Executive Summary
2007

- January 2008 -

COUNCIL ON VIRGINIA'S FUTURE

COMMONWEALTH OF VIRGINIA
Office of the Governor

Timothy M. Kaine
   Governor

January 14, 2008

My Fellow Virginians:

I am pleased to submit this *Executive Summary* presenting the 2007 accomplishments of the Council on Virginia's Future.

We continue to make progress implementing a strong performance leadership and accountability system for state government as a part of our Roadmap for Virginia's Future.

In this regard, we took a major step forward with the launch of *Virginia Performs* in early 2007. This website makes performance data more readily available to the public. Information is presented at the societal level to help assess progress in improving Virginia's quality of life and at the programmatic level to measure progress toward state agency service and outcome targets. Data on many societal level indicators are available for local and regional reports.

In addition, we continue to improve our strategic planning and performance-based budgeting processes. We are refining agency key objectives and measures to ensure that government services are delivering results and helping to meet our long-term goals. Better planning and performance information has enhanced our budget process, led to more performance-based budget decisions, and increased overall transparency and accountability.

Finally, we continue to improve the efficiency and effectiveness of state programs and services. Working closely with the Council and private sector experts, leadership teams are working with agencies to lower operating costs and to reduce constituent service transaction times. We have created a productivity investment fund to generate innovative ideas for improvement, to encourage collaboration among agencies, and to champion new partnerships to accelerate productivity improvements.

I am proud of the results achieved by the Council on Virginia's Future and its mission of making Virginia an even better place to live, work, and raise a family.

Sincerely,

Timothy M. Kaine

Council on Virginia's Future
Membership – 2007

The Honorable Timothy M. Kaine, Chairman
Governor, Commonwealth of Virginia

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

General Assembly Members

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Chairman, Appropriations Committee,
Virginia House of Delegates

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

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Virginia House of Delegates

The Honorable Ward L. Armstrong
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The Honorable William J. Howell
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Virginia House of Delegates

The Honorable Richard L. Saslaw
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Secretary of Technology

The Honorable Jody M. Wagner
Secretary of Finance

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Table of Contents

Introduction

This document provides a brief introduction to the Council, its 2007 accomplishments, and the enhancements planned in 2008 for its three main focus areas: assessment, service performance, and productivity improvement. It also includes a brief description of the Council's activities related to roadmap and special issues development.
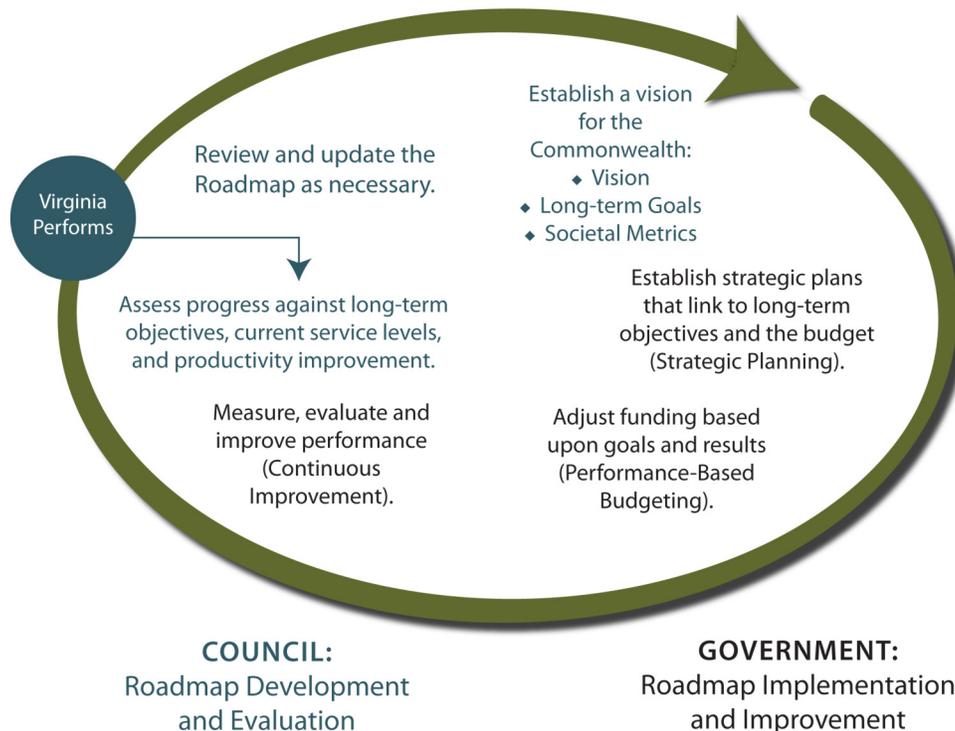
The Council on Virginia's Future – which is comprised of state, business, and community leaders from across the state – was established by the 2003 Session of the General Assembly to advise Virginia's leaders on the development and implementation of a roadmap for Virginia's future. The Council is committed to improving the quality of life and the effectiveness of state government in Virginia.

