry clusters from one part of the state to others or supporting private business in meeting their own skill development needs, the constant theme throughout the panel discussion was the need for increased leadership in addressing the human capital development issue. One panelist noted that the Commonwealth's failure to successfully address this issue is not because there are no answers, but because there has not been the leadership to implement solutions. It was concluded and agreed that different regions have different needs. Therefore, state approaches will not be fully inclusive and state solutions should not preclude regions from implementing strategies that are unique to their needs.

The final keynote speaker at the forum was Governor-Elect Tim Kaine, who acknowledged human capital development as an important policy for which the Commonwealth needs to establish goals, measures and policies. Kaine shared his views on the challenges and potential solutions associated with human capital development: changing the paradigm about when education begins and ends (age 4 –17 versus 5-18), the importance and "return on investment" of early childhood education; the need for measures and policies for educational excellence, not just educational competence; and the challenge of ensuring all people have the opportunity to seek knowledge.

In February 2006, a summary of speakers' comments and the results of the group deliberations will be distributed to forum attendees and Council members and posted on the Council's website. Appendix E contains additional information about the Virginia Futures Forum.

Future Scope

It is clear from committee discussions and research, as well as topics deliberated at the *Virginia Futures Forum*, that understanding Virginia's competitive advantage at the state and regional levels will require additional in-depth research and venues for public dialogue on this issue.

Issue Analysis

Leveraging and building upon this year's explorations and discussions on drivers of economic performance, three areas for future issue analysis have been identified: (1) systematically analyze the Commonwealth's current and probable competitive advantages resulting in the identification of "break-out" strategies to retain or create a competitive advantage in the global economy; (2) develop an initiative to target educational excellence, including an analysis of Virginia students' math and science attainment levels compared to other states/countries and a review of math/science competencies and curriculum, and (3) implement an information technology platform for disseminating demographic, economic, education and employment data to allow for state and regional analyses, and better decision-making for strategic planning and program resource allocation. Issue analysis will also include the creation of a *Competitiveness Index* to benchmark our performance against other states using a composite index constructed from the macro quality of life indicators and to answer three important questions: "How are we doing? How do we compare? Have we improved?" In addition, further research on creating and retaining regional competitiveness should also be explored to help ensure shared economic prosperity and an enhanced quality of life for all.

Public Dialogue

In 2005 the first *Virginia Futures Forum* was held and will be continued each year, with the addition of regional forums to apply insights and strategies at the regional level. While the selection of the 2006 *Virginia Futures Forum* theme has not yet been determined, consideration will be given to focusing on the results contained in the *Competitiveness Index*. The Council is in a unique position to tackle this issue, as no other entity has the expressed responsibility for sustaining a competitive economic advantage through the development and monitoring of our quality of life assets.

Strategic Planning & Performance Budgeting

Planning for the Future

Introduction

The focus of this category of work is on how state government plans for the future, makes budget decisions and communicates performance data to citizens and decision makers. This area encompasses the creation of the model for the performance leadership system, the *Budget Bill, Budget Document*, and cabinet and agency level performance data. It also includes publication of the Council's annual performance scorecard *(The Virginia Scorecard)*.

Transition to a New Planning & Budgeting System

The journey to develop a new planning and budgeting system began late in 2004 with an examination of the system in use at that time. The challenges of the old system included a great deal of variation in how planning was done across agencies, differences in planning language and a disconnect between the planning and the budgeting processes. The Department of Planning and Budget began the development of a new system (figure 9) by creating a new service area structure to replace the program structure formerly used in the budget. The service area structure serves as the new "taxonomy" used for budgeting, accounting and planning.

Figure 9

Old System	Transition	New System
Agencies produced various types of plans (e.g., strategic, information technology, human resource, capital) that had different planning cycles and were not coordinated. There was variation in planning language (e.g., goal vs. objective) and planning and budgeting systems used two different taxonomies. Results were fragmented. It was not easy to connect specific agency performance with budgetary decisions, performance measures and desired results (targets).	A new service area structure was developed. It serves as a common unit to link budgeting, accounting, planning and performance management. Agency personnel were engaged to develop a new strategic planning model to consolidate, streamline and coordinate various planning requirements. A prototype model was developed for strategic plans and service area plans that tie service areas to the budget, enabling performance-based budgeting. Training and a planning resource manual were provided to agency personnel involved in planning. The manual promotes a common planning language and approach.	All agencies have strategic plans that link to budgets. Separate plans are consolidated and are on the same schedule. Plans and budgets are based on a common service structure and taxonomy. The Department of Planning and Budget (DPB) partners with agencies to develop their base budgets. Budgeting information focuses on anticipated results, not just program costs.

Late in 2004, a strategic planning workgroup, with representatives from several agencies and the Department of Planning and Budget, led an effort to create a new approach for strategic planning. The workgroup, which continued its work into the first quarter of 2005, designed structures for strategic plans and service area plans, consolidated several different plans (i.e., human resource, information technology, capital plans) into the strategic plan and developed a planning calendar that enables effective coordination of planning and budgeting activities and periodic refinement of goals, objectives, and targets. A performance leadership steering group, comprising members from the Governor's Cabinet, the chief of Staff and leaders of several state agencies, evaluated the work, provided feedback and helped to build commitment to the model. While the strategic planning workgroup finalized the model in preparation for the next budget cycle, the Department of Planning and Budget staff prepared training materials and a reference manual to facilitate the planning process.

These changes produced a significant shift in how planning occurs at the agency level. All agencies now have strategic plans as well as plans for each of the agency's service areas that provide programs to constituents (e.g., driver licenses, foster care) or provide the management mechanisms to run the agency. Agency strategic plans follow a consistent format that includes information on the agency's mission, customer base, products and services, statutory authority, and the agency's strategic goals. In addition, the agency strategic plan provides an executive progress report intended to highlight challenges, improvements and the agency's focus for the future. Service area plans provide the link to the budget. They outline the budget, objectives, measures, baseline performance and performance targets for the service area. This enables agency leaders and other decision makers to examine an agency's intentions and the budget allocated to support their achievement and make comparisons to reported results.

Budget Bill & Budget Document

Both the *Budget Bill* and *Budget Document* have been refined to support the new performance-based budgeting paradigm. The Council's performance report card – *The Virginia Scorecard* – serves as companion document to the *Budget Bill* and *Budget Document* and is designed to demonstrate the relationship between the budget and service performance. An overview of each of these documents follows.

Budget Bill

Purpose: Introduced to the General Assembly to delineate the appropriation of funds to service areas. Includes language that provides general guidance on how money is spent in the Commonwealth (i.e., delegation of authority from the General Assembly to the Executive Branch) and details human resources issues.

Refinements for 2005

- Changes in language to align with the new service area structure (i.e., elimination of program, sub-program taxonomy)
- Reorganization of budget amounts by service areas

Budget Document

Purpose: To provide information in narrative form to further explain the information presented in the budget bill.

Refinements for 2005

- Provides an overview of each state agency that includes the agency's mission, strategic goals and customers in addition to information that has previously been included (i.e., historical and projected budget information, budget addenda and associated explanations)
- Provides service area information: service area name and description, base budget and addenda, highlights of objectives, measures, performance baselines and targets

Planning & Budgeting Platform – Fiscal Years 2007 & 2008

While much was accomplished in 2005 in the development of a strategic planning and performance-based budgeting system, challenges remain. The system itself and the agency performance metrics developed during strategic planning will require ongoing refinement. In addition, we will need to strengthen commitment to the new system so that agency strategic plans become the vital management tools they are intended to be. Several actions will be taken to address the challenges. The Council will develop a process for refining agency and service area metrics and will ensure that the metrics are continually improved. Service area performance targets will be refined, based on the approved budget. In-depth analysis of 1-3 service areas will be performed by agencies to develop strategies for improving agency outcomes. In addition, the Council will ensure that lines of communication are open and effective between agencies and the Department of Planning & Budget to solidify commitment to the new system.

Another challenge to address is how to reconcile two different structures currently in use to organize state government functions. The agency service area structure was developed by the Department of Planning & Budget from the former budget program structure as a way to support performance-based budgeting. This structure is the link that connects agency plans with their budgets. During the course of refining this structure, the overall number of service areas was reduced, thus simplifying the structure and bringing more consistency to the way similar functions in different agencies were identified. The second structure was developed as part of an Enterprise Business Architecture project undertaken by the Virginia Information Technologies Agency. This structure represents the business functions of Virginia state government independent of the organizations that perform those functions, and then maps agencies to the business functions. The architecture organizes state government into an enterprise business model comprising four business areas, 39 lines of business and 183 functions. While both have merit, they present a possibility for confusion and complexity. To address this challenge, the Council will lead an effort to reconcile the two structures.

