# Annual Executive Summary

## - 2010 -

COUNCIL ON VIRGINIA'S FUTURE

# Council on Virginia's Future
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## December 2010

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Secretary of Finance

To Be Appointed

# COUNCIL ON VIRGINIA'S FUTURE

# Annual Executive Summary

**December 2010**

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  Virginia Performs: A Regional Perspective
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  Satisfaction with Government Services

# 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.

This document 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).
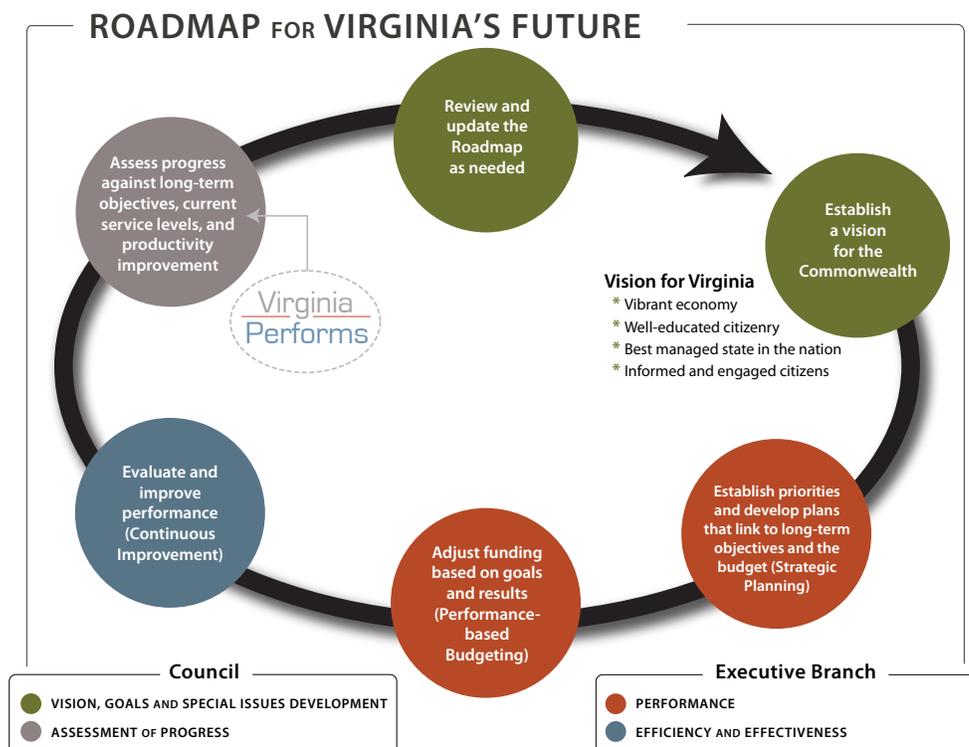
# Background

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**

Review and update the Roadmap as needed

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

Virginia Performs

Establish a vision for the Commonwealth

**Vision for Virginia**
* Vibrant economy
* Well-educated citizenry
* Best managed state in the nation
* Informed and engaged citizens

Evaluate and improve performance (Continuous Improvement)

Adjust funding based on goals and results (Performance-based Budgeting)

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

**Council**
- VISION, GOALS AND SPECIAL ISSUES DEVELOPMENT
- ASSESSMENT OF PROGRESS

**Executive Branch**
- PERFORMANCE
- EFFICIENCY AND EFFECTIVENESS

COUNCIL ON 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 enables state leaders to manage 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 interrelated elements represent the core of the Council's scope of work and continue to evolve. A fourth element – roadmap and special issues development – includes the Council's focus on longer-term issues critical to Virginia's prosperity and well-being.

# Special Issues Development

One of the Council's core roles is to maintain a focus on 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, and an
- Informed and engaged citizenry

For instance, in 2009 the Council undertook an extensive review of educational attainment in Virginia because of its critical importance to the future prosperity and economic competitiveness of the Commonwealth.  This work helped establish a foundation for the work in 2010 of Governor McDonnell's Commission on Higher Education Innovation, Reform and Investment.

The Council also provided support to gubernatorial commissions during 2010.  For instance, the Council continued to provide research and support for issues development to the Governor's Higher Education Commission and, in addition to briefings for the Commissions, provided more direct support to the Commission on Government Reform and Restructuring and two of its committees, Intergovernmental Relations and Customer Service, Performance, Accountability & Transparency:

## Intergovernmental Relations Committee

The Council developed two reports for the committee:
- *Regional Outcomes and Regional Divisionary Systems* (July) provided an introduction to the regional performance data available through Virginia Performs along with a summary of the Commonwealth's many and often inconsistent regional divisionary systems, along with a high-level assessment of some of the systemic barriers impeding reform of state-local services.
- *Virginia Performs: A Regional Perspective* (August), complemented the extensive data available through Virginia Performs and provided committee members with a more comprehensive summary of regional performance data.  Regional economic, education, and other key indicators were reviewed, along with trend analyses for a selected set of indicators for each of the Council's eight regions.  This report is included as an attachment.

The full Commission also endorsed a recommendation of the Intergovernmental Relations Committee for the Council to undertake a study to determine whether a new approach to state/regional/local relationships could foster:
- Increased efficiency by reducing variations in process, purchasing, and operating approaches across localities and by taking advantage of economies of scale where available.
- Better effectiveness by promoting new approaches, systems, and partnerships to rationalize service delivery and improve important outcomes.
- Enhanced economic competitiveness by facilitating stronger partnerships among localities to enhance the attractiveness of regions to new and expanding businesses.

The need to create a new, high-level framework for addressing intergovernmental issues is driven, in part, by several important factors:

- Aggregate annual expenditures (from all revenue sources) in fiscal year 2008 were $34.6 billion for Virginia local governments and $39.8 billion for the state (U.S. Census, State and Local Government Finance Report).  More than $11 billion of annual state spending went to localities and is reflected in both expenditure totals.  Significantly, almost half of the state's general fund operating budget is dedicated to aid to localities.

- Despite extensive study, progress on intergovernmental policy development has been limited.  There is a need to develop a framework that energizes the state and its regions and localities to work together to improve key outcomes and the overall efficiency of government service delivery.

- Ongoing economic challenges, including slower job growth and shifting regional industry patterns, are changing the landscape for both state and local governments.  There is increasing pressure on government to find new and innovative ways to do more with less; future demands for services are more predictable than the growth in the revenue needed to provide those services.

Regional collaboration has been proven to work; examples include: libraries, jails, transit systems, water and sewer infrastructure, mental health services, and technical and other education and training programs.  At the same time, there appears to be wide agreement that enhanced regional and state-local collaboration would further strengthen Virginia's regions.

This is an increasingly important issue because of growing region vs. region, state vs. state, and international economic competition; rapid technological change; and major shifts in some of Virginia's key industries.  For Virginia to compete successfully each of its regions must become more competitive.  A region's competitiveness, in turn, will be determined in part by how well its localities work together to improve efficiency, effectiveness, and key outcomes such as educational attainment and workforce quality.  Key questions are:

- Given ongoing fiscal challenges, are there ways to accelerate and broaden the improvement process?

- Is the current locality-by-locality and agency-by-agency approach optimal given the complexity of government services and policy objectives?

- Are best practices and successful approaches shared and replicated to the greatest extent possible within and across regions?

The first phase of the study will seek an answer to a simple question: given the urgency of the need and the existing landscape, are there opportunities to facilitate regional collaboration that would lead to greater efficiency and effectiveness and enhanced regional economic competitiveness?  If opportunities can be validated, further work will be recommended.  Based on the outcomes of Phase 1, the study could include three additional phases over a 12-month period.

A full-time project manager, with consulting assistance and leadership from the Council on Virginia's Future, is working with an ad-hoc study group of senior business and government leaders.  Additional resources will be brought in as necessary, and input will be solicited from an

array of experts.  Members of the study group began in December to conduct what is expected to be more than 40 structured interviews with leaders from local, regional, and state government and business.  The first phase of work is scheduled to be completed by the end of April 2011.

**Customer Service, Performance, Accountability & Transparency Committee**

This Committee is charged with exploring concrete ways the Commonwealth might improve its services to citizens.  A Futures Forum, *Assessing Customer Satisfaction with Virginia Government Services*, was developed to help facilitate that process.  Meeting at Capital One's West Creek campus in Richmond, representatives from the public and private sectors addressed best practices for gauging and improving customer satisfaction.



While there are many agency-level customer service metrics already included within Virginia Performs, the ability to adequately assess citizen satisfaction remains an important issue in further enhancing performance leadership and accountability.  Getting an accurate reading of satisfaction at the enterprise level can be challenging due to the complex relationships of service delivery and accountability among the various levels of government and non-profits, as well as the need to serve both internal and external customers.