The Council works to create these improvements by:

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

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

Figure 1: Roadmap for Virginia's Future

Virginia Performs

Review and update the Roadmap as necessary.

Establish a vision for the Commonwealth:
- Vision
- Long-term Goals
- Societal Metrics

Assess progress against long-term objectives, current service levels, and productivity improvement.

Establish strategic plans that link to long-term objectives and the budget (Strategic Planning).

Measure, evaluate and improve performance (Continuous Improvement).

Adjust funding based upon goals and results (Performance-Based Budgeting).

COUNCIL:
Roadmap Development and Evaluation

GOVERNMENT:
Roadmap Implementation and Improvement

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

The performance leadership and accountability system establishes a vision-driven, disciplined approach for encouraging collaboration, facilitating change, setting policies, making decisions, and ensuring accountability for producing positive results for citizens. It starts with a shared vision for Virginia – one of responsible economic growth, an enviable quality of life, good government, and a well-educated citizenry prepared to lead successful lives and to be engaged in shaping the future of the Commonwealth. This vision, together with the high-level goals established by Council, serves as a compass to guide state government decisions and actions.

The Council's enabling legislation (§ 2.2-2686 of the *Code of Virginia*) defines the three core components of the performance leadership and accountability system:

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

These elements – assessment, service performance, and productivity improvement – represent the interrelated core components of the Council's scope of work.
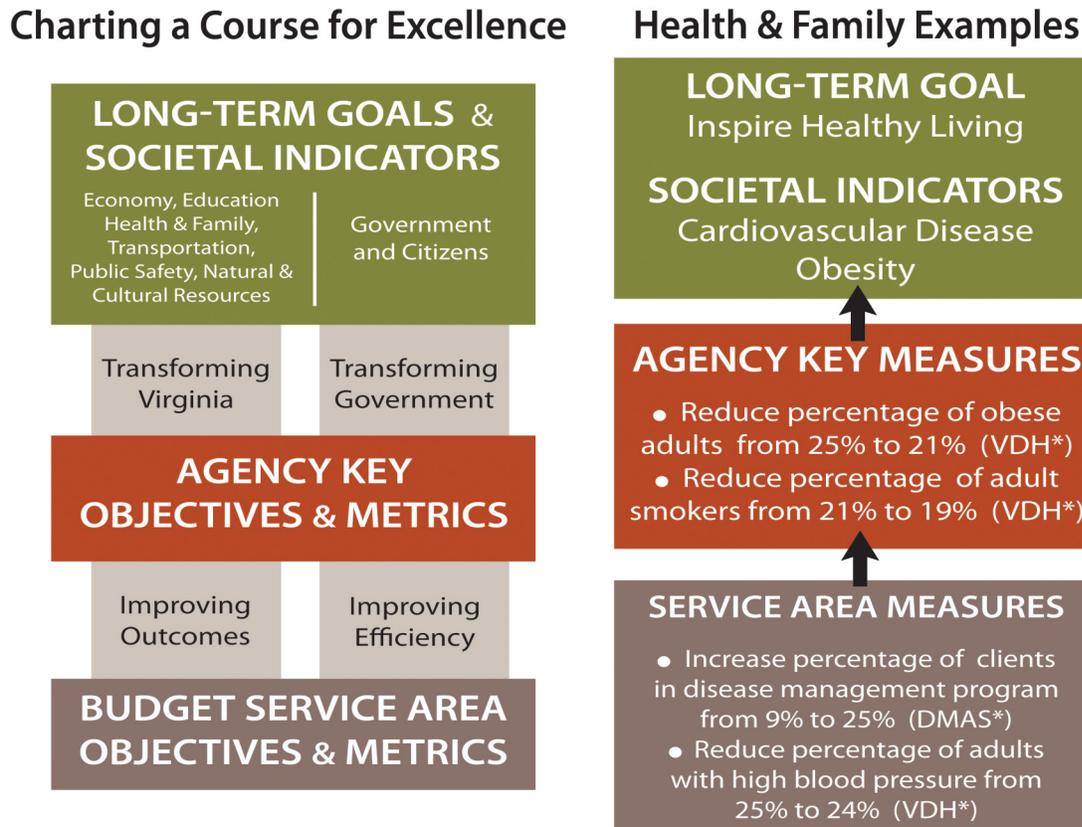

