Annual Executive Summary

- 2009 -

COUNCIL ON VIRGINIA'S FUTURE

Council on Virginia's Future
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The Virginia Department of Planning and Budget
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COUNCIL ON VIRGINIA'S FUTURE

Annual Executive Summary

**December 2009**

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Introduction

This report was prepared pursuant to § 2.2-2689 of the **Code of Virginia**, which requires the Council on Virginia's Future to provide an executive summary of the activity and work of the Council annually to the Governor and the General Assembly. It provides a brief introduction to the Council and Virginia Performs, the Commonwealth's performance leadership and accountability system. Included is a discussion of recent accomplishments and the enhancements underway in three focus areas (assessment, performance, and productivity improvement) and activities related to the development of special issues. More information is available on the Council's website (future.virginia.gov).

Background

The Council on Virginia's Future, which is chaired by the Governor and comprised of state, business, and community leaders, was established by the 2003 General Assembly to advise Virginia's leaders on the development and implementation of a roadmap for Virginia's future. The Council is committed to improving the quality of life and the effectiveness of state government in Virginia. The Council works to create these improvements by:

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

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

Figure 1: Roadmap for Virginia's Future
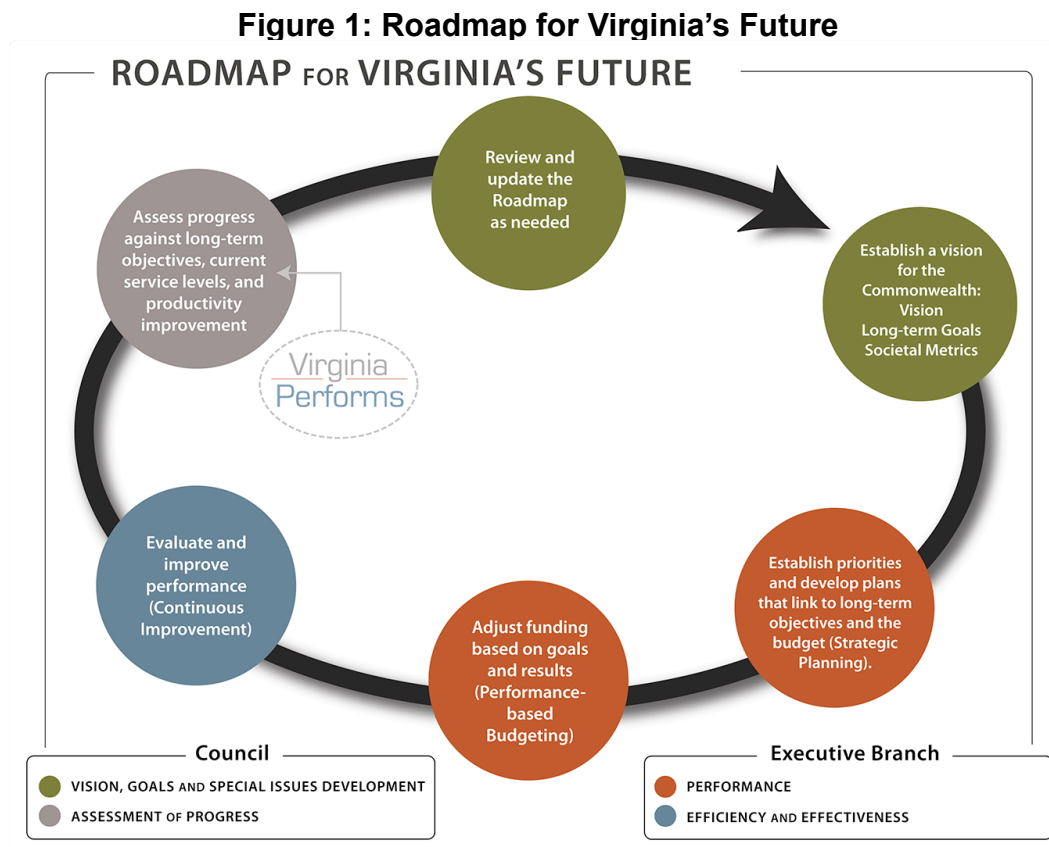
The Council then began working with its partners to set long-term goals for the Commonwealth and to develop a performance leadership and accountability system that would help ensure that state government is both efficient and effective in improving outcomes and the quality of life for Virginians.