The Virginia Scorecard

Legislation (HB2097-2003) calls for a scorecard that measures the following: progress against the Council's long-term objectives, current service performance and productivity improvement. The scorecard provides data and information that are not available in the *Budget Document* or *Budget Bill*. The initial scorecard will include examples designed to demonstrate how scorecard and agency performance data can be used in policy decision-making. Examples will illustrate:

- The linkage of agency objectives to the Council's long-term objectives
- High dollar budget items with alternate delivery systems (e.g., "pass-throughs")
- Specific examples of expected results to be achieved with associated changes in allocated budget dollars (to track the decision process)

The Council's scorecard will ultimately present data for a comprehensive set of performance indicators for both quality of life outcomes and management outcomes. There will be approximately 35-40 quality of life indicators, many of which are available in existing measurement databases such as the Virginia Results Statewide Quality of Life Indicators, GOSAP and Virginia Atlas of Community Health databases. These databases provide performance indicators in several difference quality-of-life categories: community, economy, education, environment, families, government, health, safety and technology. The management portion of the scorecard focuses on internal measurements (e.g., bond ranting, employee satisfaction, productivity) and on measurements of citizen involvement (e.g., voter registration rates) and citizen satisfaction. In addition, this portion of the scorecard will

ultimately include the Management Scorecard currently accessible on the Virginia Excels website.

The scorecard will continue to be refined to address several challenges: (1) selection of macro (strategic) indicators from a vast array of indicators with different data sources, (2) demonstrating how scorecard and agency performance data can be used in policy decision-making, and (3) using the scorecard to supplement information presented in the *Budget Document* and *Budget Bill*. The approaches the Council will use to address these challenges include developing shared accountability models to support service area programs that are financed and/or delivered by multiple entities (i.e., federal, local and/or private involvement) and providing case studies to demonstrate use of performance data in policy decision-making. In addition, agency performance measures will be critiqued and refined to improve their quality and usefulness.

Efficiency & Effectiveness

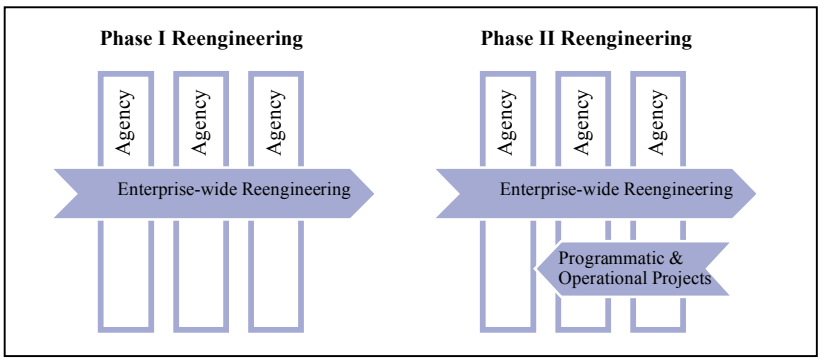
Innovations in State Government

Introduction

The focus of this category of work is to continually improve state government performance. This area encompasses the selection and initiation of enterprise and agency level reengineering initiatives, a support system for efficiency/effectiveness work (e.g., training, methodologies, incentives), and the ongoing evaluation of the progress and results of improvement initiatives.

During the past four years, the Commonwealth has undertaken several enterprise-level projects aimed at improving efficiency and effectiveness in state government. The first phase of projects targeted activities such as developing an executing a strategic plan for real estate management that should yield $68 million in savings in state lease and rental agreements over ten years, and the use of leveraged purchasing for state government contracts, which has already yielded $25 million in savings. Funds were allocated for fiscal years 2005 and 2006 for the expansion of this work at an agency level (figure 10). This second phase of projects included such things as the development of electronic permitting for the Department of Mines, Minerals and Energy and a redesign of the State Police Amber Alert System. A complete list of projects and their current status begins on page 16.

Figure 10



The Next Phase of Reengineering

As we transition to the next biennium, it will be important to continue the type of work addressed in the first two reengineering phases and seek opportunities for broader reengineering efforts that cut across multiple agencies. The Virginia Information Technology Agency (VITA) identified several potential opportunities as part of an enterprise business architecture project. This project provided a unique way to look at the business of the Commonwealth by the type of work done (e.g., service to citizens), the mode of delivery of the work (e.g., direct services for citizens, regulatory compliance and enforcement), support

for delivery of services (e.g., controls and oversights, general government) and the management of government resources (i.e., administrative, financial, human resource, information and technology, and supply chain management). One finding of the work done by VITA was that similar processes, such as licensing and the collection of receivables, are performed in several agencies. These are examples of potential opportunities to leverage existing technologies or practices, or to consolidate similar processes on an enterprise-wide basis. In addition, there is an opportunity to reengineer multiple and complex services within individual agencies to improve the organization and effectiveness of service delivery. The next phase of reengineering must include a method to continually identify opportunities such as these and determine which have the greatest potential for significant improvement on processes and service delivery. Projects will be chosen based on their potential cost savings, impact on customer service, the role of state government, and/or the match between state government needs and private industry expertise and availability to support the project.

As we move into the next phase, results teams will be the engines that drive strategic change in state government operations and in the Commonwealth's quality of life. For their selected subject areas (e.g., high school dropout and truancy rates), the teams will map the best pathway to a desired outcome by defining and establishing the relationships among the factors (e.g., strategies, programs) with the most impact on the outcome. As part of their "outcome mapping" work, teams will assess what is and is not working with respect to existing programs and strategies, benchmark other organizations to discover alternative approaches and establish outcome targets. With targets in place, the teams will recommend strategies and initiatives to improve the outcomes and then monitor their implementation. A key role of each results team is to advocate for change.

Results teams will draw expertise from inside and outside of government. Subject matter experts, agency representatives, staff members from the Department of Planning & Budget and other key stakeholders will comprise the membership of some of the results teams. In other cases, we will use teams from private industry for specific reengineering initiatives, to draw on their expertise in a given subject or their experience with reengineering. Although the use of improvement teams is not uncommon in state government, we foresee several challenges. We do not currently have a consistent methodology for this type of work. Selecting team members with proper expertise and enthusiasm and establishing a manageable number of teams will be important to our success. It will also be important to coordinate the reengineering efforts to avoid duplication between and agency and enterprise-level initiatives. Perhaps the most critical challenge will be to identify and communicate compelling reasons for change in an organization that is already viewed as successful.

To address these challenges, the Council will develop methods to be employed by results teams (e.g., outcome mapping, an assessment protocol, a process for handing off research and recommendations to state agencies that will implement new strategies) and will develop criteria for building a business case for change, selecting team members and evaluating results.

In addition to establishing results teams to work on specific issues, the Council will develop an appropriate system for efficiency and effectiveness to ensure continual improvement of state government operations. The system will do the following:

- Create a high-level locus of responsibility for efficiency and effectiveness efforts.
- Continue initiation of agency-generated, short-term efficiency and effectiveness efforts.
- Initiate comprehensive reengineering efforts (i.e., multi-agency initiatives for specific functions such as licensure as well as single-agency initiatives).
- Refine an existing incentive program for agencies and staff.

One of the most important aspects of the Council's work in this area will be to maintain the momentum for continual improvement of government operations at an enterprise level and agency level.

Phase I Reengineering Initiatives – Status Report

Phase I Initiatives	Status

Administrative Dispute Resolution	• 31% increase in number of agencies using ADR in 2004 (90% reporting):
	  o Faster results with ADR – 83%
	  o Cheaper results with ADR – 81%
	  o Overall satisfaction – 79%
	• 6 pilot projects completed in 2005:
	  o Department of Forestry estimates $37,800 savings alone in water quality enforcement activities.
	  o At Department of Mental Health, nearly 30% reduction in employee turnover from FY04 to FY05
	  o At Department of Mental Health, 57% reduction in seclusion and restraint of patients at hospitals.
	  o Board of Accountancy reports consumer complaint resolution time against CPAs from 3.45 months to two weeks.
	  o Has greatly reduced staff time and expense at the Department of Charitable Gaming

Fleet Management	• Maintenance Control Center contract with private vendor (TECOM)
	• Executive Order 89 of state owned or maintained vehicles by DMV
	• Phase I - Central fleet implementation August 2005. System will provides:
	  o Single data repository for vehicle maintenance and management information
	  o Reduction of duplicated vehicle management services performed by multiple state agencies
	  o Economies of scale pricing
	  o Commonwealth "AAA" 24/7 maintenance, roadside services
	• Phase II - Extend to other agencies/institutions

Mail Services at the Seat of Government	• Phase II underway with a private consultant.
	• Recommendations received June 24: (1) improved security of incoming mail, (2) efficiencies and cost savings to be achieved by streamlined procedures, (3) future cost avoidance via reformed strategic planning.
	• Commonwealth of Virginia spends $27M annually for seat of government mail services.
	• Phases I and II funded from federal appropriations for security at the seat of government (app. $262K).
	• Phase II complete, recommendations include:
	  o Creation and centralization of a mail management organization, responsibilities include:
	  • Management of all mail handling resources
	  • Management of security policies and procedures
	  • Management of USPS policies and procedures
	  o Long term strategic vision:
	  • Consolidation of print, insertion, and mailing activities
	  • Centralize all COV print and mail functions within a single organization
	  o Short term options
	  • DGS centralized mail services unit to handle inbound mail services and security for selected agencies
	  • DGS centralized mail services unit to handle and process outbound mail services for selected agencies
	  • Seven large agencies to conduct enhanced security screening for selected agencies
	  • Seven large agencies handling and processing outbound mail for selected agencies