Assessment

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

- Serves as a catalyst for better strategic thinking and policy, enterprise solutions, performance-driven decision making, and improving outcomes;

- Supports strategic state, regional, and local planning; and

- Informs and engages citizens about Virginia's progress and its future.

Figure 2 presents a high-level example of the "architecture" of the performance leadership and accountability system. At the highest level, quality-of-life measures known as societal indicators provide a snapshot of how Virginia is doing with respect to several broad issues (e.g., water quality, educational attainment). Key agency objectives and measures help us understand whether we are achieving high-priority performance targets and improving the factors that influence the targets. At the foundation or agency detail level, service area measures are used to provide budget transparency and monitor whether state government programs and services are

producing desired results. This structure also supports innovation and improvement projects by providing data for analysis and assessment. Combined, the goals and performance measures ensure that results accountability exists throughout all levels of state government.

Figure 2: Virginia Performs Architecture / Example

Charting a Course for Excellence

LONG-TERM GOALS & SOCIETAL INDICATORS

Economy, Education Health & Family, Transportation, Public Safety, Natural & Cultural Resources

Government and Citizens

Transforming Virginia | Transforming Government

AGENCY KEY OBJECTIVES & METRICS

Improving Outcomes | Improving Efficiency

BUDGET SERVICE AREA OBJECTIVES & METRICS

Health & Family Examples

LONG-TERM GOAL
Inspire Healthy Living

SOCIETAL INDICATORS
Cardiovascular Disease
Obesity

AGENCY KEY MEASURES

● Reduce percentage of obese adults from 25% to 21% (VDH*)
● Reduce percentage of adult smokers from 21% to 19% (VDH*)

SERVICE AREA MEASURES

● Increase percentage of clients in disease management program from 9% to 25% (DMAS*)
● Reduce percentage of adults with high blood pressure from 25% to 24% (VDH*)

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

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

- See how the Commonwealth is performing from region to region and compared to other states;

- Track performance in their communities;

- Monitor activity on important issues such as health care, educational attainment, workforce quality, and voter turnout; and

- See how state government is working for them.

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

Quality-of-life Indicators

Quality-of-life indicators (e.g. personal income, high school graduation, air quality) are linked to Council long-term goals and are used to measure and assess Virginia's overall quality of life and progress towards improvement. For each Council long-term goal, indicators answer the question, "How is Virginia doing?" Included on the website is a description of each indicator, a summary of its importance, Virginia's progress, major influences, and the state's role. Approximately 50 societal indicators, shown in the Scorecard at a Glance (Figure 3), are measured over time, and, where possible, by region and in comparison to other states.