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

VISION FOR VIRGINIA

Responsible Economic Growth

Enviable Quality of Life

Educated Citizens Prepared for a Successful Life

Best-Managed State Government

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

LONG-TERM GOALS

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

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

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

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

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

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

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

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

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

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

These three elements, the interrelated core components of the Council's scope of work, continue to evolve and are complemented by the Council's focus on long-term issues such as educational attainment.
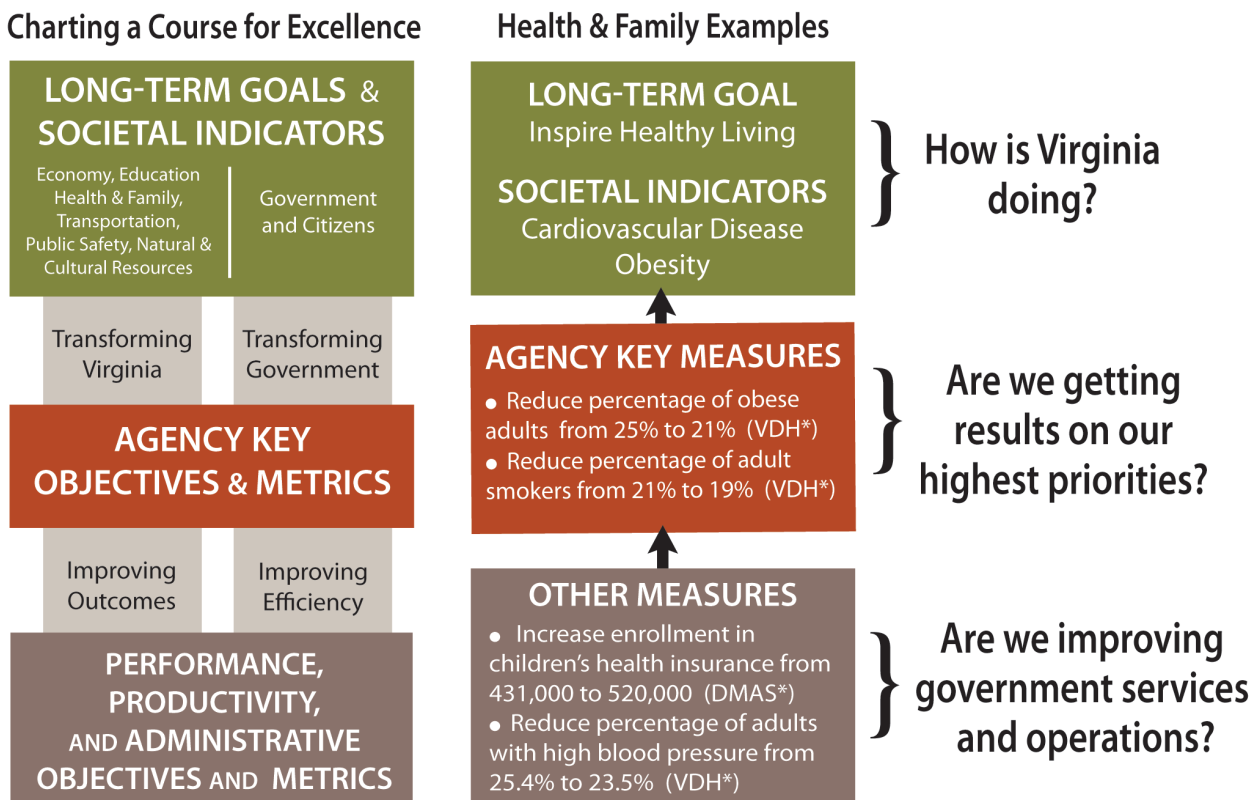
Assessment

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 schematic of the "architecture" of Virginia Performs, 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). At the middle level, agency key objectives and measures help us understand whether we are achieving high-priority performance targets and improving the factors that influence the targets. At the foundation or agency detail level, service area, productivity, and administrative 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: Integrated Performance Information

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

PERFORMANCE, PRODUCTIVITY, AND ADMINISTRATIVE OBJECTIVES AND METRICS

Health & Family Examples

LONG-TERM GOAL
Inspire Healthy Living

SOCIETAL INDICATORS
Cardiovascular Disease
Obesity

} **How is Virginia doing?**

AGENCY KEY MEASURES
- Reduce percentage of obese adults from 25% to 21% (VDH*)
- Reduce percentage of adult smokers from 21% to 19% (VDH*)

} **Are we getting results on our highest priorities?**

OTHER MEASURES
- Increase enrollment in children's health insurance from 431,000 to 520,000 (DMAS*)
- Reduce percentage of adults with high blood pressure from 25.4% to 23.5% (VDH*)

} **Are we improving government services and operations?**

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

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

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

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

Quality-of-Life Indicators

Quality-of-life indicators (e.g., personal income, high school graduation, air quality) are linked to Council long-term goals and are used to measure and assess Virginia's overall quality of life and progress towards improvement. For each Council long-term goal, indicators answer the question, "How is Virginia doing?" Included on the website are a description of each indicator, a summary of its importance, Virginia's progress, major influences, and the state's role. The 46 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
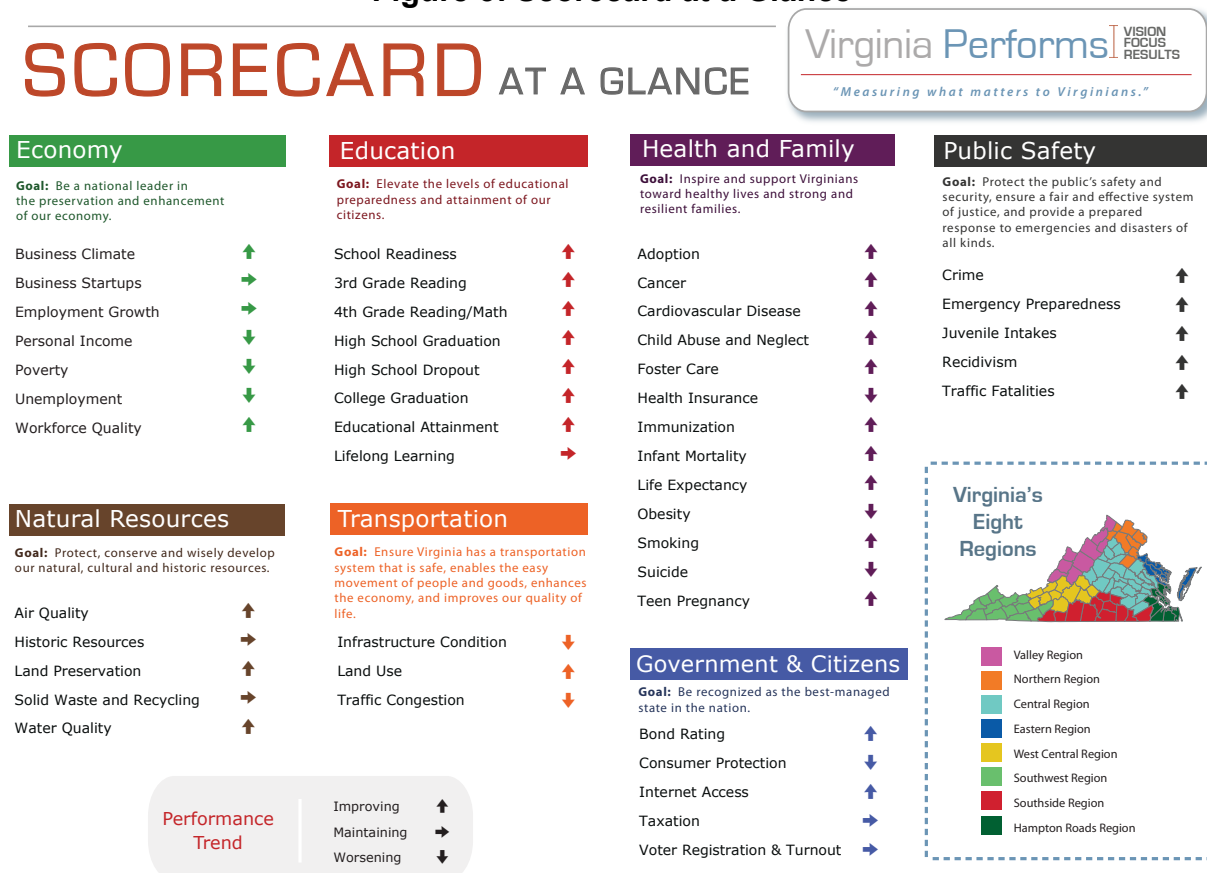
Data for each of the societal indicators is updated throughout the year as new information becomes available. Assessments conducted during the year lead to regular updates in performance trends. Figure 4 presents a summary of the trend changes during the year. This information is available on the Virginia Performs website (VaPerforms.virginia.gov).