Procurement: eVA	• In FY04, $69.0 million in savings/cost avoidances reflected in reduced costs for goods and services. • MOA with Federal GSA to route all GSA Contract Schedules available to Virginia and other state and local governments. • Growth in use by local governments/school systems. • 05 YTD: 273,000 orders totaling $2.6B; 04 YTD 164,000 totaling $1.5B through the

Phase I Initiatives	Status
	system. On track for $3B in FY 05. • Canada's Treasury Board inquiry from UK referral
Procurement: Virginia Partners in Procurement (VaPP) – Leveraged Purchasing	• First two waves resulted in 96 statewide contracts with projected savings/cost avoidance of $36 million annually. • $25 million in the past 12 months. • Wave III underway in 13 new categories with estimated additional savings of $10 million. • Treasury loan for cost of private sector consultant paid off with contractual revenues.
Real Estate Portfolio Management	• Strategic plan for portfolio management complete • 10 year projection of $68 million savings on state lease and rental agreements (NPV) • Approximately $7 million in savings/cost avoidance on recent lease agreements and renewals; reduced statewide space standards by 16%. • Future savings – master leases, co-locations, transactional management, facilities management efficiencies, market expertise
Receivables (multi-pronged effort to improve collections)	• **TAX/CGI-AMS Partnership**: Multiple improvements, including case tracking, streamlined work processes, self-service payment plans (teleplan), automated enforcement actions, and more precise risk-scoring of delinquent accounts. FY 04: +$21.0 mil.; FY 05: +$62.4 mil.; FY 06: +$62.4 mil. • **Tax Amnesty**: One-time incentive for payment of known tax receivables. FY 04: +$94.9 mil. • **Enhanced Compliance**: 117 positions added to strengthen field and desk audits and related functions. FY 04: +$9.8 mil.; FY 05: +$$35.7 mil.; FY 06: +$35.7 mil. • **Vendor Registration**: Out-of-state vendors selling to state agencies must register as dealers under Virginia sales and use tax statutes, and collect taxes on remote sales. FY 04: +9.0 mil.; FY 05: +$14.4 mil.; FY 06: +$14.4 mil. • **U.S. Treasury Offset**: Collaborative program with IRS allows TAX to intercept federal tax refunds due Virginians who owe state income taxes. FY:04: +$7.6 mil.; FY 05: $6.5 mil.; FY 06: +$6.5 mil. • **More Targeted Use of Outside Collections Agencies**: Developed though collaboration with Capitol One. More frequent refinement of risk scoring, sequential assignment of outside collections agencies (OCAs), shortening assignment period to OCAs, and tiered rate structure for OCAs. • **TOTAL of efforts listed**: FY 04: +$142.3 mil.; FY 05: +$119.0 mil.; FY 06: +$119.0 mil.
VITA (Virginia Information Technologies Agency)	• $24,953,000 in savings/cost avoidances for 05

Phase II Reengineering Initiatives

Phase II Initiatives By Agency	Status
DEpartment of Education A web-based process for local school divisions to submit requests for federal reimbursement will replace thousands of paper transactions per year. Internal re-organization has established a small grants processing unit, focusing program staff on policy and technical assistance to local school divisions. A larger effort is to establish a web-based budgeting system for local school divisions that will allow on-line management of applications, budget amendments/approvals, reimbursements, and other grant management functions.	• Phase 1, on-line reimbursement, is complete. • Phase 2, on-line submission of applications and budget amendments/approvals is complete. • Went live June 2005
STATE POLICE The Amber Alert process will be re-designed and converted to a web-enabled process, reducing response time from about 60 minutes to less than 15 minutes. Reducing response time substantially reduces the potential search area and increases the likelihood of a child's safe recovery.	• Requirements definition document has been completed • 1st phase finish, sending of automatic notification to email list, expected mid-June • Estimated completion: December 2005
VIRGINIA DEPARTMENT OF HEALTH About 1,000,000 on-site sewage systems exist in Virginia, and the number grows by at least 25,000 each year. VDH approves about 30,000 construction permits, 5,000 certification letters, and 10,000 new subdivision lots each year. For most, VDH performs site and soil evaluations, designs and inspects onsite sewage systems, and performs quality assurance checks of private sector work, to ensure that groundwater supplies and public health are protected. The process is technically complex, has clear environmental consequences, and has significant cost implications for developers and property owners. Significant backlogs and delays continue in construction permits and approvals from local health departments. VDH will contract with professional consultants to review and recommend how best to integrate private service providers into the Authorized Onsite Soil Evaluators (AOSE) program, as the first step in an effort to re-design this review and approval process. *VDH expects the consultants to help identify significant improvements in the permitting process, streamlining paperwork and reviews, expediting approvals, and integrating greater consistency in regulatory interpretation.*	
MINES, MINERALS AND ENERGY An electronic permitting, reporting, and governance system for mineral mine operators in Virginia is being created -- saving time and costs for mineral mining operators and improving accuracy of information. For DMME, the benefits include reduction in repetitive data entry, more rapid turnaround of permits and renewals, and more responsive completion of two-year renewals. The new system will have crossover applications to other agency functions. Permit information will be transferred directly to the field inspector via laptop computers over high-speed connections, giving the inspectors real-time access to the approved permit documents. This technology will be expanded to other agency permitting functions.	• Phase 1, on-line reporting, is complete • Phase 2, online registration and permitting processes are complete • Phase 3, online exam requests and others done with programming, complete • System is fully operational; agency users are currently being trained
HOUSING & COMMUNITY DEVELOPMENT An electronic reporting system that will be developed to streamline data collection and provide real-time availability of information on housing, fire and building safety, and economic and community development projects throughout	• Estimated completion: January 2006

Phase II Initiatives By Agency	Status
the Commonwealth. Expected benefits include more rapid and accurate receipt of applications and federal reporting, reduced staff time on paperwork, less redundancy in data collection among internal organizational units, and enhanced customer service. The new system will allow information, grants, forms, reports and data to be submitted and distributed via the Internet. Overall, staff will spend far less time in data processing and will provide far more high-value technical assistance to grant recipients and communities on housing and economic development projects.	
HUMAN RESOURCE MANAGEMENT DHRM is establishing a statewide recruitment management system that integrates all phases of the employment process -- from initial job requisition through the demographics of the applicant selected for hire. Activities such as screening, applicant tracking, and the creation of correspondence are repetitive, lengthy, and often result in agency personnel being temporarily diverted from their primary responsibilities. Principal objectives are to increase the number of applicants per posting and reduce the average time-to-fill the vacancy.	• Estimated completion: January 2006
DEPARTMENT OF CORRECTIONS An estimated 46 staff and 75 inmates at 27 different institutions are involved in inventory control and warehouse operations. Current processes allow each facility to manage its own inventory through both manual and PC-based record-keeping. There is no consistency in warehouse operations or item coding, so system-wide management is not possible. To address this, DOC plans to implement an automated inventory system that employs bar-coding technology. A uniform set of policies and procedures will be employed at each warehouse location. DOC will use its current appropriations to obtain the necessary software for the inventory system. Re-engineering funds would be used to hire a contractor to assist it in implementing the system, by developing product codes, converting data from existing systems, and training staff on the new system. Bulk purchases are for the whole system and the transfer of excess inventories among the institutions will produce immediate savings, and makes possible the evaluation of consolidating warehouses, and reducing warehouse staff.	
ENTERPRISE ARCHITECTURE PROJECT As part of a pending PPEIA proposal, the Commonwealth is fundamentally re-examining its administrative, financial, human resources, and supply chain management to determine whether there are opportunities to increase effectiveness, boost efficiency, and reduce costs. In FY 05, funds have been allocated to support a project director and two consultant contracts to participate in the due diligence process and aid in completing a Statement of Work.	• Due diligence is currently underway. Foundation Interviews are complete; 35 of 46 agency contact meetings have been completed. • Preparation has begun on the Statement-of-Work and Terms & Conditions that will be used to create a potential Comprehensive Agreement for the vendor teams to consider as they craft their proposals. • At the conclusion of reviews and approvals, the due diligence data and draft Comprehensive Agreement goes to the vendor teams as they begin preparing their detailed proposals.

Appendix A

Best-Managed State Workgroup

Workgroup Report

A summary of the best-managed state workgroup's meetings, performance indicators, members and work in process follows.

March 8, 2005
In March, the workgroup discussed the progress of various reengineering initiatives that were underway or scheduled and reviewed training plans and the implementation schedule for the new strategic planning and budgeting model. In addition, workgroup members reviewed selected performance indicators for all of the Council's long-term objectives and discussed the advantages and disadvantages of various formats for presenting performance indicator data.

April 8, 2005 and April 27, 2005
April's focus was on reviewing and refining examples of agency planning and budget information packets designed to demonstrate the alignment of performance indicators and goals from the Council level down to the agency service area level. The workgroup reviewed a set of performance indicators developed by the original best-managed state workgroup in 2003 and decided to examine other models and states as input for selecting the most appropriate indicators for Virginia. At the April 27 meeting, the workgroup discussed how the best-managed state objective facilitates achievement of the outcomes reflected in the other objectives to the degree that state government can influence the outcomes and discussed advantages and disadvantages of measurement models from the following sources: *Virginia Today,* Malcolm Baldrige National Quality Award performance criteria, Norton and Kaplan's balanced scorecard, Virginia's management scorecard, and the Government Performance Project. The following categories for performance indicators were established as a result of the analysis and discussion: (1) financial management, (2) long-range planning and performance management, (3) workforce quality and satisfaction, and (4) citizen involvement and satisfaction. A first draft of performance indicators was established and the workgroup continued its review of reengineering initiatives.