Still, most state agencies are taking individual steps to assess and improve customer satisfaction.  At least 16 agencies include direct measures of satisfaction on Virginia Performs, and many more include measures of customer service such as transaction times and processing accuracy.  A summary of the meeting is included as an attachment to this report.

**Outreach and Council Products**

The Council continued 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,
  · The Council's e-newsletter,
  · The Virginia Report 2010, and
  · Updated brochures and other communication pieces for thought leaders and citizens.

The Virginia Report was expanded in 2010 to include two new sections: *A Profile of Virginia*, detailing key facts and trends for Virginia's people, economy, and government; and *A Regional Perspective*, which profiles each of the state's main regions.  In addition, the Council continued its varied outreach activities to regional, state, and national organizations and governments.  Among these were briefings for:
  · Turkish provincial authorities
  · The Thomas Jefferson Program in Public Policy at William and Mary
  · The L. Douglas Wilder School of Government and Public Policy
  · The Commonwealth of Massachusetts
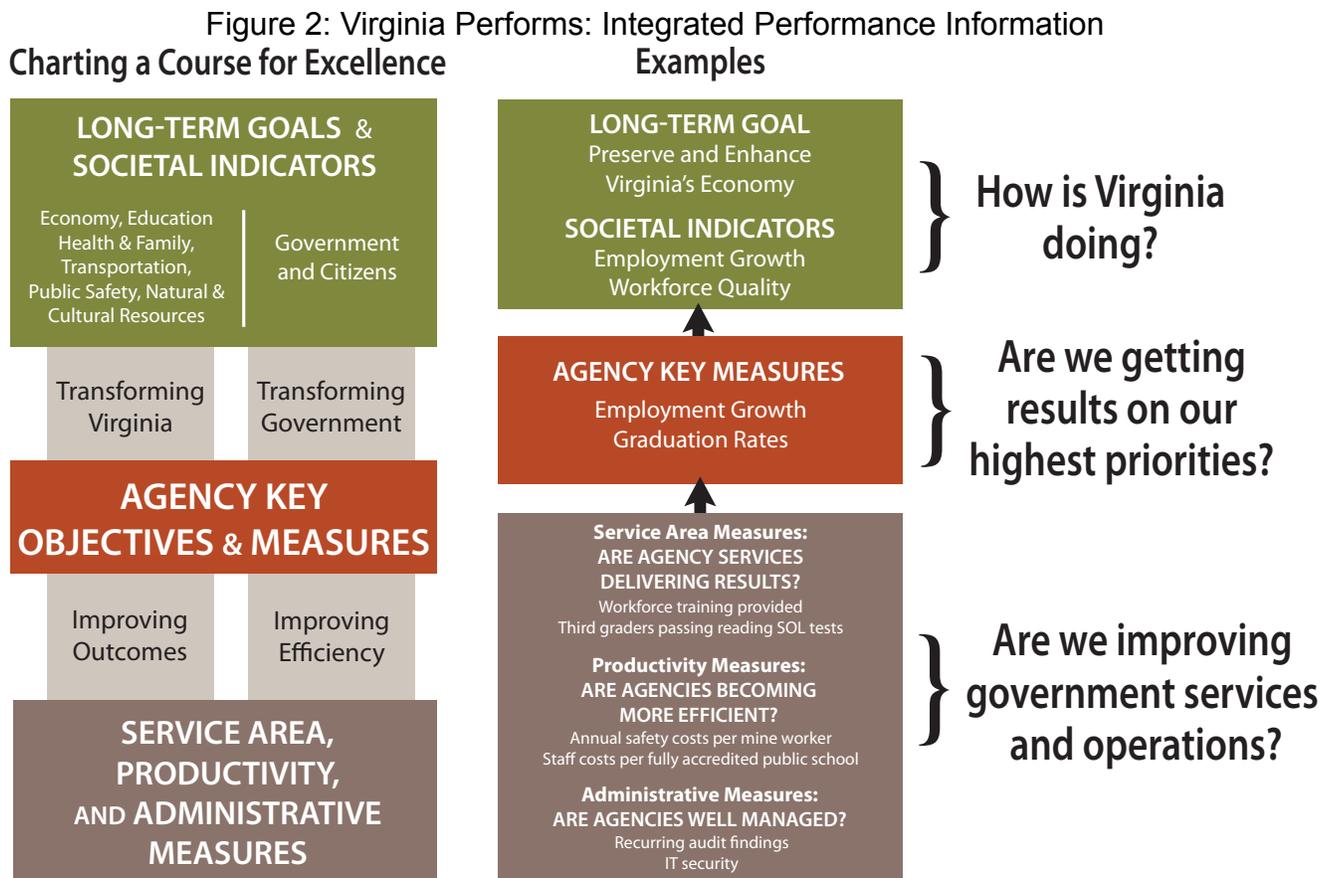  · *LEAD* Virginia
  · Oregon representative

- The U.S. Government Accountability Office (GAO)
- United Kingdom Government Home Office representative
- Pew Charitable Trust
- Albemarle-Charlottesville Human Resources Association

## 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.  Combined, the goals and performance measures ensure that results accountability exists throughout all levels of state government.

Figure 2: Virginia Performs: Integrated Performance Information

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

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

## 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 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
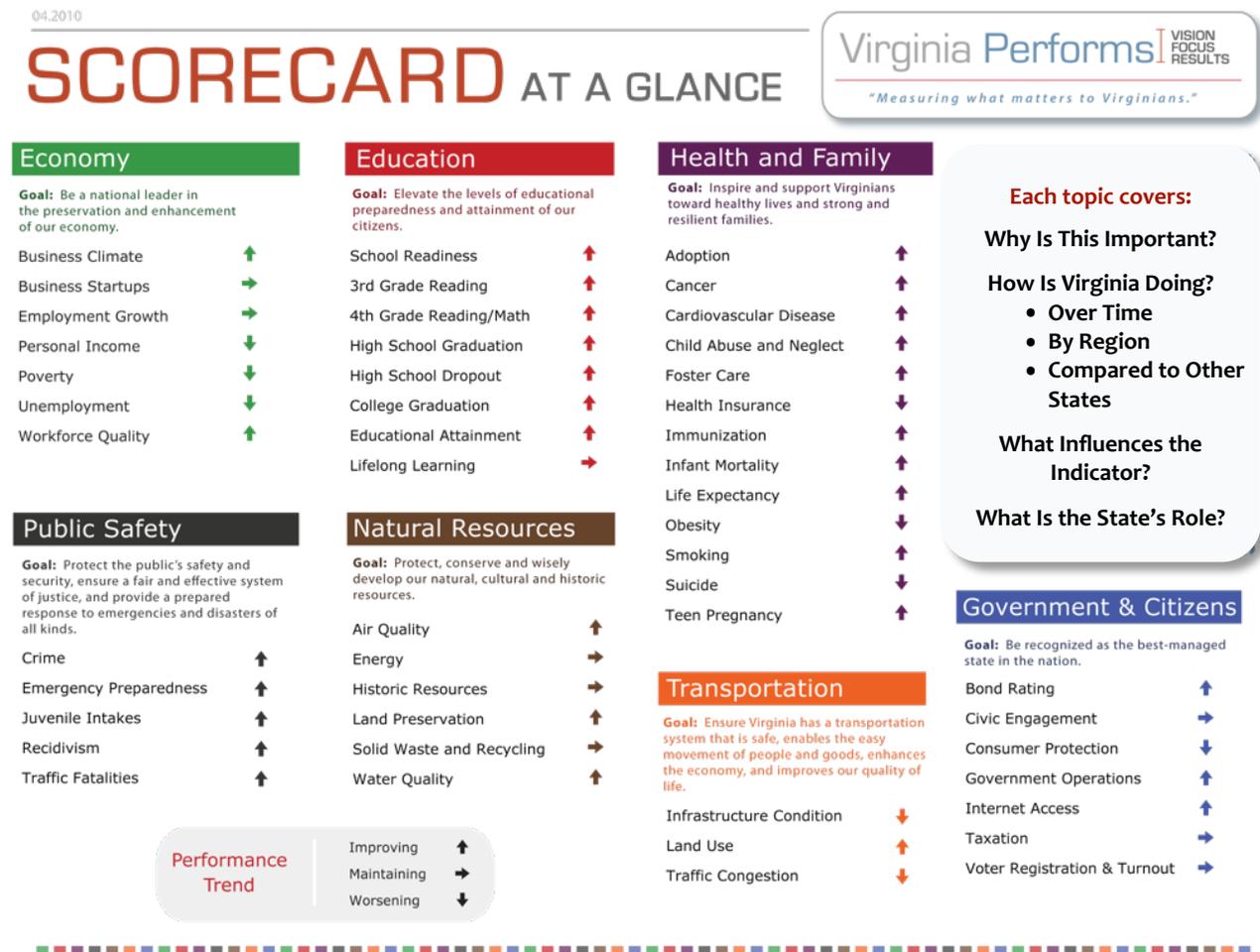
Data for each of the societal indicators is updated throughout the year as new information becomes available.  Assessments conducted during the year lead to regular updates in performance trends.