Figure 4: Changes in Indicator Performance Trends During 2009

Indicator	Early 2009	Re-vised	Indicator	Early 2009	Re-vised
Child Abuse and Neglect	→	↑	Poverty	→	↓
Foster Care	→	↑	Recidivism	→	↑
Immunization	↓	↑	Solid Waste and Recycling	↑	→
Infant Mortality	↓	↑	Suicide	→	↓
Infrastructure Condition	→	↓	Teen Pregnancy	→	↑
Juvenile Intakes	→	↑	Traffic Fatalities	↓	↑
Land Use	→	↑	Unemployment	→	↓
Personal Income	↑	↓			

Agency Objectives and Measures

State agency key and service area objectives and measures, the middle and foundation levels of the performance data architecture (Figure 2 on page 3), track state agency progress in meeting performance targets. State agencies work with the Governor, the Department of Planning and Budget (DPB), and other stakeholders to develop these objectives and measures.

Key objectives and measures are designed to identify and track progress on vital, mission-related priorities that, when addressed, will positively affect desired outcomes. Some of the measures are drawn from agency outputs, while others reflect desired outcomes that are influenced by many factors, not just state services. This was 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.
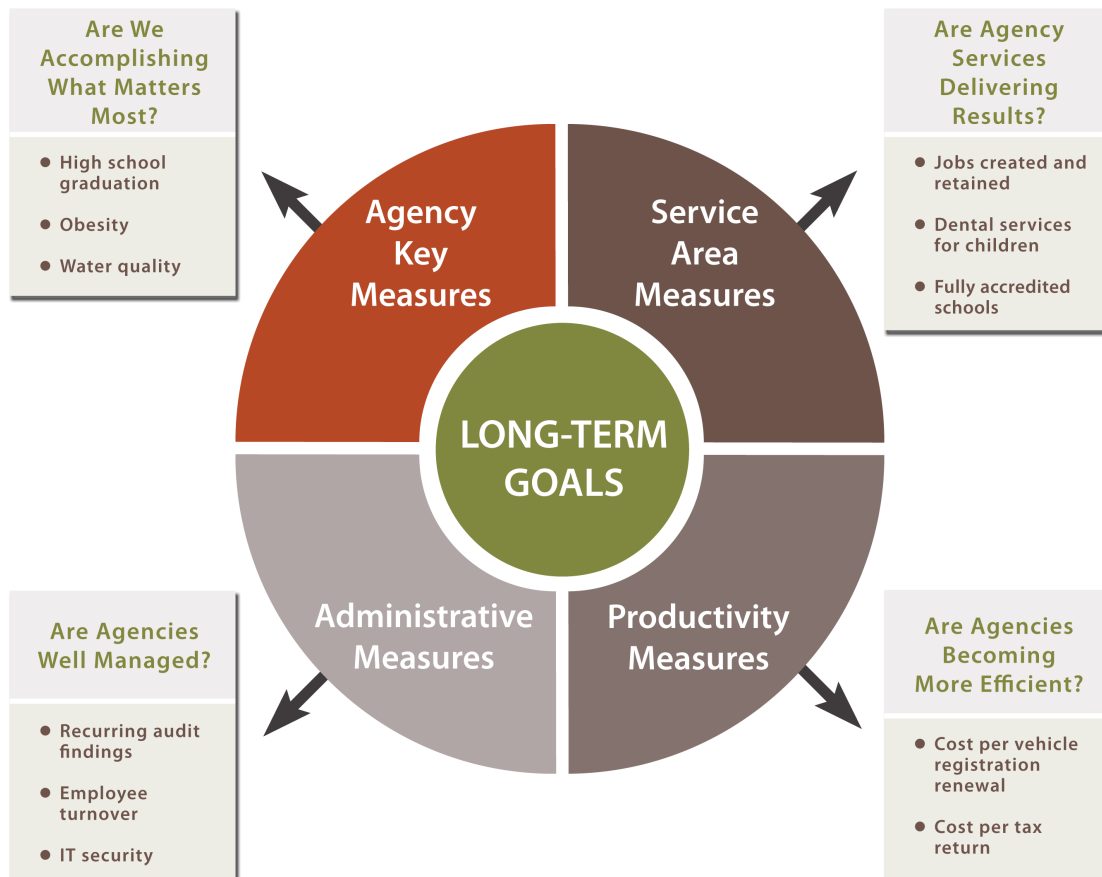
State agency strategic plans and budgets identify desired performance results for defined budget service areas. This more comprehensive data set ensures a high level of accountability and alignment of resources with citizen priorities and allows agencies and executive leadership to ensure that programs and services are meaningful, effective, and efficient. Agencies report their progress at regular intervals for both sets of metrics. This information is available through the state agency planning and performance measures section of the Virginia Performs website.