June 13, 2005
In June, the workgroup met with David Osborne (co-author of *Reinventing Government)* to obtain his feedback on the Council's approaches and progress in the areas of strategic planning, performance-based budgeting, vision development and long-term objectives. Osborne's overall input was positive and he provided several suggestions that have been taken under consideration or implemented.

July 13, 2005
July's agenda focused on comparing the performance indicators drafted at the April 27 meeting to David Osborne's recommendations and on refining the indicators. In addition, the group decided to explore the possibility of using an employee survey to gather information about employee satisfaction and morale. The Department of Human Resource Management will present options for the development and administration of the survey in the near future.

August 4, 2005
In August, the workgroup invited Dr. Bob Holsworth of Virginia Commonwealth University to discuss approaches for the development of a productivity indicator or index. The objectives, agenda and materials for the Council's August retreat were finalized and a plan was established for developing requirements for an information management platform that could support the collection, manipulation and dissemination of performance indicator, budgeting and planning data.

Best-Managed State Performance Indicators

- Bond rating
- Performance against critical success indicators (under construction)
- Productivity index (under construction)
- Employee retention and satisfaction as measured in an employee survey (under construction)
- Citizen satisfaction with state government services (under construction)
- Voter registration rate
- Voter participation rate

Work In Process & Focus through June 30, 2006

- Oversight for the refinement of the strategic planning and budgeting model
- Information management platform research and development
- Development of indicators that are "under construction"
- Employee satisfaction survey

Best-Managed State Workgroup Members

John O. (Dubby) Wynne, Chair

Members:
The Honorable William Leighty
The Honorable John Bennett
The Honorable Sandra Bowen
Ric Brown, Director of the Department of Planning & Budget
Jane Kusiak, Executive Director, Council on Virginia's Future

Appendix B

Economy Workgroup

Workgroup Report

A summary of the economy workgroup's meetings, performance indicators, members and work in process follows.

June 14, 2005
In June, the economy workgroup reviewed and discussed two reports that were presented by their respective authors (*Economic Forecast Virginia Economy: Recent Growth and Outlook, by Dr. Chris Chmura, Chmura Economics and Analytics;* and, *Old Dominion University Economic Forecasting Project, by Dr. Gil Yochum and Dr. Vinod Agarwal, Old Dominion University)*. In addition members discussed external economic performance and business climate rankings of states. Dr. Fletcher Mangum, Mangum Economic Consulting, presented an analysis of current external rankings and a list of variables used by various entities to measure economic performance and business climate.

July 12, 2005
July's agenda included refinement of the first draft of the economy chapter of *The Virginia Scorecard*, a status report on the Virginia Futures Forum, and a presentation and roundtable discussion on the topic of launching a survey to gauge businesses' sentiments regarding Virginia's business climate. Participants included representatives from the Darden Graduate School of Business Administration at the University of Virginia and the Center for Public Policy at Virginia Commonwealth University. The workgroup also reviewed and discussed the recommended geographic regions to be used for presenting performance indicator data in *The Virginia Scorecard.*

August 11, 2005 – Joint Meeting with the Education Workgroup
In August, the economy and education workgroups met jointly to hear a presentation by Dr. Chris Chmura on the intersection between education and the economy and to discuss the relationship between education and economic prosperity. Information was presented by Dr. Ann Battle, Virginia Economic Development Partnership and Leonard Sledge, Virginia Community College System, about the state's cluster analysis, which identifies alternative employment opportunities, regional labor specializations, and new or current industry targets and skill gaps between those targets and the existing labor pool throughout the Commonwealth. The consensus of the workgroups was that the Council should continue to explore publicly accessible data for establishing human capital development metrics and conduct additional analysis regarding which skills and credentials are most associated with projected occupational growth.

Economy workgroup members also discussed several other topics. The workgroup approved a recommendation to establish a regional divisionary system to be used for *The Virginia Scorecard* and suggested changes to the proposed system. In addition, the group approved a recommendation to develop a Virginia-specific business climate survey and selected an approach to present to the Council at the August 29, 2005 retreat. The group also discussed revisions to the economy section of *The Virginia Scorecard* and recommended that a brief analysis of income distribution be included as part of the discussion on personal income.

Economy Performance Indicators
- Personal income (per capita personal income; average wages and salaries)
- Poverty rate
- Unemployment rate
- Employment growth

- Business start-ups
- Business climate – Virginia business climate survey results
- Key growth areas by industry cluster (under construction)
- Human capital development (under construction)

Work In Process & Focus through June 30, 2006

- Business climate survey
- Regional divisionary system
- Development of indicators that are "under construction"
- Study: Creating Competitive Businesses in the New Economy - a comparative analysis of Virginia to other states and countries with respect to meeting critical occupation and job growth categories

  The study should delineate for Virginia: (1) the projected employment growth, (2) the education and skill levels ("quality" of workers) needed to meet the projected demand, and (3) the adequacy of the supply of individuals ("quantity" of workers) in the pipeline to meet the projected demand. The study should specifically highlight Virginia's ability to compete in the new economy by examining Virginia students' math and science attainment levels compared to other states and countries. This analysis is a joint study with the education workgroup's proposed project – Educational Quality: Aspiring to Excellence.

Economy Workgroup Members

The Honorable William Howell, Co-Chair
Marge Connelly, Co-Chair

Members:
The Honorable Michael Schewel
Tim Robertson

Support Team:
Vinod Agarwal – Old Dominion University
Ann Battle – Virginia Economic Development Partnership
Ric Brown – Department of Planning and Budget
Chris Chmura – Chmura Economics & Analytics
Bob Holsworth – VCU, Center for Public Policy
Mark Kilduff – Virginia Economic Development Partnership
Fletcher Mangum – Mangum Economic Consulting
Neal Menkes – Senate Finance Committee
Anne Oman – House Appropriations Committee
Gilbert Yochum – Old Dominion University
Department of Planning & Budget Staff
Council on Virginia's Future Staff

Appendix C

Education Workgroup

Workgroup Report

A summary of the education workgroup's meetings, performance indicators, members and work in process follows.

June 1, 2005
June's agenda included refinement of the first draft of the education chapter of *The Virginia Scorecard*. In addition, the workgroup discussed several projects that support development of the education indicators and selected two projects to explore further: (1) conducting a pilot that tracks the percentage of high school graduates who go on to college (2 or 4 year), the military or an industry or technical school, and (2) selecting math, science or writing as the designated subject area to measure educational quality. Other potential projects identified were school safety, high school-to-college transition and establishing a data warehouse for specific education information and indicators.

July 15, 2005
In July, the education workgroup reviewed Virginia's Educational Information Management System and heard a presentation from the Department of Education on its Student Information System (SIS) and current data collection methods. Various approaches for developing the education chapter of *The Virginia Scorecard* were presented and discussed, including the State Council for Higher Education's current scorecard approach for institutional results and a draft scorecard for the performance expectations set forth in the Restructuring Act. Further discussion took place on the potential projects identified at the June meeting: (1) high school student transition to post graduation education and career options and (2) aspiring to excellence – state/country comparisons.

August 11, 2005 – Joint Meeting with the Economy Workgroup
In August, the economy and education workgroups met jointly to hear a presentation on the intersection between education and the economy and discuss the relationship between education and economic prosperity. Information was presented about the state's cluster analysis, which identifies alternative employment opportunities, regional labor specializations, and new or current industry targets and skill gaps between those targets and the existing labor pool throughout the Commonwealth. The consensus of the workgroups was that the Council should continue to explore publicly accessible metrics for human capital development and conduct additional analysis regarding which skills and credentials are most associated with projected occupational growth.

Education Performance Indicators
- Education attainment levels
- School readiness (under construction)
- High school graduation rate
- High school dropout rate
- Education quality
- College participation rate
- College graduation rate
- Human capital development (under construction)

Work In Process & Focus through June 30, 2006

- Continuation of Pilot Project – What happens to high school graduates? The goal of this pilot project is to determine if there is value in creating an information system to track how high school students transition to post-graduation education and career options (i.e., implementation of a comprehensive, longitudinal student database for Kindergarten through four years after high school).

  The tracking system would be used as a diagnostic to determine if there are ways in which secondary schools can help to expedite "learning to earning," regardless if the high school graduate is college or career-bound. The tracking system would monitor high school students' transitions to post graduation education and career options. The first phase of this study is to determine the best system for tracking high school graduates. The second phase of this study is to address how to use this information to support students on their journey in achievement of career goals. Roanoke city and Roanoke County school superintendents have agreed to be part of the pilot. A meeting was held August 23rd and was attended by Dr. Edward Murphy, Secretary Peter Blake, Jane Kusiak, Marvin Thompson (Superintendent of Roanoke City Public Schools) and Linda Weber (Superintendent of Roanoke County Public Schools).