Figure 3: Scorecard at a Glance

Scorecard at a Glance — Virginia Performs | VISION FOCUS RESULTS

Economy
Goal: Be a national leader in the preservation and enhancement of our economy.
Indicators:
- Personal Income/ Wages and Salaries
- Poverty
- Unemployment
- Employment Growth
- Workforce Quality
- Business Climate
- Business Startups

Education
Goal: Elevate the levels of educational preparedness and attainment of our citizens.
Indicators:
- School Readiness
- Third Grade Reading
- Fourth Grade Reading & Math Achievement
- High School Graduation
- High School Dropout
- College Graduation
- Educational Attainment
- Lifelong Learning

Health & Family
Goal: Inspire and support Virginians toward healthy lives and strong and resilient families.
Indicators:
Family
- Adoption
- Foster Care
- Child Abuse & Neglect
Community Health
- Teen Pregnancy
- Obesity
- Infant Mortality
- Suicide
- Health Insurance
- Immunization
- Cancer
- Cardiovascular Disease
- Smoking
- Life Expectancy

Public Safety
Goal: 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.
Indicators:
- Crime
- Juvenile Intakes
- Recidivism (Adult & Juvenile)
- Traffic Fatalities
- Emergency Preparedness

Natural, Historic & Cultural Resources
Goal: Protect, conserve and wisely develop our natural, historical and cultural resources.
Indicators:
- Air Quality
- Water Quality
- Solid Waste & Recycling
- Land Preservation
- Historic Resources

Transportation
Goal: 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.
Indicators:
- Traffic Congestion
- Infrastructure Condition
- Land Use

Government & Citizens
Goal: Be recognized as the best-managed state in the nation.
Indicators:
- Bond Rating
- Taxation
- Voter Registration & Turnout
- Consumer Protection
- Internet Access