Recent Developments

Agency performance reporting was expanded to include operationally focused measures of productivity and administrative practices in 2009. The administrative measures replaced the Management Scorecard. The three core components of agency assessment data and

performance reporting are key and service area measures, productivity measures, and administrative measures. Figure 5 portrays the high-level relationship among these measures.

Figure 5: Agency Performance Measures

Are We Accomplishing What Matters Most?
- High school graduation
- Obesity
- Water quality

Are Agency Services Delivering Results?
- Jobs created and retained
- Dental services for children
- Fully accredited schools

Agency Key Measures

Service Area Measures

LONG-TERM GOALS

Administrative Measures

Productivity Measures

Are Agencies Well Managed?
- Recurring audit findings
- Employee turnover
- IT security

Are Agencies Becoming More Efficient?
- Cost per vehicle registration renewal
- Cost per tax return

Agency Key Measures

Agencies continue to update and refine performance data to improve budget decision-making and program evaluation. Performance data continue to be added to the site as results become available. Council staff worked with DPB analysts to update the tables aligning key measures with societal indicators. This table includes a consensus estimate of recent progress made by the agencies toward the targets set for their key objectives.

Productivity Measures

All state agencies have developed one or more productivity measures. These measures will help agencies optimize their use of resources while maintaining or improving results. Examples currently in use by agencies include the cost to renew a vehicle registration and the cost to process a tax return. An assessment of performance on productivity measures was provided in *The Virginia Report 2009*.

Administrative Measures

A task force of agency managers and outside experts has developed a set of administrative measures to help assess agency management and compliance practices. The development

team's goal was to keep the measures simple, quantifiable, and consistent across agencies. This more focused set of measures replaced the 20 that were included in the previous Management Scorecard. Reporting on the new administrative measures began in mid-2009.

Virginia Performs Website

The look and feel, information infrastructure, navigation, and functionality of the website have been redesigned to enhance its presentation of data, usability, and value to Virginia citizens. Enhancements were completed in early 2009. The site now presents a more integrated view of how state government processes dovetail with the Commonwealth's overall performance goals and also shows how performance measures interrelate. The site's home page (Figure 6) and goal summary pages incorporate strategic planning links at the secretariat and agency levels. Indicator pages provide direct links to related key measures that agencies use to track specific progress in these areas. A new trends section offers Scorecard-like summaries of the state's performance by indicator, by national rank and by region.

The site also includes a number of improvements and new features designed to enhance the user experience. Better navigation allows visitors access to every part of the site from every page, while an "At a Glance" box and special graphs pages provide quick snapshots of how Virginia is doing on each indicator. New tools allow for sharing site content via Web 2.0 services like Digg and Newsvine and an email share form. Users can also print or save pages with ease.

Figure 6: Virginia Performs Home Page (VaPerforms.virginia.gov)

The agency planning and performance data section of the website has had a makeover as well in response to structural changes in how performance is being measured and portrayed, and in how performance-based budgeting has begun to affect program and budget planning. New productivity measures take their place alongside key measures and set agency targets for improving internal processes and costs. Administrative measures (formerly the Management Scorecard) have also been incorporated into the measures group.

The agency performance home page (Figure 7) now integrates access to all measures (key, productivity, administrative and other) and allows users to quickly view the complete listing for each type. Individual agency pages now offer important information at a glance: Users can see summary budget information for current and previous biennia, link to strategic and service area plans, and browse the agency's entire spectrum of performance measures via a convenient tab system.

Figure 7: State Agency Planning and Performance Measures Example Page

Regional Views - Hampton Roads Performs

The Council is working with a number of community and business leaders on ideas to expand the Virginia Performs model to regions that are committed to objective assessment of long-term improvement goals. Hampton Roads Performs is the prototype for a regional view.

The Council on Virginia's Future and the Hampton Roads Partnership launched Hampton Roads Performs on February 2, 2009 (HamptonRoadsperforms.org) (Figure 8). Hampton Roads Performs includes many of the same indicators as the Virginia Performs website as well as indicators of more specific interest to Hampton Roads, including information on modeling and simulation and the ports.

Figure 8: Hampton Roads Performs Home Page

Performance

As the demand for scarce resources intensifies, those states that develop a long-term direction and act most effectively on long-term objectives and priorities increase their chances of future success. The focus of the service performance component has been on the long-term development of the Commonwealth's planning and budgeting capabilities.

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) began by creating a new service area structure that now serves as the "taxonomy" for budgeting, accounting, and planning. These and other changes have produced a significant shift in how planning and budgeting occur at the agency level.