- Study – Educational Quality: Aspiring to Excellence (joint study with the economy workgroup's proposed project: Creating Competitive Businesses in the New Economy)

- Approach for measuring human capital development

  Approaches under consideration include the following: (1) conducting an analysis regarding which skills and credentials are most associated with projected occupational growth, (2) exploring publicly accessible vmeasures, (3) considering a study to compare Virginia to other states and countries regarding trends and gaps in meeting critical occupation and job growth categories (part of the joint study mentioned above, (4) examining the integration of education, training, economy and employment data, and (5) determining how the results of this work complement the Virginia Futures Forum.

- School readiness performance indicator development – continuation of work to determine how to measure the readiness of four-year-olds to start school

Workgroup Members

Heywood Fralin, Co-chair
Edward Murphy, Co-chair

Members:
The Honorable Peter Blake
The Honorable John Chichester
The Honorable Richard Saslaw

Support Team:
Noreen Crowley – Assistant Secretary of Education
Ellen Davenport – Virginia Community College System
Jo Lynne DeMary - Department of Education
Sarah Dickerson – Senate Finance Committee
Glenn DuBois – Virginia Community College System
Don Finley – Virginia Business Higher Education Council
Sarah Finley – Deputy Secretary of Education
Susan Hogge – House Appropriations Committee
Dan LaVista – State Council of Higher Education for Virginia
Tony Maggio – House Appropriations Committee
Tod Massa – State Council of Higher Education for Virginia
Margaret Roberts – Department of Education
Amy Sebring – Senate Finance Committee
Anne Wescott - Department of Education

Department of Planning & Budget Staff and Council on Virginia's Future Staff

Appendix D

Information Management Platform

The information that follows provides details about the information management platform project.

Policy and Decision Making Information Platform

The Council is responsible for establishing a 21st Century policymaking and accountability framework for the state. As part of that responsibility, the Council must develop, monitor, and publish performance indicators that track productivity, service performance, and Virginia's progress in achieving the established long-term objectives. Complementing the Council's responsibilities are state agency requirements for developing, monitoring, and publishing strategic plans and performance-based budgets relative to agency strategic goals, agency productivity improvements, and agency service performance.

In June of this year, the Council engaged North Highland, a business management and IT consulting company in Richmond, to assess the current state of information systems that are providing the macro level and agency specific performance information and recommend a technology platform to support those needs in an integrated manner. The sections that follow summarize the assessment and recommendations to date.

Future State – A Policy and Decision Making Information Platform

The Council is developing an information system to track performance data and improve agency productivity while also supporting broader policymaking decisions that will help to accomplish the state's long-term objectives. In this context, the policy information platform will include data sources and other systems that are coordinated and integrated through technology standards (e.g., data format and sharing protocols) and software tools (e.g., performance dashboards, web portals, and business intelligence analytics) to create strategic knowledge. The platform will support aggregation, comparison, and analysis of the performance data. The system will enable the sorting of the data by geographic parameters and facilitate comparison to measures from other states and historical information.

Ultimately, the platform must serve a variety of users and needs. Agencies will benefit from better performance data to support their decision-making processes. The Legislative and Executive Branches need such information in their budgeting and oversight capacities. The general public needs a more transparent view of government. The platform also will simplify data access (via user friendly data reporting and search tools) and ensure data integrity and consistency.

Current State – Performance Data Systems

Presently, there is both a lack and duplication in the reporting of Virginia performance information. Agencies create and report performance measures under the state's new strategic planning and performance-based budgeting processes, but there is a need for an automated system to support the agencies' compliance with the performance management reporting requirements. Other agency performance information appears on multiple state web sites, but

those sites may list different "current" results for the same measure (e.g., vehicle registrations completed).

There also are numerous data sources and a more limited number of data assimilation systems that provide more macro level views of the progress indicators that the Council is monitoring in support of the long-term objectives. However, there is currently no comprehensive system, or integration of the different existing data sources and systems that can support policymaking decisions that cut across agency or state/local government boundaries in order to address the Council's objectives and enable the state to allocate or reallocate resources as necessary.

Virginia Results

A primary source of the performance data necessary to support the Council's progress indicators and objectives is generated by agencies as part of the strategic planning and budgeting process. Through the complementary responsibilities and efforts of the Council and the Department of Planning and Budget (DPB), the state has been implementing a strategic planning and performance based budgeting system that requires agencies to develop and update measures that track the management and operational performance of those agencies. Those measures are linked to specific service areas under the budget, and the service areas have been mapped to the Council's nine objectives (at this time, a services area is only linked to one objective, although it actually may apply to several objectives).

Formerly, agencies reported their performance measures through DPB's Virginia Results web site, which had both agency-only and publicly accessible performance measurement views. Unfortunately, agencies considered that site to be a "one way" reporting tool, posting the data as required for public access but not using the data as a management tool.

DPB now needs assistance in restructuring and revamping the reporting system so that it encompasses the performance measurement reporting required under the new strategic planning and budgeting processes while also adding functionality that will make the information more accessible to government users and the public and more supportive of agency management and higher level policy making.

Virginia Excels Management Scorecard

As part of its Best Managed State initiative, Virginia tracks agency performance in core management functions in the Virginia Excels Management Scorecard web site. Agencies report their performance annually in the following areas:

- Human Resources Management
- Financial Management & Budget Reform
- Government Procurement
- Technology
- Performance Management
- Environmental and Historic Resource Stewardship

The current web site is being updated to be more accessible and detailed via a dashboard reporting tool, provided by IndigeTech.

Commonwealth Data Point - Auditor of Public Accounts

Pursuant to a 2005 legislative enactment sponsored by Senator Stosch, the Auditor of Public Accounts (APA) is responsible for providing a comprehensive database of the Commonwealth's financial transactions and demographics. Via the APA's Commonwealth Data Point web site, budget and expenditure information is available on a statewide, secretariat, agency, and program basis. The site also includes demographic and agency performance related information in areas ranging from driver's licenses issued to the state's private and public employment counts.

Agency Performance Dashboards

Several agencies, including VDOT, DMV, and VITA, are using web-based dashboard technology from IndigeTech as an internal management and/or public reporting tool for their agencies' performance in a number of areas. For example, the VDOT public facing dashboard tracks the agency's road project completion status, budget versus expenditures, and road fatalities information. DMV has an internal dashboard that tracks the status of its staff vacancies and hiring process.

The information is displayed online via a variety of indicators and gauges (such as a speedometer) that are linked directly to the corresponding agency databases with that information. Those gauges are automatically updated as new information is entered with the corresponding databases.

Recently, the state has undertaken a project to provide internal facing performance dashboards for all executive branch agencies with procurement related information. The dashboards, provided by IndigeTech in coordination with VITA, will directly interface with the state's accounting system, CARS, and electronic procurement service, eVA, to display agency specific data for spending, purchase order cycle times, and use of small, woman owned, and/or minority businesses (SWAMS). The pilot introduction of these dashboards is scheduled for December 2005, with the full agency roll out to follow next year. The state has funded the initial development of the dashboards, and a sustaining funding model is being developed.

Virginia Atlas of Community Health

The Virginia Atlas of Community Health (Atlas) is a web-based resource for health-related information from regions and localities across the Commonwealth. The Atlas was developed by the Virginia Center for Healthy Communities, which is a non-profit entity established in 2000 with support from the Virginia Hospital and Healthcare Association, the Virginia Department of Health, and a multi-year grant from the Robert Wood Johnson Foundation. The Atlas features a health information and geographically-based search tool that enables registered users to access population, economic, and health indicators at the locality and ZIP code level. The community health status indicators include indicators of population demographics, health insurance status, the supply of community health services, and other important measures of community health status. Much of the information available through the Atlas, which is collected from a variety of government and health care resources, is germane to several of the Council's objectives and corresponding indicators (e.g., births, mortality, disease, hospitalization).

A full-time staff member of Healthy Communities supports the marketing, training, and user support for the Atlas. The Atlas database is maintained in a Microsoft Excel format that is updated periodically by a paid consultant for Healthy Communities. The web-based search application was created by Spatial Insights, which also is responsible for adding new features to the service as requested by Healthy Communities.

The Healthy Communities Board is reviewing options for sustaining the Atlas, including a three prong approach that would focus on securing funding through additional grants, philanthropy, and a subscription based Atlas service. Under the subscription-based approach, the current Atlas information would continue to be available at no-charge to registered users but paying users would have access to customized reports, research assistance, and training.

Governor's Office of Substance Abuse Prevention (GOSAP) Social Indicators Database/Web Site

GOSAP created the Social Indicators Database/Web site in order to improve the visibility of Virginia's substance abuse statistics, elevate awareness of social issues, and support analysis of information on substance abuse. Currently, 13 agencies contribute

information to the GOSAP service, with that information ranging from child abuse and child neglect statistics to school readiness and literacy data. The web-based search tool provides reports in chart, graph, and map form and allows filtering of data by age group, race, gender, city/county, or ZIP code. Users of the service include the agencies and local organizations that must do needs assessments in order to substantiate grant and other funding requests for assistance in addressing substance abuse and related social issues.