Legend
Performance Trend
- ⬇ Worsening
- ➡ Maintaining
- ⬆ Improving

Indicator Page Content
- Why is This Important?
- How is Virginia Doing?
  - Over time
  - By Region
  - Compared to other states
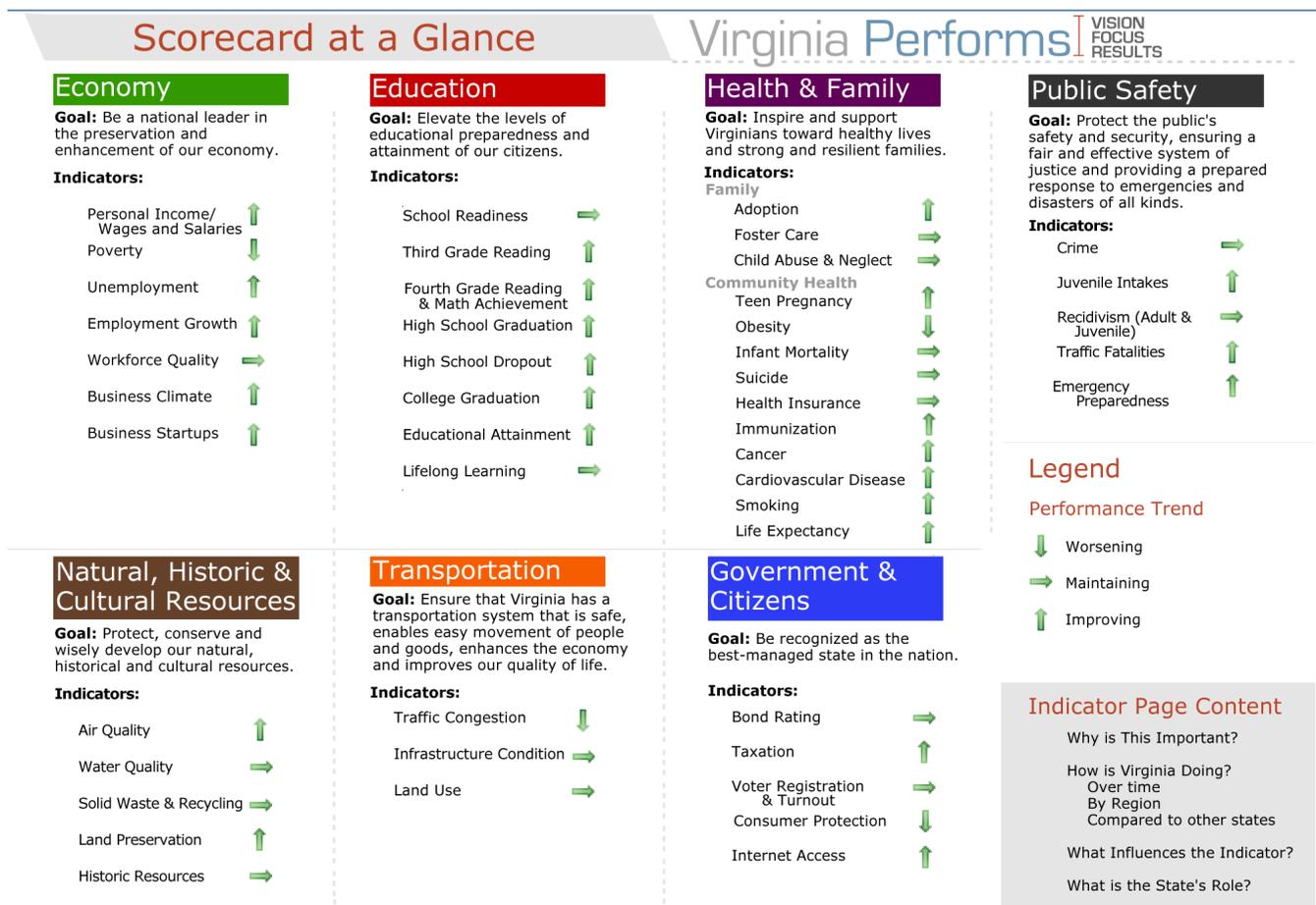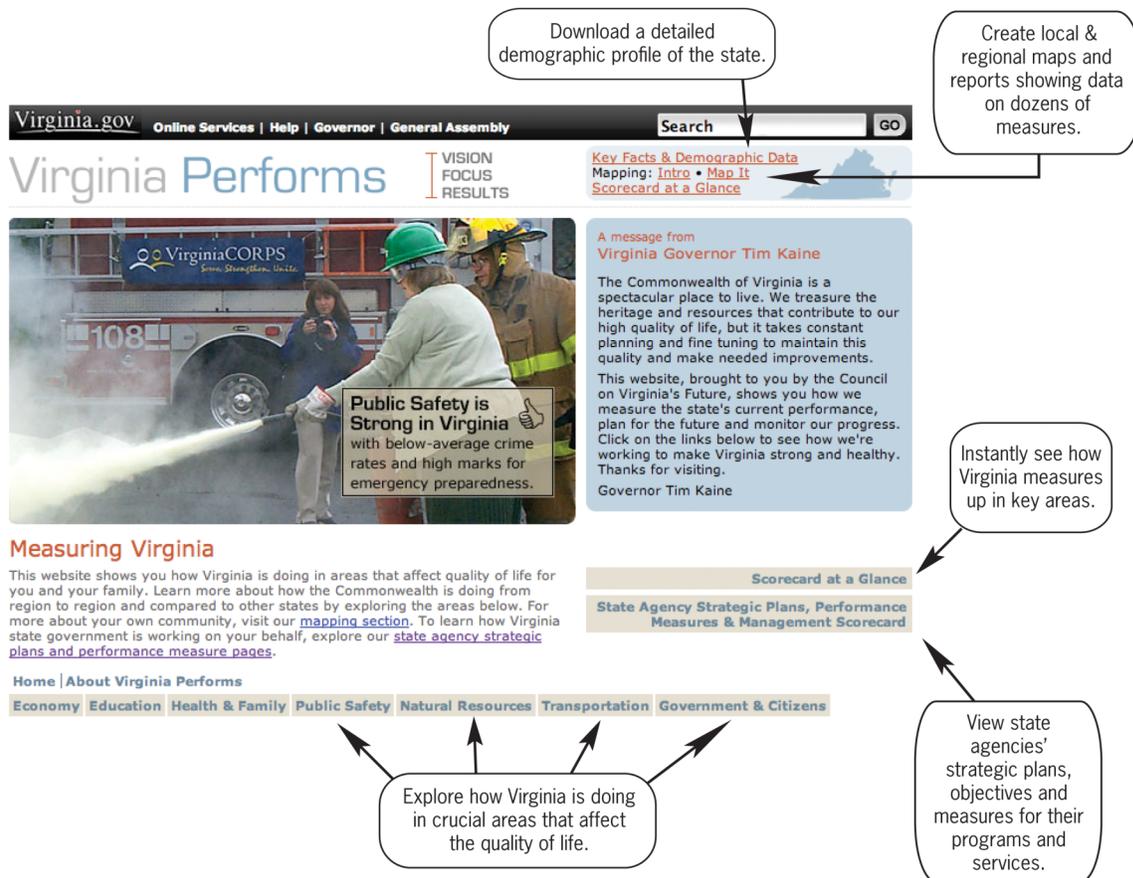- What Influences the Indicator?
- What is the State's Role?