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

- Service area plans provide a key link to the state budget. They outline the agency budget, objectives, measures, and performance targets for each service area. These plans and data enable agency leaders and other decision makers to compare goals and appropriations against reported results.
- Agency key objectives sharpen assessment of progress on improving effectiveness, customer service, and critical outcomes. These objectives and measures continue to be refined, with particular attention on their alignment with desired societal level outcomes.
- DPB has increased its training and technical assistance efforts to enhance the system and improve its usefulness in planning and budgeting processes.

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

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

Recent Developments

- The Department of Planning and Budget has been leading the effort to implement the new, more fully integrated performance budgeting system. The first set of modules will be operational by August 2010. Business functions to be performed via the new application will include:
  - Performance budgeting,
  - Strategic planning,
  - Operating budget development,
  - Six-year financial planning,
  - Capital budget development,
  - Agency spending plans, and
  - Advanced reporting and analysis.

- Five large agencies (Conservation and Recreation, Juvenile Justice, Medical Assistance Services, Motor Vehicles, and Transportation) developed new Executive Progress Reports to provide a more concise and integrated strategic assessment of challenges and opportunities. The new format and content will replace the existing executive progress report section of agency strategic plans.

Productivity Improvement

Measuring and improving productivity in state government are important goals for the Council. Since its inception, the Council has been an active supporter of significant productivity improvement initiatives in state government. For instance, at the urging of the Council, the General Assembly appropriated $4.25 million in the 2006-2008 biennium budget to accelerate productivity improvement in state government. Three million dollars was used to launch the Productivity Investment Fund (PIF) in early 2007 (www.pif.virginia.gov).

The PIF helps foster innovative solutions for simpler, more effective state government. The PIF is necessary and has been successful because:

- Some agencies lack the necessary capital to fund all of the attractive productivity investments available to them on their own.
- Some opportunities involving multiple agencies and/or levels of government need third party guidance and support.
- Some solutions require the use of innovative tools and technologies outside of the agency's skill set.

Interest in and success of the fund continue to grow: to date, $2.7 million has been allocated to support 31 projects in 17 agencies. About $1 million of this amount has been committed as loans and will be repaid to the fund; about $1.7 million was awarded as grants. A request for proposals for a fourth round of awards has solicited 20 qualified applications involving more than 20 Commonwealth agencies. Examples of projects supported by the PIF include:

- UVa. Health Systems is partnering with rural health providers using telemedicine technologies to significantly enhance prenatal health care in areas with less access to advanced health care capabilities.
- The Department of Education is evaluating the use of wireless mobile handheld technology in the classroom to supplement computers with devices such as Apple's iTouch. This could significantly reduce the cost of bringing computing and communications technology to students.
- Five awards have been made to the Department of Taxation for technology-based process improvements that will decrease operating costs and improve customer service. Savings of more than $2 million are expected over a three-year period.
- School leaders for the Mecklenburg County Public Schools are documenting processes for replacing standard office software with free applications, such as those provided by Google. Mecklenburg Schools saved $123,000 in the first year of the project, and, if the free applications can be used effectively in other school districts, the potential savings could total in the millions.
- The Department of Business Assistance has established the Business One Stop, an online application that simplifies the registration process for business startups. The One Stop replaced five disparate systems and saves new businesses an average of three to five days time.

Figure 9 (on page 12) provides another view of the projects that have been supported through the Productivity Investment Fund.

Figure 9: Productivity Investment Fund Awards by Type

Project Types	# of Projects	Total Grants	Total Loans	Total PIF Funds (000)	3-Year Savings (000)
Business Process Improvement (BPI)	14	6	1	$647	$5,092
These projects focus on improving business processes and efficiency by, for example, automating formerly manual processes or through the development of new applications that enhance decision-making or resource allocation.					
• Core business processes: Five projects at the Department of Taxation will implement technology-based process improvements that decrease operating costs and improve customer service.					
• Supply chain optimization: One project is examining ways to improve efficiencies in the purchase and management of pharmaceutical purchases by the Commonwealth.					
• New approaches to interfaces: These projects use online or Web-based applications to improve the efficiency and quality of data capture.					
Customer Service (CS)	7	5	1	$519	$1,010
While these projects can generate cost savings, their main goal is to significantly improve customer service - in terms of both quality and efficiency - for Virginians.					
• Applications and regulatory processes: Three projects will make use of on-line processes to improve the quality and speed of user application processes. These are similar to BPI projects but the gains accrue primarily to service recipients.					
• Providing information to citizens and partners: Three applications would make a wide range of information available to constituents and partners to improve their decision-making.					
Innovative Solutions (IS)	10	6	2	$1,493	$2,200
Innovative Solutions are projects that are based on unique partnerships and/or the innovative use of an existing technology.					
• Technology supporting innovative service delivery: One project involves health care providers partnering to enhance prenatal care in under-served rural regions; another will help students without a high school diploma quickly get a GED and high-tech job skills.					
• Innovative use of technology: One project will test bringing hand-held, tech-heavy phones into the classroom to evaluate whether they would be a cost-effective alternative to computers.					
Total	31	17	4	$2,659	$8,302

Recent Developments

- A fourth round of Productivity Investment Fund project awards will be completed in late 2009. The fund will invest an additional $1.72 million (of which $1.03 million will be in the form of loans or gain-sharing agreements) in seven projects for five agencies. These projects are expected to generate a total of at least $13.8 million in savings in the three years following project completion.

## Special Issues Development: Educational Attainment

One of the Council's core roles is to maintain a focus on long-term issues vital to Virginia's future. As a key part of its focus on long-term goals and outcomes it has concentrated on four foundations of Virginia's prosperity and quality of life:

- Vibrant economy
- Well-educated citizenry
- Best-managed state
- Informed and engaged citizenry

A recent statewide survey highlighted that business leaders across Virginia believe education to be one of the most important foundations of Virginia's prosperity. And, although Virginia's education system and the educational attainment of its working-age adults are the envy of many other states and nations, the picture for the future is somewhat less certain.