GOSAP was created via a federal grant six years ago. Its staff includes a full-time director and several borrowed resources. One of those borrowed resources is charged with collecting and filtering the data, which then is published using a web-based dashboard tool, provided by IndigeTech. GOSAP is seeking a more permanent home and staffing, as its grant funding cannot be sustained indefinitely.

Other States

Several other states have undertaken a variety of performance management reporting initiatives to provide greater government accountability and improve state policy making. For example, Oregon's Progress Board provides an online reporting tool for agency performance measures. That tool links the users to agency specific performance management reports that track progress in the measured areas.

The value of the performance information provided by these states is limited by how current the data is, given that most of the information is updated only annually. The web-based information displays also are more similar to printed reports than interactive web sites, lacking search features and more user-friendly graphical displays of the data.

Recommendations for Reaching the Future State of a Policy Information System

A - Immediate Term (2 to 4 months)

1 – Facilitate User Requirements Gathering. The Council needs to gather input from the variety of user groups for the performance management information. Those users include the agencies, the Executive and Legislative Branches, and the general public. Through facilitated dialogue sessions, the Council can learn about the specific information needs of those users, and the breadth of potential applications for the data (from internal agency management and decision making, to legislative oversight, to public accountability).

Those sessions would include, for example, discussions with the agency representatives who counseled DPB on the new strategic planning and budgeting processes. Their input would address the proposed agency performance management-reporting tool (see below) and the features and functionality that would best support the agencies' needs. The user feedback and suggestions also would guide the development of a more accessible, navigable, and user-friendly web site presence for performance management reporting.

2 - Develop a Commonwealth Performance Dashboard. To facilitate the reporting of, and access to, agency performance management information, the state should develop a Commonwealth Performance Dashboard. As a public-facing, web-based tool, this dashboard would provide an immediate view of agency performance under the measures, baselines, and historic data being reported to DPB as part of the performance based budgeting process. As an initial step, the Dashboard would report the most critical measures and data, as maintained in the DPB performance information database and formerly provided via the Virginia Results web site. The "look and feel" of the dashboard and reporting functionality and features would reflect the input of the user groups from the facilitated sessions above described. Leveraging the same dashboard technology platform currently in use by Virginia agencies also would expedite future integration of the Commonwealth Dashboard with those other agency dashboards and services, including GOSAP.

3 - Add Agency Historical Data as Baselines for Comparison of Performance Measures. At DPB's direction, agencies are gathering historical data that can serve as a baseline for comparison for the new performance measures. This information may not exist for all areas of measurement but should be available for most. The comparative data is important to enabling the agencies, policymakers, and the public to understand the significance of the current measures and the agencies' actual performance.

4 - Migrate GOSAP Social Indicators System and Support Staff. The GOSAP Social Indicator Web Site and its supporting staff need a permanent home, preferably with an agency that can house and at least partially support those efforts.

B - Mid-Term (4 to 6 months)

1 - Integrate Virginia Excels Management Scorecard. As another step towards unifying and simplifying the display of agency data, the Virginia Excels Management Scorecard performance information categories could be added as a component of the Commonwealth Performance Dashboard. Users then only would need to access a single web site in order to view the agency related performance information that is reported separately today. There also may be a future opportunity to integrate the agency-related performance reporting found on the Commonwealth Data Point site.

2 - Make Performance Information More Integral to Policymaking. Agencies' performance measurements often are inadequate or inappropriate and do not track what is most important to that agency and/or the state (i.e., measuring what is easy to measure versus measuring what is an important outcome). Ongoing efforts are required to further educate agency leadership and staff about the value and benefits of using performance information in their decision making, as well as how to more effectively use performance management tools.

Conducting the agency user group sessions described above is only one part of a larger program required to address this need for agencies to have a greater understanding of performance measures, and the overall performance based budgeting and strategic planning process. Specific training sessions in strategic planning and performance management also could be provided. Those educational efforts also should help to improve the quality of the agencies' performance measures, and the corresponding value and usefulness of those measures to both the agencies internally and other users externally.

C - Longer Term (6 months plus)

1 - Evolve Commonwealth Performance Dashboard into Real Time Agency Data Reporting As a further evolution of the Commonwealth Performance Dashboard, the tool could be integrated directly with the agency databases that house the relevant performance measurement information. Similar to the current VDOT dashboard described above, the Commonwealth Performance Dashboard indicators would then reflect changes automatically as the measurement data is updated by the agencies in their respective databases.

2 - Expand GOSAP Indicators Dashboard Web Site to be the Council's Macro Indicators Reporting Tool. The GOSAP social indicators dashboard could be revised and expanded to encompass more of the Council's objectives and macro indicators. Over time, the GOSAP site could be migrated into the Commonwealth Performance Dashboard, with the goal of eventually linking and integrating the Council's objectives and macro level indicators with the agencies' budget service areas and micro level performance measures.

3 - Add Additional Geographic Functionality to the Commonwealth Performance Dashboard. The Virginia Geographic Information Network (VGIN) is a state entity within VITA that

manages Virginia's geographic information system and the corresponding electronic mapping of the state. With access to the VGIN databases, the Commonwealth Performance Dashboard could be enhanced to offer users a range of geographic-based search and reporting options for the performance information.

Appendix E

Virginia Futures Forum

Introduction

In the spring of 2005, the Council on Virginia's Future hosted a planning meeting to identify the theme for the forum. Several potential issues were identified with the common theme among them being the relationship between education and the economy. The linkage that emerged among the issues was the development of human capital so that all regions of the Commonwealth could enjoy economic prosperity and an enhanced quality of life. Selecting this theme was consistent with the Council on Virginia's Future's overall vision and with research findings discussed at the August 11, 2005 joint education and economy workgroup meeting (see page 12).

With a shared goal of wanting to sharpen public debate on policy issues, the sponsors agreed to use a participative approach in framing the issue and engaging participants at the forum. Therefore, a "deliberative" process developed by the Kettering Foundation was used to guide development of the forum processes, materials and program. The deliberative process, or issues forum format, allows participants to look at a public policy issue from several perspectives and discuss the likely consequences of these approaches. Deliberation is not simply discussion, nor is it a debate where someone wins and someone loses. Instead, deliberation encourages forum participants to weigh carefully the advantages and disadvantages of different approaches and come to a sense of the perspectives with which they can live and from which public action and good public policy may result.

To engage the Commonwealth's leaders in deliberation about human capital development, an issues book was developed by community leaders from throughout Virginia in advance of the forum. The issues book first presents a snapshot of the importance of educational attainment and skills acquisition to individual and regional economic prosperity. It then describes and compares three approaches to the issue of developing the Commonwealth's human capital policies *(see Issues Map in this appendix and the forum Issues Book)*. The approaches were intended to serve as a jumping off point for discussions at the forum, rather than as an end point for what ought to be considered.

Overview

Purpose: To foster dialogue on a high-priority issue for Virginia's future and create a mechanism to address problems at the regional level.

Objectives

- Highlight an issue with significant impact on Virginia's future.
- Present a Virginia-specific message.
- Create excitement for potential change.
- Bring a strong group of leaders together.
- Be practical. Ensure outcomes can be applied.

2005 Forum

- **Theme -** Competing in the 21st Century: Moving Virginia's Human Capital Meter
- **Framing Question -** What can the Commonwealth do to meet the human capital requirements of tomorrow's economy?
- **Date and Location -** November 30 – December 1, 2005, Richmond Marriott
- **Co-Sponsors** – Council on Virginia's Future, Virginia Tech, Virginia Tobacco Commission, Virginia Workforce Council

2005 Key Elements

- The Power of Productivity – Dr. Bill Lewis
- The Creative Potential of Virginia's Economy and Implications for Human Capital Development – Dr. Richard Florida
- Framing the Human Capital Development Issue: A Business Response to the Creative Potential of Virginia's Economy – An interactive panel discussion with Virginia business leaders and Dr. Richard Florida, facilitated by Governor Warner, on the creative potential of Virginia's economy and what the Commonwealth can do to meet the human capital requirements for the future economy. Business member panelists: The Honorable James Dyke, Partner, McGuire Woods, former Secretary of Education; Mike Daniels, former Senior Vice President, Science Applications International Corporation; Mike Petters, President of Northrop Grumman Newport News; and. Marilyn Tavenner, President – Outpatient Services, Hospital Corporation of America.
- Economic Transformation and Human Capital Development Case Studies - Application to Virginia – Presentation: Ireland - Dr. Eugene Trani, President, VCU; San Diego - Marney Cox, Chief Economist, San Diego Association of Governments
- Deliberative Dialogue – Virginia Human Capital Development Issues Book approaches:
    - *Align education and training with strategically targeted clusters and centers of innovation and research. Invest in high growth sectors, research and higher education.*
    - *Strengthen and expand the concepts of public education and lifelong learning so that every individual is best prepared for the workforce or higher education.*
    - *Enhance human capital development by empowering the businesses, individuals and communities most directly affected by economic shifts.*
- Applying the Outcomes - Call-to-Action

Forum Attendance

Primary Affiliation	Category	Number
Business	Private Business	43
	Chambers of Commerce	7
	Economic Development	5
	Workforce Investment Boards	4
	Technology	4
	Total Business Representation	**63**
Education	K-12	16
	Community Colleges	4
	Universities	26
	Other	1
	Total Education Representation	**47**
Government	Cabinet	4
	General Assembly	6
	State Government	18
	Local Government	9
	Military	1
	Total Government Representation	**38**
Labor		**2**
Total Attendees		**150**