## 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

*Societal Indicators*: Virginia Performs was enhanced during the year by adding three new societal indicators to broaden its scope and and deepen our understanding of how well Virginia is doing.

   *Energy*: The new Virginia Performs Energy page touches on a number of state conservation and development goals, provides comparison snapshots of the state's per capita energy use over time, brings in specific agency measures related to energy, and offers resources and tips to residents looking to improve their energy consumption.

   *Government Operations***:** Times of economic duress and heightened demands on state services mean that government has to work better, cost less, and be more transparent.  The new Government Operations page on Virginia Performs provides snapshots of state government's performance in finance, accountability, workforce, and IT and infrastructure management.

   *Civic Engagement*: Civic engagement is critical to maintaining our democracy and way of life.  Residents who feel connected to their neighbors, their community, and the political structures around them are far more likely to volunteer, vote, donate, and participate in civic life. And, although "civic engagement" is very difficult to measure, the new Virginia Performs page gauges Virginians' involvement by assessing a few classic indicators: charitable giving, voter participation, and volunteerism rates.

*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.  This review and update takes place twice a year.

*Productivity Measures*: All state agencies have developed one or more productivity measures. These measures help agencies optimize their use of resources and improve results.  Agencies will be expected to develop multiple measures in the future, but the emphasis to date has been on developing one measure well.  Examples currently in use by agencies include the cost to renew a vehicle registration and the cost to process a Medicaid application.

## Performance

The focus of the service performance component has been on the continued development of the Commonwealth's planning and budgeting capabilities.  For instance:

- DPB provides training and technical assistance to enhance the system and improve its usefulness in planning and budgeting processes.
- All agency strategic plans now 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 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.
- 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 (Figure 4).

Figure 4: Performance Leadership and Accountability System Components

| 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 Commonwealth of Virginia Performance Budgeting (PB) system went live in September 2010.  This first phase of the PB system replaces several supporting budget systems, including Probud, which was first deployed in 1980.

The new budgeting system represents another step forward in the ongoing transformation of the Commonwealth's performance-based budgeting capabilities. The process began more than five years ago with the integration of planning processes, a new budget structure, and the creation of a comprehensive set of performance metrics. The new system is designed to take these capabilities to the next level.

The modules recently deployed are operating budget, capital budget, budget execution, six-year planning, budget bill narrative, and administration and reporting. Although the Commonwealth has had strong, nationally recognized performance budgeting and decision-making structures in place for some time, the core tools underlying them were no longer very efficient. The new PB system not only replaces outdated and vulnerable technology, it significantly enhances the state's analysis and assessment capabilities and will help:

- Substantially improve the links between investments and outcomes;
- Enhance data analysis in support of better decision-making;
- Improve agency performance analysis by providing direct access to valuable data; and
- Increase transparency.

The PB system has 500 core users and another 175 users can access reports through the Commonwealth's enterprise business intelligence tool, LogiXML. In preparation for the launch of the PB system, all users were provided Web-based training materials, live webinars, and documentation for each module. Since then, the PB Helpdesk has been assisting users in a timely manner with their access, security, and usability questions. Overall, the PB project office is receiving very favorable feedback on the system from agency users and DPB management.

The Performance Budgeting implementation project is a joint venture between DPB and the Virginia Information Technologies Agency (VITA) Enterprise Applications Division. Agencies across the Commonwealth participated in oversight committees, workgroups, and user acceptance testing. Phase II of the project has now begun and will include agency-level spending plan and a strategic planning modules.

## Productivity Improvement

Measuring and improving productivity in state government are important goals for the Council. 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.

The PIF continues to partner with Virginia agencies for innovative solutions that reduce costs and improve service levels. Since inception in 2007, the Fund has invested $4.2 million in 38 projects across 20 agencies representing most secretariats. These investments are projected to generate a 4-to-1 return for the Commonwealth, helping to eliminate inefficiency, streamline operations, and facilitate value-added public-private partnerships.

## Recent Developments

- One of the PIF's early investments was in the Business One Stop, an application designed to simplify and accelerate business formation by allowing entrepreneurs to use a single portal to access and fill out a wide variety and registration and licensing forms. Phase II has been approved and will broaden the scope of the system to more easily share information and include more participating agencies. The Governor's Commissions on Government Reform and Restructuring and Economic Development and Job Creation have both endorsed continued enhancements to the One Stop and a goal of broadening the portal to include local government requirements.

- The Department of Education has implemented the next phase of their "Beyond Textbooks" program. As a result, the backpacks of nearly 300 students in four Virginia school divisions will be lighter this fall as the students exchange their history textbooks for Apple iPads loaded with interactive content, media, and applications aligned to the Commonwealth's History/Social Science Standards of Learning (SOL). Digital technology holds enormous potential for transforming instruction and for cost savings for Virginia school divisions, which currently spend $70 million a year on textbooks.

Figure 5 on page 12 provides a summary of the projects that have been supported through the PIF.

Figure 5: Productivity Investment Fund Awards by Type

| Project Types | # of Proj-ects | Total Grants | Total Loans | Total PIF Funds (000) | 3-Year Savings (000) |
|---|---|---|---|---|---|
| Business Process Improvement (BPI) | 16 | 6 | 2 | $797 | $8,036 |
| 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) | 9 | 6 | 2 | $1,320 | $1,985 |
| 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) | 13 | 8 | 3 | $2,088 | $6,709 |
| 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 | 38 | 20 | 7 | $4,205 | $16,730 |

## Recent Developments

- Commitments for seven new Productivity Investment Fund projects were made in 2010. The fund will invest an additional $1.72 million, of which $721,000 was in the form of loans or gain-sharing agreements, in seven projects for five agencies. These projects

are expected to generate about $9.6 million in savings in the three years following project completion.

## Summary: Recent Accomplishments and Next Steps

During 2010 Virginia Performs continued to evolve and mature, ensuring greater accountability and transparency in government and helping its 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. The new performance budgeting system, which became operational in late 2010, will have a dramatic positive impact on the quality and effectiveness of the information technology and process infrastructure supporting budgeting and decision-making. Finally, 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 $4 in savings for every dollar invested by the fund.

Figure 6: Summary of Recent Accomplishments

| Roadmap / Special Issues | Assessment | Performance | Productivity Improvement |
|---|---|---|---|
| **Recent Accomplishments** | | | |
| • Continued to evaluate and enhance Virginia Performs.<br>• Published an expanded version of the Virginia Report.<br>• Published a special report on Virginia's regions and divisionary systems.<br>• Convened a forum on customer satisfaction with government services.<br>• Provided ongoing outreach to other states, countries, and regional and national organizations.<br>• Began a regionalism initiative at the request of the Commission on Government Reform and Restructuring. Provided briefing materials and other support to committees. | • Continued to update Virginia Performs:<br>  ‣ Data updated for most societal indicators.<br>  ‣ Three new indictors - energy, civic engagement, and government operations -- were added at the societal level.<br>• Continued to support Hampton Roads Performs.<br>• Provided customized legislator community snapshots. | • Improved performance data used for budget decision-making.<br>• Provided additional agency and Cabinet-level training.<br>• Collaborated with DPB on the implementation of a new, more integrated performance budgeting system.<br>• Began implementation of a new strategic planning module for the performance budgeting system.<br>• Developed a preliminary design for a method to capture and report on enterprise targets. | • Continued implementation of the Productivity Investment Fund (PIF)<br>  ‣ To date, $4.2 million has been awarded for 38 projects in more than 20 agencies.<br>  ‣ $1.5 million has been provided in the form of loans.<br>  ‣ Agencies project savings of more than $4 for every dollar invested by the PIF. |

## Areas of Focus for 2011

In 2011, the emphasis will be on continuing the Regionalism Initiative for the Governor's Commission on Government Reform and Restructuring, implementing the strategic planning module of the new performance budgeting system, and on continuing the evolution of Virginia Performs, especially through fuller integration of key enterprise priorities into the system.