For instance, Virginia, like many other states, loses too many of its children in the education pipeline before they get a college degree. Figure 10 summarizes the estimated "leakage" of Virginia's high school freshmen from the pipeline through college graduation.

Figure 10

Educational Attrition Rates in Virginia (2008)
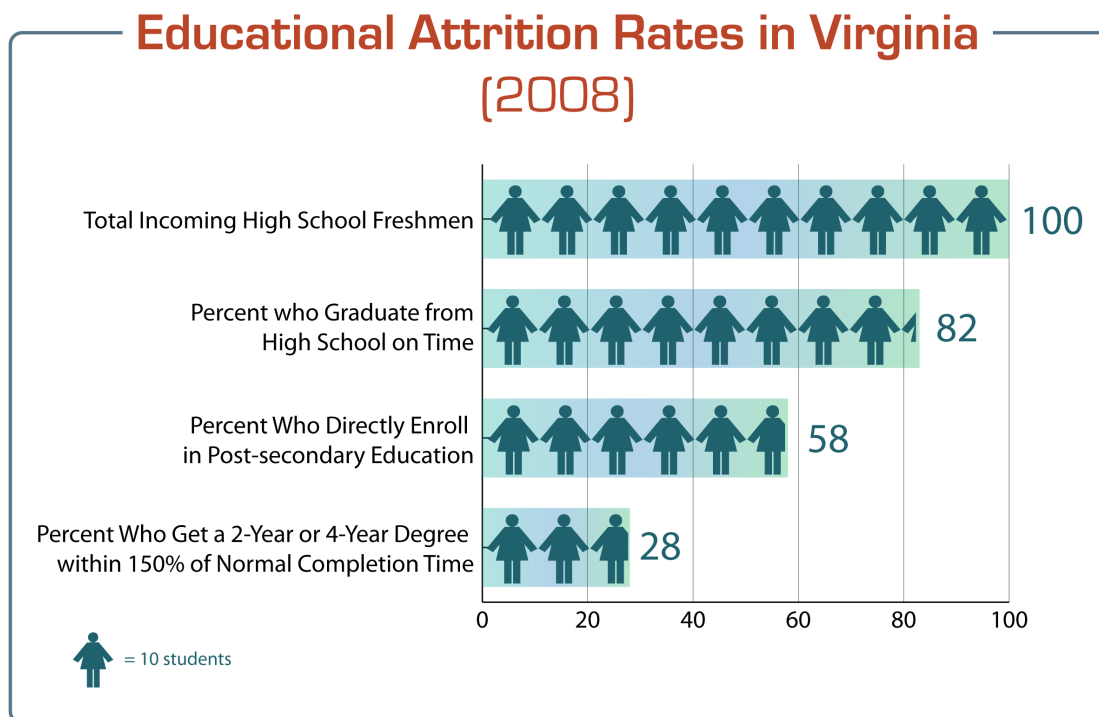
Source: Council analysis based on data from the Virginia Department of Education, the NCHEMS Information Center for Higher Eduction Policymaking and Analysis, and the Integrated Postsecondary Education Data System (IPEDS).

Virginia is also one of just 18 states in which the percentage of adults aged 25 to 34 has a lower level of educational attainment (42.4 percent with an associate's degree higher) than

adults aged 45 to 64 (42.7 percent). [1] Although small, this drop in attainment levels mirrors what has happened in the United States as a whole (Figure 11). Twenty years ago, America led the world in the educational achievement of its citizens. Since then, however, countries as diverse as Canada, Korea, Ireland, Japan, and New Zealand have surged past the U.S. in educating their younger adults.

Figure 11: 2006 Adult Educational Attainment Rates by Age Cohort

	Adults with at Least an Associate's Degree (per 100 Adults)		
	Age 45 to 54	Age 25 to 34	Percent Difference in Cohort Attainment Rate
Canada	43.2	54.8	26.9%
Japan	39.3	54.1	37.7%
Korea	19.2	53.0	176.0%
New Zealand	38.1	43.6	14.4%
Ireland	24.0	42.2	75.8%
Virginia	42.9	41.6	-3.0%
United States	39.6	39.2	-1.0%

Source: Organization for Economic Cooperation and Development (OECD), *Education at a Glance 2008*. Virginia data from the National Center for Higher Education Management Systems (NCHEMS).

A recent analysis conducted by the National Center for Higher Education Management Systems (NCHEMS) indicates that Virginia's public institutions of higher education will need to produce an additional 70,000 degrees or more over the next 10 years to meet the current international attainment benchmark for its adult population aged 25 to 64 years old.

Figure 12 (on page 15) provides a summary of the NCHEMS analysis. The projected increase in degree production by private sector institutions of higher education is based on the simple assumption that private sector institutions will continue to produce the same share of degrees in the Commonwealth as they do currently.

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1 National Center for Higher Education Management Systems Information Center for Education Policymaking and Analysis (http://www.higheredinfo.org/dbrowser/index.php?measure=93), based on the 2008 American Community Survey, U.S. Census Bureau.