Forum Agenda and Speakers – Wednesday, November 30, 2005

3:00 – 4:00	Registration
4:00 – 4:15	Welcome and Opening Comments • Dr. Charles W. Steger, President, Virginia Tech • Mr. John O. "Dubby" Wynne, Vice-Chair, Council on Virginia's Future and President and CEO (ret.) Landmark Communications
4:15 – 4:45	The Power of Productivity Dr. William F. Lewis, author of *The Power of Productivity*
5:00 – 5:30	Reception
5:30 – 7:00	Dinner and Opening Keynote The Honorable Mark R. Warner, Governor of Virginia
7:00 – 7:30	The Creative Potential of Virginia's Economy and Implications for Human Capital Development Dr. Richard Florida, author of *The Rise of the Creative Class* and *The Flight of the Creative Class*
7:30 – 8:30	Framing he Human Capital Development Issue: Interactive Panel Discussion and Question & Answer Period Facilitator: The Honorable Mark R. Warner, Governor of Virginia Business member panelists: The Honorable James Dyke, Partner, McGuire Woods, former Secretary of Education; Mike Daniels, former Senior Vice President, Science Applications International Corporation; Mike Petters, President of Northrop Grumman Newport News; and. Marilyn Tavenner, President – Outpatient Services, Hospital Corporation of America.
8:30 – 8:40	Wrap Up The Honorable Michael J. Schewel, Secretary of Commerce and Trade

Forum Agenda and Speakers – Thursday, December 1, 2005

8:15 – 8:30	Welcome Senator Charles R. Hawkins, Chair, Tobacco Commission
8:30 – 9:00	Human Capital Development: The Education and Economy Connection Ms. Marjorie Connelly, Chair, Virginia Workforce Council and Executive Vice President, Capital One
9:00 – 10:00	Provocative Approaches in the Present – Economic Transformation and Human Capital Development Case Studies and Application to Virginia Moderator: Claude Owen, Member, Tobacco Commission and former CEO, DIMON, Incorporated Panelists: • Dr. Eugene Trani, President, Virginia Commonwealth University • Mr. Marney Cox, Chief Economist, San Diego Association of Governments
10:00 – 10:15	Overview of Public Deliberation Process Facilitator: Dr. Suzanne Morse, President, Pew Partnership for Civic Change
10:15 – 11:30	Virginia Human Capital Issues Book – Dialogue Groups
11:30 – 11:45	Break
11:45 – 12:45	Dialogue Group Reports – Large Group Synthesis and Reaction Facilitator: Dr. Suzanne Morse, President, Pew Partnership for Civic Change
1:00 – 2:00	Lunch and Closing Keynote Governor-Elect Tim Kaine

Virginia Futures Forum Issues Map

1

Approach One

Align education and training with high-growth industry clusters and drivers of innovation and research. Invest in high-growth sectors, research and higher education. Provide impetus for innovation and progress in a global economy.

- **Acknowledge the importance of brainpower and innovative ideas.** Citizens must acquire higher education, specialized skills and creative strategies.
- **Match workforce education and skills to the state's economic competencies.** Identify high-growth industries and programs to meet those industry-specific business needs.
- **Value research and development (R&D) for long-term, sustainable growth.** Create collaboration for research clusters with universities, agencies and industries through a statewide coordinating entity. Establish R&D centers throughout state. Encourage research at the undergraduate level and more graduate education.
- **Prepare the workforce for high-growth industry clusters and R&D.** Establish strong connections between community colleges and industry clusters. Increase cluster understanding through schools and websites and create career ladders for clusters from lower-skilled occupations.
- **Embrace, rather than fear, globalization.** Value languages and abilities in a global market.

Trade-off – A trade-off would be less emphasis on those who were not directly involved in the clusters and who did not have the skills to advance in a fast-paced research focus.

2

Approach Two

Target improvements in Virginia's existing education and skills training systems. Improve Virginia's Kindergarten through 12th grade (K-12) educational system to ensure adequate preparation for continued education or employment. Ensure a strong educational and skills foundation, workforce training opportunities and life-long learning access for all citizens.

- **Create a new model for K-12 education.** Adopt rigorous academic and applied skills standards for our K-12 system; create a better learning environment through control of discipline, drugs, and violence; have our schools develop technical and career related skills; create universal pre-school educational programs; emphasize continuous teacher development and incentives to attract and retain qualified teachers; and, increase career preparation curricula in K-12, including career development plans and local connections among businesses and schools.
- **Create a workforce development system available to all citizens.** Create a collaborative realignment of the statewide and regional service delivery systems and timely information about marketable skills; and, provide Internet access, computer access, and basic computer skills to all through state funds.
- **Increase labor market participation.** Focus on specific populations, such as older workers, those with disabilities, minorities, women with children, and former inmates.
- **Revise the educational funding formula.** Give school boards taxing authority.

Trade-off – We may trade off more support for higher education for specialized clusters and research as well as an opportunity to develop a decentralized approach.

3

Approach Three

Empower individuals, businesses, and their communities. Responsibility for human capital development is best placed with the businesses, individuals, and communities most directly affected by economic shifts and changes.

- **Decentralize human capital development decisions to better connect business with education and workforce training.** Develop different strategies to reflect Virginia's regional differences.
- **Build a business-driven system. Fully implement the workforce investment board concept.** Create regional coordinating councils of K-12, community and career colleges, higher education, and business; career guidance should consider regional and local contexts; and, engage regional leadership for regional solutions to regional problems.
- **Promote entrepreneurship.**
- **Make human capital funding directly available to businesses and individuals.** Leverage existing programs with funding from the private sector, grants, and federal dollars.

Trade-off – While some regions may benefit from a decentralized approach, others may suffer. The ups and downs in the economy will affect strategies. The disadvantaged may suffer.

Virginia Futures Forum Work Teams

Forum Planning Team

- Council on Virginia's Future – Jane Kusiak, Katherine DeRosear, and Gilbert An
- Tobacco Indemnification and Community Revitalization Commission – Tim Pfohl
- Virginia Polytechnic Institute and State University – Larkin Dudley, Mary Beth Dunkenberger, Dave Nutter, Ted Settle, Laura Fornash, and Nancy Hagen

Issues Framing Workgroup

The development of the three policy proposals that are the foundation of the issue book were developed by following community leaders from across the state who lent their time and energy to help conference organizers pull together the broad topics of the book. They are:

Joe Ashley, Department of Rehabilitative Services; Rosa Atkins, Caroline County Public Schools; Huey Battle, Washington Gas; Brian Binggeli, Spotsylvania County Public Schools; Willie Blanton, Virginia Employment Commission; Marge Connelly, Capital One; Ellen Davenport, VCCS; Mark Dreyfus,ECPI; Laura Fornash, Richmond Center, Virginia Tech; Catherine Hart, Department of Business Assistance; Rose Johnson, VCCS; Mark Kilduff, VDEP; Bob Leber, Northrup Grumman; Dan LeBlanc, AFL-CIO; Hiawatha Nicely, Community National Bank; Tim Pfohl, Tobacco Commission; Rita Ricks, Mirror Enterprise; Gail Robinson, Virginia Employment Commission; Tom Shortt, Elementary Principals Association; Duke Storen, Department of Social Services; Robin Sullenberger, Shenandoah Valley Partnership; Yvonne Thayer, Department of Education; Jim Underwood, IBEW; John White, Town of Pulaski; Ed Whitmore, Smyth County; and Andrea Wooten, Virginia Workforce Council.

Issues Book Design

- Project Oversight – Jane Kusiak and Ted Settle
- Managing Editor – Dave Nutter
- Co-editors – Katherine DeRosear and Larkin Dudley
- Research and Writing – Alesya Bogaevska, Christine Chmura, and Michelle Pautz
- Designers – Melinda Shaver and Nathan Skreslet

Forum Facilitators

Alesya Bogaevskaya
Larkin Dudley
Mary Beth Dunkenberger
Karen Farber
Nancy Gansneder
Cathy Greenberg
David Nutter
John Thomas

Appendix F

Proposal for Virginia Business Climate Surveys
October 2005

Prepared by:

Survey and Evaluation Research Laboratory

Center for Survey Research
University of Virginia
P. O. Box 400767
Charlottesville, VA 22904-4767

Dr. Thomas M. Guterbock, Director
(434) 243-5223
TomG@virginia.edu

Survey and Evaluation Research
Laboratory (SERL)
Virginia Commonwealth University
P. O. Box 843061
Richmond, VA 23284-3061

Dr. David J. Urban, Interim Director
(804) 828-2189
djurban@vcu.edu

Protocol for the Virginia Business Climate Surveys

October 2005

The Center for Survey Research at the Weldon Cooper Center for Public Service at the University of Virginia and the Survey and Evaluation Research Laboratory in the Center for Public Policy at Virginia Commonwealth University are pleased to present this draft protocol and budget document to the Council on Virginia's Future (COVF).