Figure 7: Areas of Focus for 2011

| Council | | Executive Branch | |
|---|---|---|---|
| **Roadmap and Special Issues Development** | **Assessment** | **Performance (Strategic Planning and Performance Budgeting)** | **Productivity Improvement (Efficiency & Effectiveness)** |
| **Purpose:** Refine the Roadmap for Virginia's Future. | **Purpose:** Refine Virginia Performs. | **Purpose:** Improve state government planning, budgeting, and performance management. | **Purpose:** Enhance state government's productivity improvement and change management. |
| • Continue development and evaluation of Virginia Performs<br>• Continue to focus on high-priority issues through:<br>▸ Regionalism Initiative<br>▸ Ongoing collaboration with gubernatorial commissions<br>▸ Futures Forums | • Continue to enhance Virginia Performs:<br>▸ Competitiveness index<br>▸ Regional views<br>• Create an enterprise level for Virginia Performs:<br>▸ Priorities<br>▸ Enterprise plans<br>▸ Key commission recommendations<br>• Assess overall system in preparation for 2012-2014 biennium budget | • Strengthen the performance management and productivity improvement structure<br>• Implement the Performance-Based Budgeting System, including the strategic planning module<br>• Integrate the new Executive Progress Report approach into agency planning<br>• For the interim, report on existing performance measures in Virginia Performs for FY 2011 | • Continue to support high-impact, low-cost, and innovative reengineering projects through the Productivity Investment Fund<br>• Formalize appropriate incentives to promote cost-saving projects in and across agencies<br>• Encourage and support continuous improvement across state agencies |
| **future.virginia.gov** | **VaPerforms.virginia.gov** | **dpb.virginia.gov** | **www.pif.virginia.gov** |

## Conclusion

The Council, together with its partners, continues to maintain a focus on critical, long-term outcomes and to make progress on implementing an enhanced performance leadership and accountability system for state government.  The emphasis for 2010 was on improving results through enhanced performance leadership and accountability, implementing a new performance budgeting system, continuing the development of Virginia Performs, and supporting gubernatorial commissions.

Questions or comments about this summary may be directed to:

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# Virginia Performs:
# A Regional Perspective

July 14, 2010

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# I. Introduction to the Council and Virginia Performs

## Council on Virginia's Future: Overview and Membership

Established in 2003 (<u>Code of Virginia</u>, *§ 2.2-2683 et seq.*) to serve as an advisory board to the Governor and the General Assembly, the Council is a forum where legislative, executive branch, and community leaders come together for work that transcends election cycles, partisanship, organizational boundaries, and short-term thinking.

The Council:

- Provides a long-term focus on high-priority issues.
- Creates an environment for improved policy and decision-making.
- Increases government accountability, operations, and performance.
- Informs citizens about performance and engages them in dialogue about Virginia's future.

### 2010 Council Membership

| | |
|---|---|
| **The Honorable Robert F. McDonnell, Chair**<br>Governor, Commonwealth of Virginia | |
| **The Honorable William T. Bolling**<br>Lieutenant Governor, Commonwealth of Virginia | **Mr. John O. (Dubby) Wynne, Vice Chair**<br>President & CEO (retired), Landmark |
| **General Assembly Members** | **Citizen and Business Community Leaders** |
| The Honorable Ward L. Armstrong<br>Minority Leader, Virginia House of Delegates | The Honorable William D. Euille<br>Mayor, City of Alexandria |
| The Honorable Charles J. Colgan<br>President pro tempore & Chairman, Senate Finance<br>Committee, Senate of Virginia | Mr. W. Heywood Fralin<br>President & CEO,<br>Medical Facilities of America, Inc. |
| The Honorable H. Morgan Griffith<br>Majority Leader, Virginia House of Delegates | Mr. James F. McGuirk, II<br>President, AKLM Consulting, Inc. |
| The Honorable William J. Howell<br>Speaker of the House, Virginia House of Delegates | Mr. Harris N. Miller<br>President & CEO, Career College Association |
| The Honorable Yvonne B. Miller<br>Member, Senate Finance Committee,<br>Senate of Virginia | Dr. Edward G. Murphy<br>President & CEO, Carilion Clinic |
| The Honorable Thomas K. Norment, Jr.<br>Minority Leader, Senate of Virginia | The Honorable Michael J. Schewel<br>Partner, McGuireWoods LLP |
| The Honorable Lacey E. Putney<br>Chairman, House Appropriations Committee<br>Virginia House of Delegates | **Cabinet Members** |
| The Honorable Richard L. Saslaw<br>Majority Leader, Senate of Virginia | The Honorable Richard D. Brown<br>Secretary of Finance<br><br>To Be Appointed |

## Virginia Performs Structure and Outcomes

The Council's signature initiative is Virginia Performs, the Commonwealth's performance leadership and accountability system.

The figure below presents a high-level example of the "architecture" of this 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., employment growth).

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.

Hampton Roads Performs, which was launched in February 2009, also uses a similar array of indicators to show how well the region is doing; most of these measures are aligned with Virginia Performs, while others are unique to the region, such as Ports and Modeling & Simulation.

## 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 & MEASURES**

Improving Outcomes

Improving Efficiency

**SERVICE AREA, PRODUCTIVITY, AND ADMINISTRATIVE MEASURES**

## Examples

**LONG-TERM GOAL**
Preserve and Enhance Virginia's Economy

**SOCIETAL INDICATORS**
Employment Growth
Workforce Quality

} **How is Virginia doing?**

**AGENCY KEY MEASURES**
Employment Growth
Graduation Rates

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

**Service Area Measures:**
**ARE AGENCY SERVICES DELIVERING RESULTS?**
Workforce training provided
Third graders passing reading SOL tests

**Productivity Measures:**
**ARE AGENCIES BECOMING MORE EFFICIENT?**
Annual safety costs per mine worker
Staff costs per fully accredited public school

**Administrative Measures:**
**ARE AGENCIES WELL MANAGED?**
Recurring audit findings
IT security

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

Virginia Performs provides a high-level Scorecard that tracks the Commonwealth's progress toward long-term goals.

## Virginia Performs — SCORECARD AT A GLANCE

### Economy

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

| Indicator | Trend |
|---|---|
| Business Climate | ↑ |
| Business Startups | → |
| Employment Growth | → |
| Personal Income | ↓ |
| Poverty | ↓ |
| Unemployment | ↓ |
| Workforce Quality | ↑ |

### Education

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

| Indicator | Trend |
|---|---|
| School Readiness | ↑ |
| 3rd Grade Reading | ↑ |
| 4th Grade Reading/Math | ↑ |
| High School Graduation | ↑ |
| High School Dropout | ↑ |
| College Graduation | ↑ |
| Educational Attainment | ↑ |
| Lifelong Learning | → |

**Each topic covers:**

**Why Is This Important?**

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

**What Influences the Indicator?**

**What Is the State's Role?**

### Public Safety

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

| Indicator | Trend |
|---|---|
| Crime | ↑ |
| Emergency Preparedness | ↑ |
| Juvenile Intakes | ↑ |
| Recidivism | ↑ |
| Traffic Fatalities | ↑ |

### Natural Resources

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

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

### Health and Family

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

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

### Transportation

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

| Indicator | Trend |
|---|---|
| Infrastructure Condition | ↓ |
| Land Use | ↑ |
| Traffic Congestion | ↓ |

### Government & Citizens

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

| Indicator | Trend |
|---|---|
| Bond Rating | ↑ |
| Civic Engagement | → |
| Consumer Protection | ↓ |
| Government Operations | ↑ |
| Internet Access | ↑ |
| Taxation | → |
| Voter Registration & Turnout | → |

**Performance Trend**    Improving ↑    Maintaining →    Worsening ↓

# Are We Making Progress?

Organized differently, the Scorecard can quickly show us in what areas Virginia is improving, maintaining steady performance, or worsening.

| | Improving | | Maintaining | Losing Ground |
|---|---|---|---|---|
| **ECONOMY** | • Business Climate<br>• Workforce Quality | | • Business Startups<br>• Employment Growth | • Personal Income<br>• Poverty<br>• Unemployment |
| **EDUCATION** | • School Readiness<br>• Third Grade Reading<br>• 4th Grade Reading & Math | • High School Graduation<br>• High School Dropout<br>• College Graduation<br>• Educational Attainment | • Lifelong Learning | |
| **HEALTH & FAMILY** | • Adoption<br>• Cancer<br>• Cardiovascular Disease<br>• Child Abuse & Neglect<br>• Foster Care | • Immunization<br>• Infant Mortality<br>• Life Expectancy<br>• Smoking<br>• Teen Pregnancy | | • Health Insurance<br>• Obesity<br>• Suicide |
| **PUBLIC SAFETY** | • Adult & Juvenile Recidivism<br>• Crime<br>• Emergency Preparedness | • Juvenile Intakes<br>• Traffic Fatalities | | |
| **NATURAL RESOURCES** | • Air Quality<br>• Land Preservation | • Water Quality | • Energy<br>• Historic Resources<br>• Solid Waste & Recycling | |
| **TRANSPORTATION** | • Land Use | | | • Infrastructure Condition<br>• Traffic Congestion |
| **GOVERNMENT & CITIZENS** | • Bond Rating<br>• Internet Access<br>• Government Operations | | • Civic Engagement<br>• Taxation<br>• Voter Registration & Turnout | • Consumer Protection |