Figure 12: Summary NCHEMS Analysis of Additional Degree Production Requirements

Closing the Degree Gap with Best-Performing Countries

|	
Projected Virginia Population 25-64 Years Old in 2020	4,753,930
Educational Attainment (Associate's Degree or Higher) Needed to Match Best-Performing Countries	**2,359,230**
Number of Individuals in 2020 Population Cohort (25-64 Year Olds) Who Already Have College Degrees	(1,357,140)
Additional Degrees Gained by 2020 if Virginia Maintains Its Current Annual Net Migration of Degree Holders	(217,150)
Projected Growth in Degrees Awarded by Private Sector Institutions	(31,400)
Additional Degrees Produced by 2020 at Current Annual Rate	(680,270)
DEGREE GAP: Additional Degrees (Associate's and Bachelor's) Still Needed by 2020	**73,270**

The "degrees gap" is particularly worrisome because, as mentioned earlier, educational attainment levels in Virginia have actually dropped from earlier periods: Our current 25 to 34 year-old cohort is not as well educated as the previous two cohorts (35-44 and 45-54 age groups). In addition, wide regional disparities persist, and changing demographic patterns will put additional pressure on attainment rates.

In addition, the skill requirements for competing in a global economy -- for both individuals and companies -- continue to evolve. In a recent statewide survey, business leaders across the Commonwealth indicated that they were generally satisfied with the quality of the graduates of Virginia's institutions of higher learning. Despite this, many business leaders believe that we are not adequately preparing our graduates to meet the rigors of the future workplace.

Future college graduates will enter a workplace vastly different from the one of just a few years ago. This workplace will especially reward those individuals who can bring hard skills (finance, engineering, etc.) along with a set of cognitive and creative skills that can help them to not only adapt quickly to fast-paced, technologically intense environments, but also to help them shape the future of those environments for their employers. Lower-level workers will also be challenged; those that can bring more than just hard skills to the table for their employers – like imagination and teamwork – will be more valued and more highly rewarded than those whose contributions can be more easily automated or matched by overseas producers.

The New Commission on the Skills of the American Workforce put it succinctly: In this world, the most successful industries – and regions – will be those that can attract, develop, and retain the best workforce, one with the creativity and talent to compete with the best in the world. The Commission sees the composition of work in a thriving industry in the future – if all goes well – to be something similar to that presented in Figure 13 (on page 16).

Figure 13: Projected Skill Requirements for a Competitive U.S. Economy
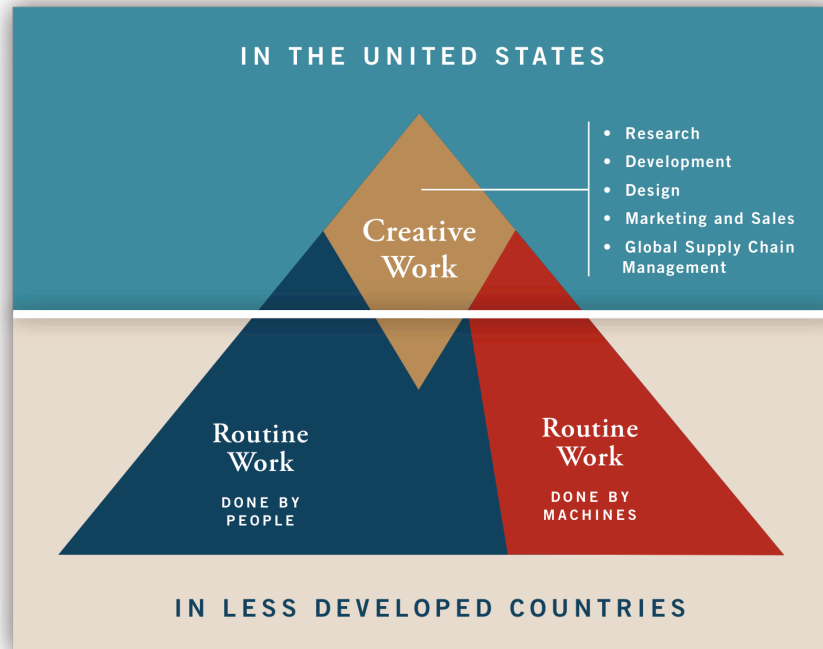
Source: Tough Choices or Tough Times, The Report of the New Commission on the Skills of the American Workforce, National Center on Education and the Economy, Washington, DC, 2007.

To address these issues, the Council launched an initiative to explore ways to increase higher education attainment levels across the state. Work to date has concentrated on documenting issues related to higher education attainment and the development of a Virginia-specific model by NCHEMS that will facilitate analysis of various strategies to improve the Commonwealth's performance along its education "pipeline."

The Council also hosted two meetings with internal and external thought leaders on key educational attainment issues.

- Economic Competitiveness: Aligning Higher Education and Workforce Needs. This forum focused on issues related to enhancing the alignment of higher education with critical emerging workforce needs. Dr. Chris Chmura, President of Chmura Economics and Analytics, provided an overview of workforce alignment issues in Virginia. A paper by Dr. Chmura of the same title is available from the Council's website.

- Finances and Productivity: This meeting was led by Dennis Jones, President of the National Center for Higher Education Management Systems, and Jane Wellman, Executive Director of the Delta Project on Postsecondary Costs, Productivity, and Accountability. A paper by Dennis Jones titled, *Selecting Targets of Opportunity: Steps to Improving Education Attainment in Virginia in Tough Economic Times*, is also available on the website.

The short-term goal was to develop a framework that will facilitate the next administration in addressing the higher education attainment issue. An Issue Insight: *Higher Education in Virginia 2020*, which will be available in January 2010, and an earlier special edition of the Virginia Report*: Educational Attainment in Virginia*, provide summary information on educational attainment in Virginia and the Commonwealth's efforts to improve those levels of attainment. Both documents are available on the Council's website.

Summary: Recent Accomplishments and Next Steps

During 2009 Virginia Performs continued to evolve and mature, ensuring greater accountability and transparency in government and helping Virginia's leaders improve critical outcomes. It has standardized and streamlined the performance reporting process for state agencies by aggregating and presenting planning and performance data on the Virginia Performs website. Virginia government officials now use data to improve outcomes and make targeted investments in programs that meet their objectives and reductions in low-performing programs.