Figure 4 shows a snapshot of the Virginia Performs home page. The text box insets highlight the research, reporting, and mapping capabilities of the system, which all provide a view into state plans and performance, significantly increasing government's transparency and accountability.

Figure 4: The Virginia Performs Home Page

Agency Objectives and Measures

State agency key and service level objectives and measures, the middle and foundation levels of the performance data architecture (Figure 2), track state agency progress in meeting performance targets. State agencies work with the Governor, the Department of Planning and Budget, and other stakeholders to develop these objectives and measures.

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

State agency strategic plans and budgets identify desired performance results for defined budget service areas. This more comprehensive data set ensures a high level of accountability and alignment of resources with citizen priorities and allows agencies and executive leadership to ensure that programs and services are meaningful, effective, and efficient. Agencies report their progress at regular intervals directly on the Virginia Performs website for both sets of metrics.

This information is available through the state agency planning and performance measures section (Figure 5) of the Virginia Performs website.

Figure 5: State Agency Planning and Performance Measures Page (illustrated)

Next Steps

In 2008 the emphasis for the Assessment component of Virginia Performs will include:

- Continuing to refine and analyze agency and societal-level assessment data;

- Implementing technical and analytic enhancements for the website, including improved GIS usability, custom reporting, and refined navigation; and

- Launching a Hampton Roads version of the Virginia Performs model.

Service Performance

As the demand for scarce resources intensifies, those states that develop a long-term direction and act most effectively on long-term objectives and priorities increase their chances of future success. Without such planning and definition, how can any state know where it is going, whether it is working on the right things, or whether the dollars it is spending now are delivering the results that will best accomplish its long-term goals?

The focus of the service performance component has been on the development of a new planning and budgeting system. The old system presented numerous challenges, including variations in how planning was accomplished across agencies, differences in planning language, and the segregation of planning from budgeting processes. The Department of Planning and Budget (DPB) created a new service area structure that now serves as the "taxonomy" for budgeting, accounting, and planning. These and other changes have produced a significant shift in how planning and budgeting occur at the agency level.

- All agency strategic plans follow a consistent format that includes information on the agency's mission, customer base, products and services, statutory authority, and strategic goals. The agency strategic plan also includes an executive progress report.

- Service area plans provide a key link to the state budget. They outline the agency budget, objectives, measures, and performance targets for each service area. These plans and data enable agency leaders and other decision makers to compare goals and appropriations against reported results.

- Agency key objectives help sharpen the enterprise view of progress on improving effectiveness, customer service, and critical outcomes. These objectives and their related measures continue to be refined, with particular attention on their alignment with desired societal level outcomes.

- DPB has increased its training and technical assistance efforts to enhance the system and improve its usefulness in planning and budgeting processes.

The strategic planning and performance-based budgeting elements of a comprehensive performance leadership and accountability system are now in place:

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

Next Steps

The emphasis for 2008 for the Service Improvement component will be on continuing the development and refinement of core planning and budgeting systems by:

- Defining and analyzing planning and performance data to strengthen program evaluation, target-setting, and root-cause analysis;

- Strengthening the links between outcomes and budget decision-making;

- Providing additional training and technical assistance; and

- Developing a new performance budgeting system for the Commonwealth.

Productivity Improvement

Measuring and improving productivity in state government are important goals for the Council. The focus of this component has been on generating innovative ideas to reduce costs and improve service delivery and on establishing an infrastructure for continuous improvement across the government enterprise. The Council has recommended that the overall approach should include a high-level locus of responsibility that would focus on four key elements:

- **Seed funds**: Seed funds are critical for surfacing innovative operational improvement opportunities. The goal is to build a portfolio of agency-specific and inter-agency improvement projects that are driven by the needs of both agencies and the broader government enterprise. To this end, a Productivity Investment Fund was established to

promote innovative ideas and partnerships for improvement projects. The following cost savings projects from the first round of awards are now under development and are expected to generate a substantial return on investment:

Department	Project	Objective
Taxation	Image Cash Letter	Shorten deposit cycle times
Motor Vehicles	Workforce Management	Improve planning for staffing at customer service centers
Mines, Minerals & Energy	Field Systems Upgrades	Reduce printing costs and improve customer service
General Services	Agency Mail Presort	Implement a presort system for bulk rates

- **Enterprise project leadership**: Leadership is needed to align agency-specific and enterprise-wide projects to a broader Commonwealth strategy, track overall investments and results, and ensure that customer and business needs drive technology investments and major change initiatives. For example, 11 operational reviews are addressing significant agency cost drivers, including energy, travel, communications, printing, and fleet management. In addition, four innovative, web-based "one-stops" are being developed to significantly reduce constituent transaction times for starting a business, applying for veterans' benefits, helping the elderly and disabled with Medicaid applications, and submitting mine permit requests.

- **Innovative Partnerships**: Virginia's state agencies provide a myriad of services to a wide variety of client-citizens. While information systems providing agency-specific services need to be customized, there are common functions and processes that can be supported by the same technology platform. Cross-agency collaboration to develop shared operating services for activities such as data and document management, identity management, customer service, and others could reduce development and operating costs while leading to improved service levels. In addition, the private sector has developed many innovative approaches for improving customer service and managing large amounts of data – to name just two. Leveraging this knowledge base could help the state make significant leaps in its use of technology with lower risk.

- **Change management and continuous improvement**: This element includes identifying performance benchmarks, developing a common language for change management, promoting more effective organizational and personal incentives for change, deploying best-practice process improvement tools and techniques, and delivering improved training for mid-level and executive managers. A Productivity Advisory Committee will provide guidance on various aspects of the overall project portfolio, suggest best practices for continuous improvement and change management, and identify additional opportunities for simplifying government and leveraging resources with the private sector. For more information on productivity initiatives go to www.innovation.vi.virginia.gov.

Productivity Advisory Committee
Marge Connelly, COO, Wachovia Securities, Co-Chair
Dr. Kent Murphy, CEO, Luna Innovations, Co-Chair

Michael D'Amato, Former Partner, Bain & Company	Scott McKay, Senior VP, Genworth Financial
Thomas Dohrmann, Principal, McKinsey & Co.	John Nolan, Former Deputy US Postmaster General
Mary Doswell, President & CEO, Dominion Resources Services, Inc.	Jeneane Rae, President and Co-Founder, Peer Insight
Carly Fiorina, Former CEO, Hewlett-Packard	Bo Willis, Director, Va. Department of Mines, Minerals & Energy
David Hummelberg, Managing Vice President, Capital One	
Dr. Abul Hussam, Associate Professor of Chemistry and Biochemistry, George Mason University	John "Dubby" Wynne, Former CEO, Landmark Communications, and Vice-Chair of the Council on Virginia's Future
John Kamensky, IBM Center for The Business of Government	Dr. Jeff Young, Director, UVa Trauma Center

Next Steps

The emphasis for 2008 for the Productivity Improvement component will be on:

- Continuing the development and implementation of Productivity Investment Fund projects;

- Establishing agency-level productivity measures;

- Improving benchmarking for setting targets and selecting improvement projects; and

- Promoting continuous improvement and conducting pilot projects.

Roadmap and Special Issues Development

During 2007 the Council began to develop an approach for accelerating progress on educational attainment, a high-priority issue for the Commonwealth. Working with its partners, the Council also began development on new ways to incorporate and communicate the Virginia Performs model throughout government.

Next Steps

In 2008 the emphasis for Roadmap and Special Issues Development will be on:

- Accelerating emphasis on high-priority issues, beginning with educational attainment and focusing on secondary and post-secondary educational outcomes;

- Convening a regional forum in cooperation with the Hampton Roads Partnership;

- Convening a statewide forum in cooperation with Virginia Tech;

- Publishing the *Virginia Report*, an analytic view of Virginia Performs; and

- Continuing and enhancing communications around issues critical to Virginia' future quality of life.

Summary

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

Questions or comments about this Executive Summary may be directed to:

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