# How Does Virginia Compare to Other States?

| INDICATOR RANK | 1-10 | 11-20 | 21-30 | 31-40 | 41-50 |
|---|:---:|:---:|:---:|:---:|:---:|
| **ECONOMY** | | | | | |
| Business Climate | ● | | | | |
| Business Startups | | ● | | | |
| Employment Growth | | | ● | | |
| Personal Income | ● | | | | |
| Poverty | | ● | | | |
| Unemployment | ● | | | | |
| Workforce Quality | ● | | | | |
| **HEALTH & FAMILY** | | | | | |
| Cancer Deaths | | | ● | | |
| Cardiovascular Disease | | | ● | | |
| Health Insurance | | | ● | | |
| Immunization (Childhood) | | | | ● | |
| Infant Mortality | | | | ● | |
| Obesity | | ● | | | |
| Smoking | | | | ● | |
| Suicide | | ● | | | |
| Teen Pregnancy | | ● | | | |
| **NATURAL RESOURCES** | | | | | |
| Historic Districts | ● | | | | |
| Energy | | | ● | | |

| INDICATOR RANK | 1-10 | 11-20 | 21-30 | 31-40 | 41-50 |
|---|:---:|:---:|:---:|:---:|:---:|
| **EDUCATION** | | | | | |
| College Graduation (4-Year) | ● | | | | |
| College Graduation (2-Year) | | | ● | | |
| Fourth Grade Reading | ● | | | | |
| Fourth Grade Math | | ● | | | |
| High School Dropout | | ● | | | |
| **PUBLIC SAFETY** | | | | | |
| Emergency Preparedness | ● | | | | |
| Property Crime | | ● | | | |
| Violent Crime | ● | | | | |
| Traffic Fatalities | | ● | | | |
| **TRANSPORTATION** | | | | | |
| Infrastructure Condition (Deficient Bridges) | | | ● | | |
| Traffic Congestion (Commute Time) | | | | | ● |
| **GOVERNMENT & CITIZENS** | | | | | |
| Bond Rating | ● | | | | |
| Consumer Protection (Fraud) | | | | | ● |
| Internet Access (Digital Government) | ● | | | | |
| Taxation (State and Local) | | | | ● | |
| Voter Turnout | | ● | | | |
| Charitable Giving | | | | ● | |

# How Are Our Regions Doing?  A Sampling of Indicators

**Long-term Trends Key:**  ● Improving (green)   ● Maintaining (yellow)   ● Worsening (red)

| ECONOMY | Central | Eastern | Hampton Roads | Northern | Southside | Southwest | Valley | West Central |
|---|---|---|---|---|---|---|---|---|
| Business Startups | Maintaining | Maintaining | Maintaining | Maintaining | Maintaining | Maintaining | Maintaining | Maintaining |
| Employment Growth | Worsening | Improving | Worsening | Worsening | Worsening | Maintaining | Worsening | Worsening |
| Poverty | Worsening | Worsening | Maintaining | Maintaining | Worsening | Worsening | Worsening | Worsening |
| Unemployment | Worsening | Worsening | Worsening | Worsening | Worsening | Worsening | Worsening | Worsening |

| EDUCATION | Central | Eastern | Hampton Roads | Northern | Southside | Southwest | Valley | West Central |
|---|---|---|---|---|---|---|---|---|
| School Readiness | Improving | Improving | Improving | Improving | Improving | Improving | Improving | Improving |
| High School Graduation | Improving | Improving | Improving | Improving | Improving | Improving | Improving | Improving |
| High School Dropout | Improving | Improving | Improving | Improving | Improving | Improving | Improving | Improving |

| HEALTH & FAMILY | Central | Eastern | Hampton Roads | Northern | Southside | Southwest | Valley | West Central |
|---|---|---|---|---|---|---|---|---|
| Cancer | Improving | Improving | Improving | Improving | Worsening | Improving | Maintaining | Maintaining |
| Cardiovascular Deaths | Improving | Improving | Improving | Improving | Improving | Maintaining | Improving | Improving |
| Foster Care | Improving | Improving | Improving | Improving | Maintaining | Maintaining | Improving | Improving |
| Infant Mortality | Maintaining | Improving | Improving | Maintaining | Maintaining | Maintaining | Improving | Improving |
| Obesity | Maintaining | Maintaining | Improving | Maintaining | Worsening | Worsening | Maintaining | Worsening |

| PUBLIC SAFETY | Central | Eastern | Hampton Roads | Northern | Southside | Southwest | Valley | West Central |
|---|---|---|---|---|---|---|---|---|
| Property Crime | Improving | Maintaining | Maintaining | Worsening | Worsening | Improving | Maintaining | Worsening |
| Violent Crime | Improving | Improving | Improving | Improving | Maintaining | Improving | Worsening | Improving |
| Juvenile Intakes | Maintaining | Maintaining | Maintaining | Maintaining | Maintaining | Maintaining | Maintaining | Maintaining |
| Traffic Fatalities | Maintaining | Maintaining | Maintaining | Maintaining | Improving | Improving | Maintaining | Maintaining |

NOTE:  Trends for recent progress are estimates developed via a mathematical model using data from the last several years.  In a few cases, the trend is modified to reflect more recent data if the shorter-term performance trend appears clearly to have changed from the longer-term trend.

# Regional Outcomes

For purposes of analysis, the Council's Virginia Performs system divides the state into eight regions.



## Virginia Performs Regions

Legend:
- Valley Region
- Northern Region
- Central Region
- Eastern Region
- West Central Region
- Southwest Region
- Southside Region
- Hampton Roads Region

| Valley | Northern | Central |
|---|---|---|
| Alleghany, Augusta, Bath, Buena Vista, Covington, Frederick, Harrisonburg, Highland, Lexington, Page, Rockbridge, Rockingham, Shenandoah, Staunton, Waynesboro, Winchester | Alexandria, Arlington, Clarke, Fairfax (city and county), Falls Church, Fauquier, Fredericksburg, Loudoun, Manassas, Manassas Park, Prince William, Spotsylvania, Stafford, Warren | Albemarle, Amelia, Buckingham, Caroline, Charles City, Charlottesville, Chesterfield, Colonial Heights, Culpeper, Cumberland, Dinwiddie, Fluvanna, Goochland, Greene, Hanover, Henrico, Hopewell, King & Queen, King William, Louisa, Madison, Nelson, New Kent, Orange, Petersburg, Powhatan, Prince George, Rappahannock, Richmond (city), Sussex |

| Eastern | West Central | Southwest |
|---|---|---|
| Accomack, Essex, King George, Lancaster, Middlesex, Northampton, Northumberland, Richmond (county), Westmoreland | Amherst, Appomattox, Bedford (city and county), Botetourt, Campbell, Craig, Franklin, Giles, Montgomery, Pulaski, Roanoke (city and county), Salem | Bland, Bristol, Buchanan, Carroll, Dickenson, Floyd, Galax, Grayson, Lee, Norton, Russell, Scott, Smyth, Tazewell, Washington, Wise, Wythe |

| Southside | Hampton Roads |
|---|---|
| Brunswick, Charlotte, Danville, Emporia, Greensville, Halifax, Henry, Lunenburg, Martinsville, Mecklenburg, Nottoway, Patrick, Pittsylvania, Prince Edward, Southampton | Chesapeake, Franklin, Gloucester, Hampton, Isle of Wight, James City, Mathews, Newport News, Poquoson, Portsmouth, Suffolk, Surry, Virginia Beach, Williamsburg, York |

NOTES: All population figures are in the thousands (000's); average growth percentages listed are since 2000.