We believe the activities outlined in this document constitute a model approach to ascertaining the opinions of industry leaders regarding the business climate in Virginia. Two surveys are planned. The first survey is a series of one-on-one interviews with selected executive-level decision-makers in large businesses that have a significant presence in Virginia. This is the "executive interviews" survey. The second survey is a self-administered mail survey with a web-based option that will be sent to a random sample of business establishments in Virginia. This is the "establishment survey." In general, the protocols cover activities in project development, data collection, and analysis/reporting. The tentative protocols for these surveys are as follows:

Executive Interviews

In general, we plan to collect 80 executive interviews. Half of the interviews will be collected before finalizing and executing the establishment surveys. This will allow the information from phase one of the executive interviews to also serve as an input to the design of the establishment surveys. The 40 executive interviews collected in phase one will be split across the UVA and VCU research teams. Each research team will collect 20 executive interviews in phase one. Following the execution of the establishment surveys, the remaining 40 executive interviews will be collected in phase two. Again, half will be collected by UVA and half by VCU. In phase two, the preliminary findings from the establishment survey will be used as inputs to the executive interviews. The results from the two phases will be reported much like standalone projects, and there will also be a synthesis of the findings from the two phases of the research.

We believe this approach maximizes the resource that is represented by the executives who are asked to participate in the research.

A more detailed outline of the protocol for the executive interviews is as follows.

(1) Questionnaire development, review, testing
   a. UVA and VCU teams will collaborate with designated COVF members to specify key concepts, dimensions and information needs that the interviews need to address in phase one.
   b. A draft questionnaire will be developed in collaboration with COVF.
   c. The draft questionnaire will be presented to selected decision-makers for review and input.
   d. Using this input, the questionnaire will be finalized in collaboration with COVF.

(2) Finalize sampling/selection strategy
   a. UVA and VCU teams will need to work with COVF to define sampling and selection strategies. We anticipate that some businesses or executives may be "sampled with certainty" (that is, they must be approached for an interview) on the basis of influence, regional position, or other factors.
   b. Other businesses or executives may be selected more or less at random. The selection strategy should recognize that a phase two will follow; in order to maintain good spread in the data, no one segment of the population should be depleted in phase one interviewing.

(3) Preliminary list research

   Concurrent with the decision-making about sampling, preliminary research needs to be conducted to assess the population available to us. What businesses form the population?

What variables are most important for defining the groups from which we will select executives?

(4) Targeted research for contact info

After the businesses to participate in phase one have been selected, research staff need to explore those businesses to determine which individual(s) need to be contacted for an interview request, and what their current contact information is.

(5) Pre-notification letter

a. A pre-notification letter will be sent via first class mail to all selected individual(s). Ideally, the letter should be on letterhead stationery displaying the logos of COVF, UVA, and VCU, as well as the state seal of Virginia or the seal of the Office of the Governor of Virginia.
b. Ideally, the letters will originate from the Office of the Governor of Virginia, bear an original blue ink signature of the Governor, and arrive in an envelope bearing the indicia of the Office of the Governor of Virginia.

(6) Appointment setting

a. Selected staff at UVA and VCU will follow up by telephone after the pre-notification letters to set appointments for interviewers to reach the selected executives, or to record refusals to participate.
b. Appointment information will be tracked for assignments to interviewers.
c. Appointment setters must have strong interpersonal communication skills that translate well to the business setting.

(7) Interviewing

a. Selected interviewers will contact the participating executives by telephone based on the appointments that have been set.
b. These interviewers will be carefully recruited and selected on the basis of their knowledge of executive level business concepts, experience in dealing with elite populations in the business world, and interpersonal communication skills.
c. Interviews will be tape recorded with the consent of the participants. A record of the consent will be taped. Participants who do not wish to be taped will be interviewed and notes will be taken instead.

(8) Preliminary analysis

a. As the first interviews are completed, UVA and VCU research staff will review the contents and debrief the interviewers.
b. This debriefing will determine if any immediate changes need to be recommended to COVF.

(9) Transcription

a. Tape recordings of the interviews will be transcribed on a rolling basis.
b. The transcriptions will facilitate analysis and synthesis of the findings.

(10) Analysis of transcripts

a. Electronic transcriptions in Word format will be loaded into the SPSS Text Analyzer module to facilitate analysis of the interviews.
b. Transcripts will also be reviewed directly by UVA and VCU research staff.

(11) Written reports

a. A written report of the phase one findings will be created. These findings will be used as inputs into the development of the establishment surveys.
b. After the establishment surveys are completed and phase two of the executive interviews is completed, a written report of phase two findings will be created.
c. A synthesis of the two initial reports will be written.

(12) Following the establishment surveys (below):

a. Phase two of the executive interviews will be conducted using the preliminary findings from the establishment survey as input.
b. Phase two of the executive interviews will follow essentially the same protocol steps as phase one.

Establishment Surveys

In general, we plan to develop the survey questionnaire, pilot test the survey with a small random sample of 400 businesses, revise the process if needed, then sample and send invitations by mail to 3,600 randomly selected business establishments in Virginia. We will follow established best practices to obtain a relatively high response rate from this population. That is, we will put effort into creating a clean final sample list with accurate contact information, executing multiple contact attempts including telephone follow-up, introducing the Office of the Governor of Virginia as an interested party to the research to legitimize the invitation, and offering multiple modes through which respondents can complete the survey (mail and Internet). We anticipate a response rate of no less than 33%, with a response rate of 50% as a goal. The results from the establishment surveys will be useful in their own right, and will also serve as inputs to phase two of the executive interviews.

A more detailed outline of the protocol for the establishment surveys is as follows.

(1) Questionnaire development, review, testing
    a. UVA and VCU teams will collaborate with designated COVF members to specify key concepts, dimensions and information needs that the establishment survey needs to address.
    b. Information from phase one of the executive interviews will be used to guide questionnaire development.
    c. A draft questionnaire will be developed in collaboration with COVF.
    d. The draft questionnaire will be presented to selected businesspeople in two focus groups. One focus group will include representatives from smaller businesses. The other focus group will include representatives from larger businesses.
    e. The web version of the survey will be posted and tested. The web survey will be hosted at one location only, to be determined.
    f. Using this input, the questionnaire will be finalized in collaboration with COVF.
(2) Finalize sampling strategy
    a. UVA and VCU teams will need to work with COVF to define sampling strategies. We anticipate using a matrix of establishment characteristics such as regional presence, industry classification, and size classification (based on number of employees) to create different strata from which to sample at different rates.
    b. A list or lists will be identified to serve as the sampling frame(s). We anticipate using the ES-202 report from the Virginia Employment Commission as the core list. Supplemental information may be obtained from other sources such as Dun & Bradstreet.
    c. Preliminary analysis of the list(s) will be conducted independently by UVA and VCU researchers to identify issues regarding duplicate contact information, franchises, chains, out of state ownership, legal representatives listed in the file, etc. Some follow-up work may occur to determine where the appropriate survey respondents may be located in various entities (e.g., at local franchise storefronts or at an out-of-state corporate headquarters?). Findings will be compared and a joint protocol for addressing these or other issues will be prepared.
    d. The cleaned sampling frame will be sampled for 400 entities using some or all of the strata that have been agreed upon with COVF.
(3) The pilot sample will be divided evenly across the UVA and VCU research teams.
    a. Follow-up work will be done to fill in missing contact information for sampled sites that require this step.
(4) A pre-notification letter will be sent by first class mail to the potential respondents. The pre-notification letter will include the web address for the web version of the survey.
(5) The pilot survey packets will be sent by first class mail to the potential respondents. The cover letter will include the web address for the web version of the survey.
(6) Non-respondents will be telephoned – 2/3 will get a reminder-only telephone call for the purpose of establishing expected response rates for the full survey, and 1/3 will get a debriefing call to talk briefly about what barriers there were to being able to respond to the initial mailing. Debriefing

comments will be recorded as notes and closed-ended responses to a loosely structured, short interview.

(7) The pilot data and debriefing comments will be analyzed and used to refine the production phase methods or content of the questionnaires, and to indicate any need to re-examine the scope of work, response rate or budget expectations.
(8) The full sample of 3,600 will be drawn and split across the UVA and VCU research teams.
(9) Follow-up work will be done as needed to fill in contact information.
(10) A pre-notification letter will be sent by first class mail to the potential respondents. The pre-notification letter will include the web address for the web version of the survey.
(11) The production phase survey packets will be sent by first class mail to the potential respondents. The cover letter will include the web address for the web version of the survey.
(12) Approximately 1 week after the first mailing, a reminder/thank you post card will be sent to the potential respondents. The post card will include the web address for the web version of the survey.
(13) Approximately 2 weeks after the postcard reminder/thank you is sent, a second survey packet will be sent to non-responders.
(14) Approximately 2 weeks after the second survey packet is sent, non-respondents will receive a reminder about the survey by telephone. Requests to re-send survey packets will be honored.
(15) Results will be entered into an electronic database and combined with the web survey results (the web survey may itself serve as the data entry instrument for the paper surveys).
(16) Preliminary results will be assembled and used as inputs to phase two of the executive surveys.

Final reporting and presentation of the findings will conclude the project.

Appendix G

Regional Divisionary System Issue Brief

To be inserted in final copy.