The new performance budgeting system, which will become operational in late 2010, will have a dramatic impact on the quality and effectiveness of the information technology and business processes supporting budgeting and decision-making.

The Council's focus on productivity improvement is also delivering results. State agencies estimate that, in addition to significant improvements in customer service and agency effectiveness, Productivity Investment Fund projects will return about *$5 in savings for every dollar invested by the fund*.

Figure 14 provides a summary of recent accomplishments.

Figure 14: Recent Accomplishments

Roadmap / Special Issues	Assessment	Performance	Productivity Improvement
Recent Accomplishments			

• Continued to evaluate and enhance Virginia Performs.
• Published the Virginia Report.
• Published a special report on educational attainment in Virginia.
• Convened educational attainment forums and developed reports on workforce alignment and finances and productivity.
• Provided ongoing outreach to other states, countries, and regional and national organizations.
• Received the Innovation in Government award from the Wilder School and an award from the National Association of State Chief Information Officers.
	• Continued to update Virginia Performs:
	  ‣ Data updated for most societal indicators.
	  ‣ Performance data developed for productivity and administrative measures.
	• Enhanced Hampton Roads Performs to support strategic planning processes now underway.
	• Provided customized legislator community snapshots.
	• Collaborated with the APA to launch *Open.Virginia.gov* to improve transparency and accountability.
		• Improved performance data used for budget decision-making.
		• Developed prototype Executive Progress Reports to provide a concise, integrated executive-level view of agency strategic challenges and opportunities.
		• Provided additional agency and Cabinet-level training.
		• Collaborated with DPB on the implementation of a new, more integrated performance budgeting system (Contract awarded in July 2009).
			• Continued implementation of the Productivity Investment Fund (PIF)
			  ‣ To date, $2.7 million has been awarded for 31 projects in 17 agencies.
			  ‣ $1 million has been provided in the form of loans.
			  ‣ Agencies project savings of more than $8.3 million - or $5 for every dollar invested by the PIF.

Areas of Focus for 2010

Figure 15 provides a summary of the areas of focus for 2010. Key items include:

- Continuing to strengthen the performance and productivity improvement management structure through the Governor's Performance Leadership Team and his designated champion;
- Employing new and existing tools and approaches to improve critical outcomes and government performance; and
- Enhancing the focus on productivity improvement and the elimination of waste in government operations.

Figure 15: Areas of Focus for 2010

Roadmap / Special Issues	Assessment	Performance	Productivity Improvement
2010 Areas of Focus			

• Continue development and evaluation of Virginia Performs.
• Continue to host forums on important issues, including the continuing evolution of Virginia Performs.
• Integrate the new administration's priorities into ongoing work.
• Work with the new administration to chart a long-term strategy to improve educational attainment.
• Collaborate with The State of the USA to support national efforts.
	• Continue to enhance Virginia Performs.
	• Develop new indicators by June 2010:
	  ‣ Energy.
	  ‣ Civic Engagement.
	  ‣ Government Operations.
	• Increase capacity for performance assessment.
	• Facilitate additional regional or population-specific views modeled on Virginia Performs.
		• Continue to strengthen the performance management and productivity improvement structure through the Governor's Performance Leadership Team and designated champion.
		• Continue training & technical assistance
		• Host a retreat of Cabinet members and agency heads on the continuing evolution of Virginia Performs.
		• Employ new and existing tools to improve outcomes and performance:
		  ‣ Enterprise scorecards and dashboards.
		  ‣ Internal and external forums.
		  ‣ Frequent communications.
		  ‣ Sound metrics.
		  ‣ Results teams.
		• Continue the momentum for implementation of the performance-based budgeting system.
		• Integrate the new Executive Progress Report approach into agency planning.
			• Continue general fund support for high-impact, low-cost, and innovative reengineering projects.
			• Provide additional funding for projects through a line of credit for large, high-payback projects with well-defined savings.
			• Formalize a gain-sharing approach with agencies to promote cost-saving projects.
			• Broaden the PIF oversight group:
			  ‣ Secretaries of Administration, Finance, and Technology (Sec. of Finance to be the chair)
			  ‣ Senior money committee staff
			  ‣ State Comptroller
			  ‣ Business member and senior staff from the Council
			  ‣ Others as the Secretary of Finance deems appropriate.
			• Continue to examine ways to enhance continuous improvement approaches.

In addition, the Council will continue its varied outreach activities to regional, state, and national organizations and governments. For instance, the Council is beginning a collaboration with a new national organization, The State of the USA, which will provide easy access to credible, reliable information on critical national outcomes, as well as a forum that allows Americans to engage on the issues that matter – from the economy and education, health and the environment, to families, children, and public safety.

The Council will also continue to publish analyses, special reports, and documents on issues important to Virginia's long-term future. Examples include:
- Regional community snapshots for legislators and others.
- Issue Insights, including two new Issue Insights scheduled for release in January 2010:
  ‣ The Continued Evolution of Virginia Performs, and
  ‣ Higher Education in Virginia 2020.
- The Council's quarterly e-newsletter.
- *The Virginia Report 2010.*
- Updated brochures and other communication items for thought leaders and citizens.

Conclusion

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 2009 was on improving results through enhanced performance leadership and accountability, accelerating progress on improving educational attainment outcomes, and continuing the development of Virginia Performs. In 2010, the emphasis will be on working with the new administration to integrate its priorities into the Council's workplan, using new and existing tools to improve critical outcomes for Virginians, and continuing the evolution of Virginia Performs.

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