| Region | Key Characteristics |
|--------|---------------------|
| **Central Region**<br>**Population:**<br>2009: 1,547.2<br>State Share: 19.6%<br>Avg. Growth: 1.39% | • Good transportation infrastructure<br>• Relatively diversified economy, with a solid employment base in state government, healthcare, and education |
| **Eastern Region**<br>**Population:**<br>2009: 150.8<br>State Share: 1.9%<br>Avg. Growth: 1.03% | • Rural economy with lower educational attainment and higher poverty rates<br>• Aging population<br>• Maritime and scenic environment for tourism, second homes, and retirement |
| **Hampton Roads Region**<br>**Population:**<br>2009: 1,652.4<br>State Share: 21.0%<br>Avg. Growth: 0.59% | • Maritime and the military play leading roles in the regional economy<br>• Growing technology assets and industry<br>• Total population grew, but fewer people moved into the region than moved out<br>• Traffic congestion an ongoing problem |
| **Northern Region**<br>**Population:**<br>2009: 2,551.2<br>State Share: 32.4%<br>Avg. Growth: 2.10% | • Economic "engine" for Virginia<br>• Heavy technology and government presence<br>• Traffic congestion an ongoing problem<br>• Loudoun's population grew by 129,000 since 2000; Prince William's population grew by 106,000 |
| **Southside Region**<br>**Population:**<br>2009: 383.2<br>State Share: 4.9%<br>Avg. Growth: -0.10% | • Significant economic dislocation due to an historic reliance on manufacturing and agriculture<br>• The Tobacco Indemnification Commission is an important asset for community development<br>• Only region to lose population<br>• Lagging performance on a range of economy, education, and health indicators |
| **Southwest Region**<br>**Population:**<br>2009: 418.9<br>State Share: 5.3%<br>Avg. Growth: 0.15% | • Historic reliance on manufacturing and mining<br>• VA Coalfield Economic Development Authority and the Appalachian Regional Commission are assets for community development<br>• Access to healthcare an issue for many<br>• Lagging performance on a range of economy, education, and health indicators |
| **Valley Region**<br>**Population:**<br>2009: 477.2<br>State Share: 6.0%<br>Avg. Growth: 1.22% | • Historic reliance on agriculture and poultry mitigated by growth in manufacturing<br>• Growing technology, healthcare, and education sectors<br>• Scenic I-81 corridor<br>• Leads the state in land preservation |
| **West Central Region**<br>**Population:**<br>2009: 706.8<br>State Share: 9.0%<br>Avg. Growth: 0.63% | • Higher education a strength along the Blacksburg-Roanoke-Lynchburg corridor<br>• Healthcare a growing sector<br>• Scenic beauty a regional asset |
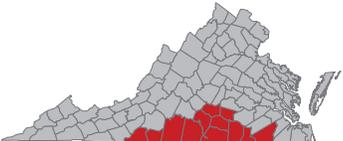
# Central Region

■ Central　　■ Northern (Leading Region)　　■ Virginia　　■ National
■ Eastern (Leading Region for Property Crime)

## Economy

**Annual Percent Change in Employment**



**Per Capita Personal Income (2008 Dollars)**



**Unemployment Rate (Percent of Labor Force)**



## Education

**Third Grade Reading SOL Advanced Pass Rate**



**New Student Enrollments in 4-Year College (per 100,000 Residents)**



**Residents with Advanced Degrees (Bachelor's and Beyond)**



## Health and Family

**Age-Adjusted Cardiovascular Death Rate (per 100,000 Population)**



NOTE: National data only available through 2006.

## Public Safety
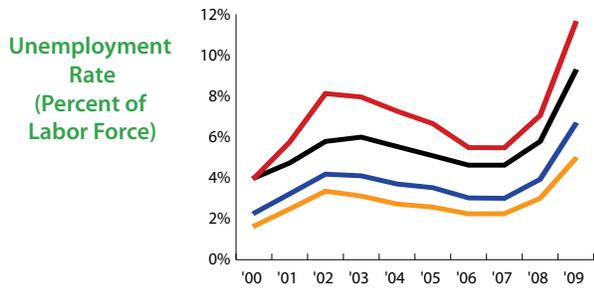
**Property Crime (per 100,000 Population)**

COUNCIL ON VIRGINIA'S FUTURE
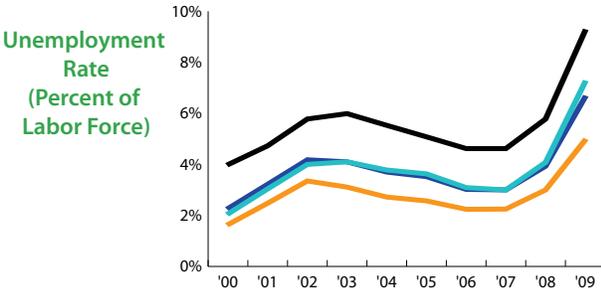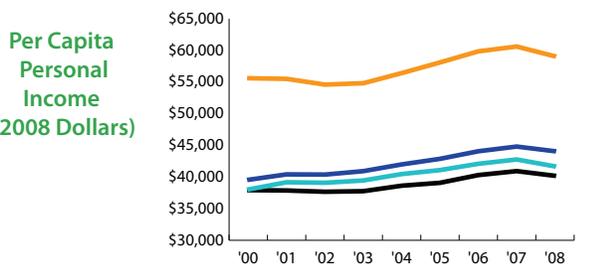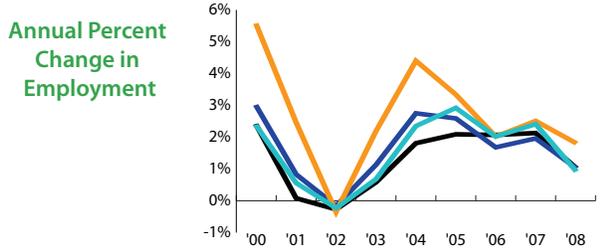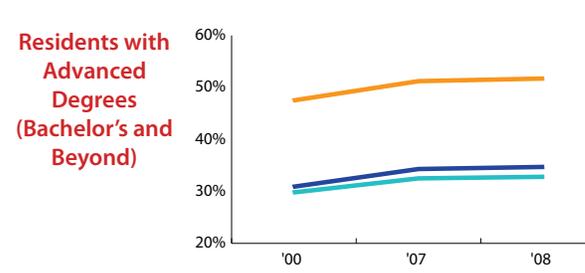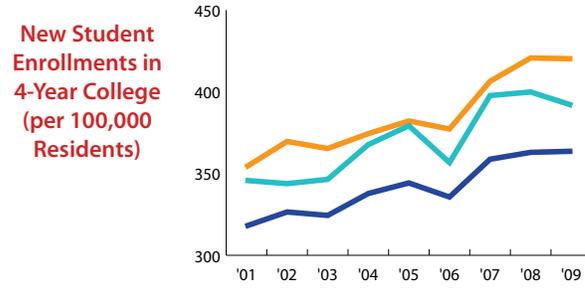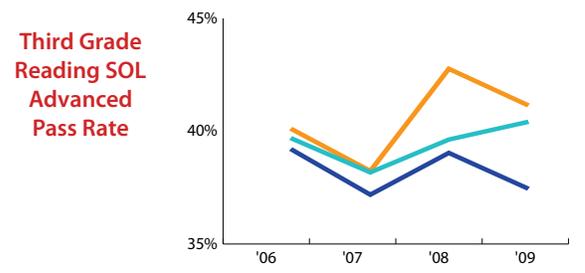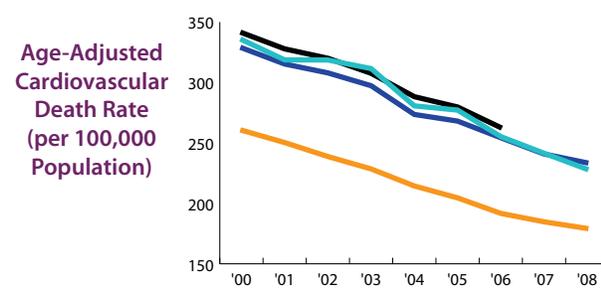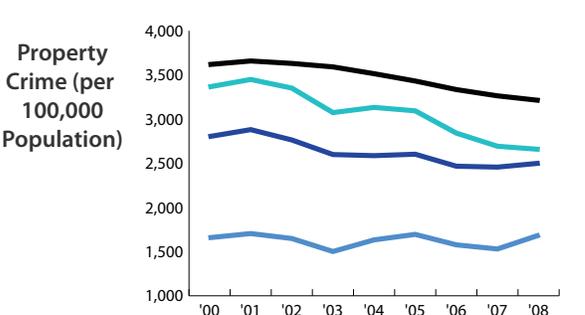
# VirginiaPerforms *Trends for Selected Indicators:*

# Eastern Region

- ■ Eastern (Leading Region for Property Crime)
- ■ Northern (Leading Region)
- ■ Virginia
- ■ National

## Economy

**Annual Percent Change in Employment**



**Per Capita Personal Income (2008 Dollars)**



**Unemployment Rate (Percent of Labor Force)**



## Education

**Third Grade Reading SOL Advanced Pass Rate**



**New Student Enrollments in 4-Year College (per 100,000 Residents)**



**Residents with Advanced Degrees (Bachelor's and Beyond)**



## Health and Family

**Age-Adjusted Cardiovascular Death Rate (per 100,000 Population)**



NOTE: National data only available through 2006.

## Public Safety

**Property Crime (per 100,000 Population)**

# VirginiaPerforms *Trends for Selected Indicators:*

# Hampton Roads Region

**Legend:**
- ■ Hampton Roads (dark green)
- ■ Northern (Leading Region) (orange)
- ■ Virginia (blue)
- ■ National (black)
- ■ Eastern (Leading Region for Property Crime) (light blue)

## Economy

**Annual Percent Change in Employment**



**Per Capita Personal Income (2008 Dollars)**



**Unemployment Rate (Percent of Labor Force)**



## Education

**Third Grade Reading SOL Advanced Pass Rate**



**New Student Enrollments in 4-Year College (per 100,000 Residents)**



**Residents with Advanced Degrees (Bachelor's and Beyond)**



## Health and Family

**Age-Adjusted Cardiovascular Death Rate (per 100,000 Population)**
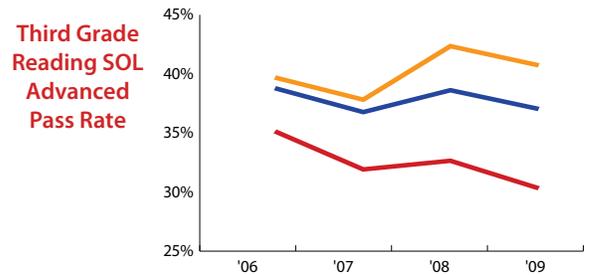


NOTE: National data only available through 2006.

## Public Safety

**Property Crime (per 100,000 Population)**

# Northern Region

Northern (Leading Region) ● Eastern (Leading Region for Property Crime) ● Virginia ● National
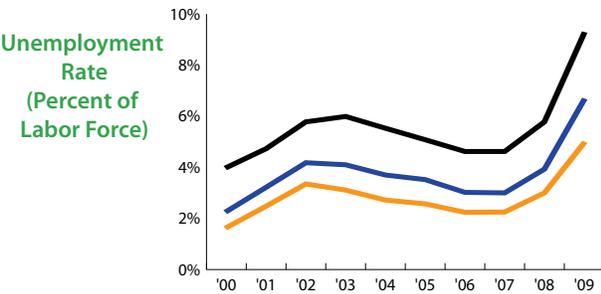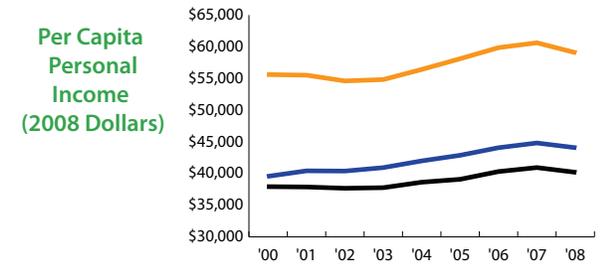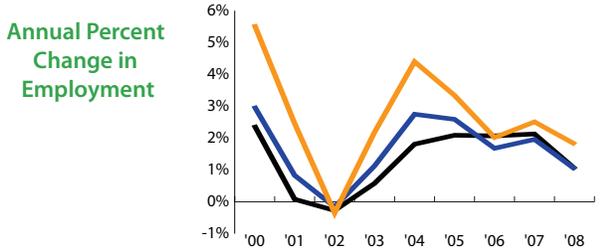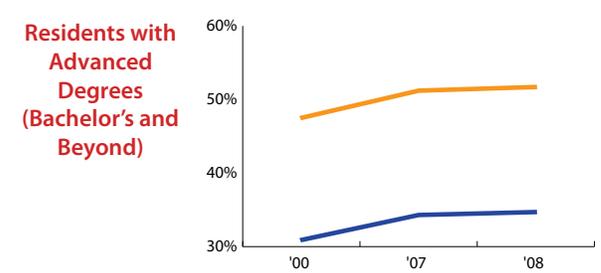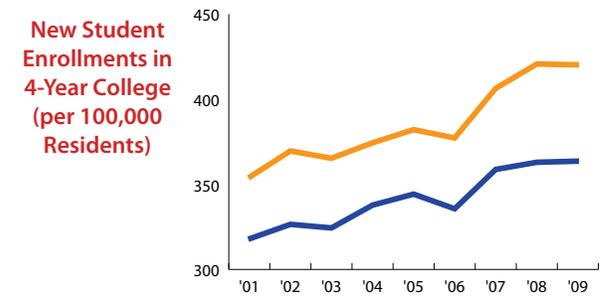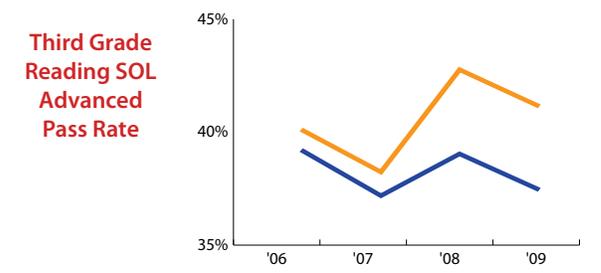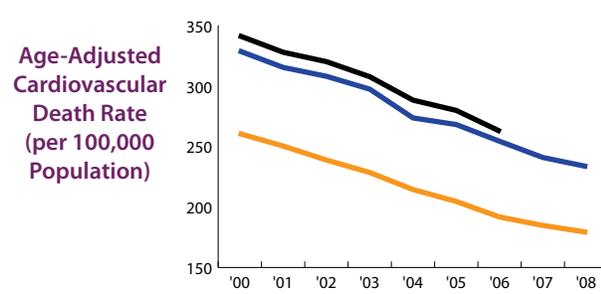
## Economy

**Annual Percent Change in Employment**
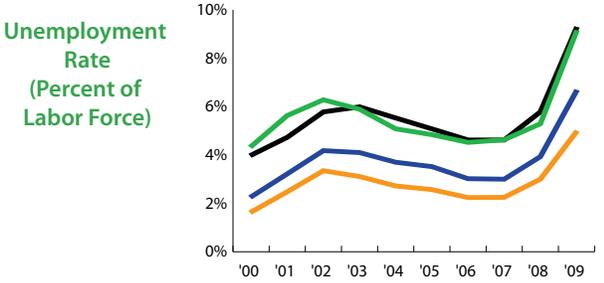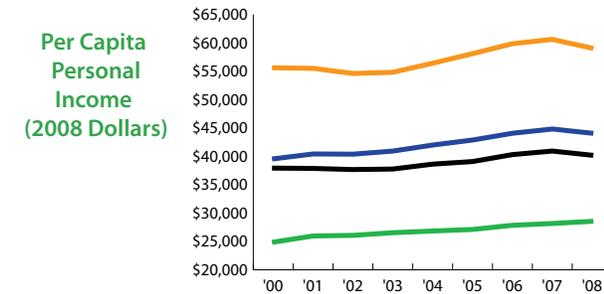


**Per Capita Personal Income (2008 Dollars)**



**Unemployment Rate (Percent of Labor Force)**



## Education

**Third Grade Reading SOL Advanced Pass Rate**



**New Student Enrollments in 4-Year College (per 100,000 Residents)**



**Residents with Advanced Degrees (Bachelor's and Beyond)**



## Health and Family

**Age-Adjusted Cardiovascular Death Rate (per 100,000 Population)**



NOTE: National data only available through 2006.
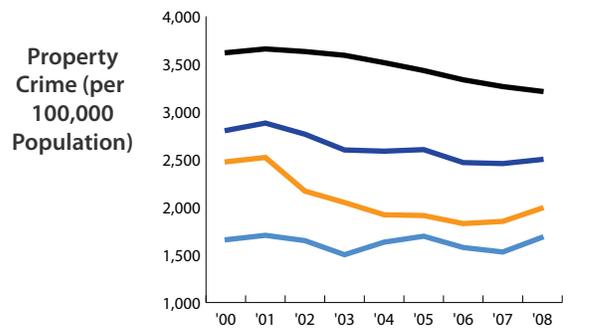
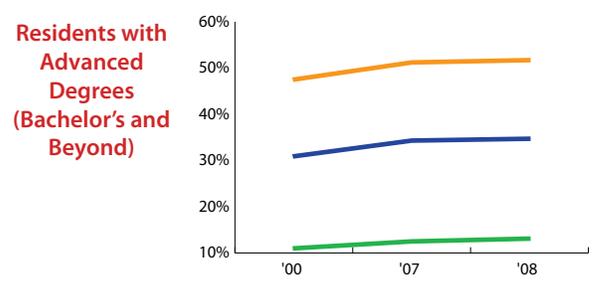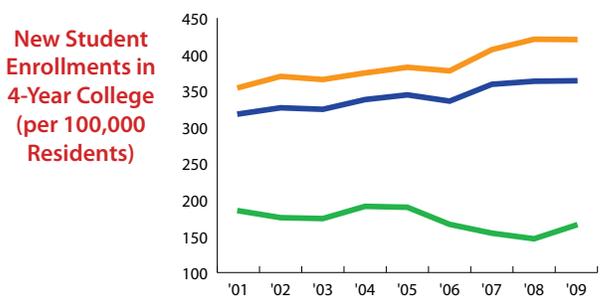## Public Safety

**Property Crime (per 100,000 Population)**

■ Southside     ■ Northern (Leading Region)     ■ Virginia     ■ National

■ Eastern (Leading Region for Property Crime)

## Economy

**Annual Percent Change in Employment**



**Per Capita Personal Income (2008 Dollars)**



**Unemployment Rate (Percent of Labor Force)**



## Education

**Third Grade Reading SOL Advanced Pass Rate**



**New Student Enrollments in 4-Year College (per 100,000 Residents)**



**Residents with Advanced Degrees (Bachelor's and Beyond)**



## Health and Family

**Age-Adjusted Cardiovascular Death Rate (per 100,000 Population)**



NOTE: National data only available through 2006.

## Public Safety

**Property Crime (per 100,000 Population)**
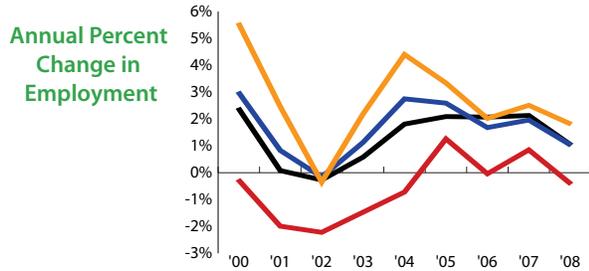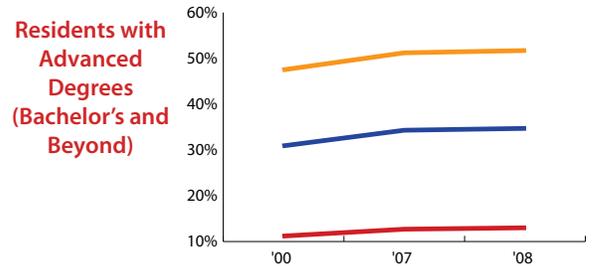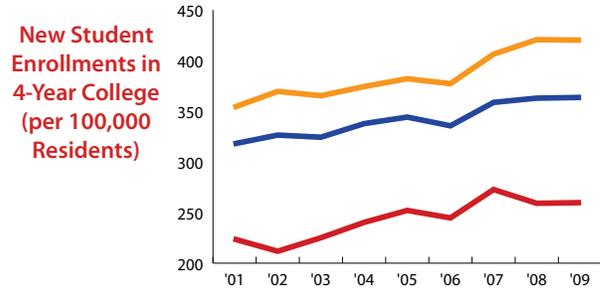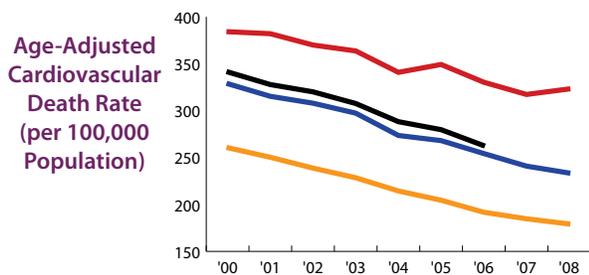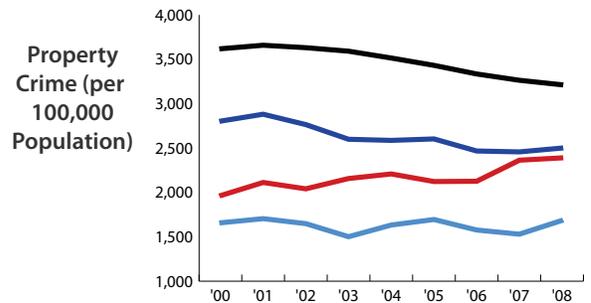
# Southwest Region

**Southwest** ■ **Northern** (Leading Region) ■ **Virginia** ■ **National**
■ **Eastern** (Leading Region for Property Crime)

## Economy

**Annual Percent Change in Employment**



**Per Capita Personal Income (2008 Dollars)**



**Unemployment Rate (Percent of Labor Force)**



## Education

**Third Grade Reading SOL Advanced Pass Rate**



**New Student Enrollments in 4-Year College (per 100,000 Residents)**



**Residents with Advanced Degrees (Bachelor's and Beyond)**



## Health and Family

**Age-Adjusted Cardiovascular Death Rate (per 100,000 Population)**



NOTE: National data only available through 2006.

## Public Safety

**Property Crime (per 100,000 Population)**

# Valley Region

**Legend:**
- **Valley** (purple)
- **Northern** (Leading Region) (orange)
- **Virginia** (blue)
- **National** (black)
- **Eastern** (Leading Region for Property Crime) (light blue)

## Economy

**Annual Percent Change in Employment**



**Per Capita Personal Income (2008 Dollars)**



**Unemployment Rate (Percent of Labor Force)**



## Education

**Third Grade Reading SOL Advanced Pass Rate**



**New Student Enrollments in 4-Year College (per 100,000 Residents)**



**Residents with Advanced Degrees (Bachelor's and Beyond)**



## Health and Family

**Age-Adjusted Cardiovascular Death Rate (per 100,000 Population)**



NOTE: National data only available through 2006.

## Public Safety

**Property Crime (per 100,000 Population)**

# West Central Region

**Legend:**
- West Central
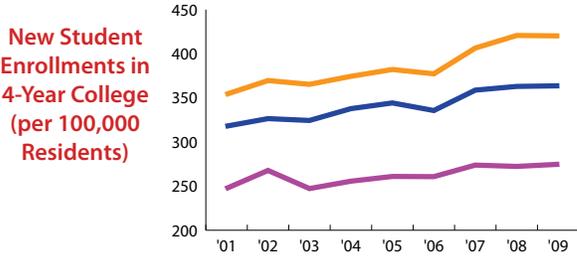- Northern (Leading Region)
- Virginia
- National
- Eastern (Leading Region for Property Crime)

## Economy

**Annual Percent Change in Employment**



**Per Capita Personal Income (2008 Dollars)**



**Unemployment Rate (Percent of Labor Force)**



## Education

**Third Grade Reading SOL Advanced Pass Rate**



**New Student Enrollments in 4-Year College (per 100,000 Residents)**



**Residents with Advanced Degrees (Bachelor's and Beyond)**



## Health and Family

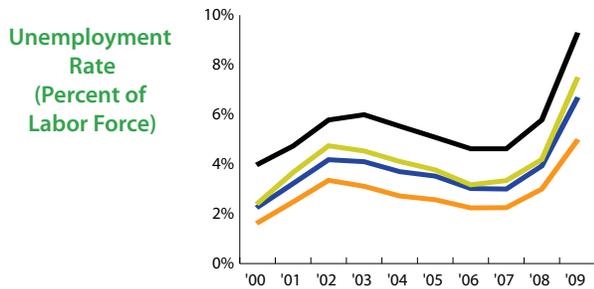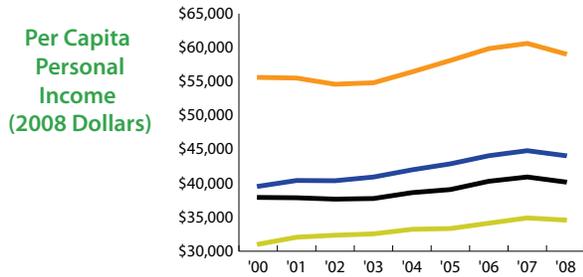**Age-Adjusted Cardiovascular Death Rate (per 100,000 Population)**



NOTE: National data only available through 2006.

## Public Safety

**Property Crime (per 100,000 Population)**

# II. Multiple Regional Systems

## Barriers to Comprehensive Reform

- Government services have evolved over decades, with multiple funding streams, overlapping jurisdictional responsibilities, and fragmented accountability systems making comprehensive assessment and reform difficult.

| Funding Sources | Rules and Regulations | Service Delivery |
|---|---|---|
| **Funding flows from various sources** | **A variety of rules and regulations govern service delivery** | **Multiple jurisdictions and agencies are responsible for service delivery** |
| • State general fund<br>• State nongeneral fund (e.g., tuition, fees, sales revenue)<br>• Federal government<br>• Industry and federal grants | • State laws, regulations<br>• Federal laws<br>• Grant provisions<br>• Local regulations | • State agency<br>• Locality<br>• Not-for-profit on behalf of the state<br>• Industry and federal grants |

- Accountability systems sometimes operate at different levels than the rules, regulations, and funding flows.
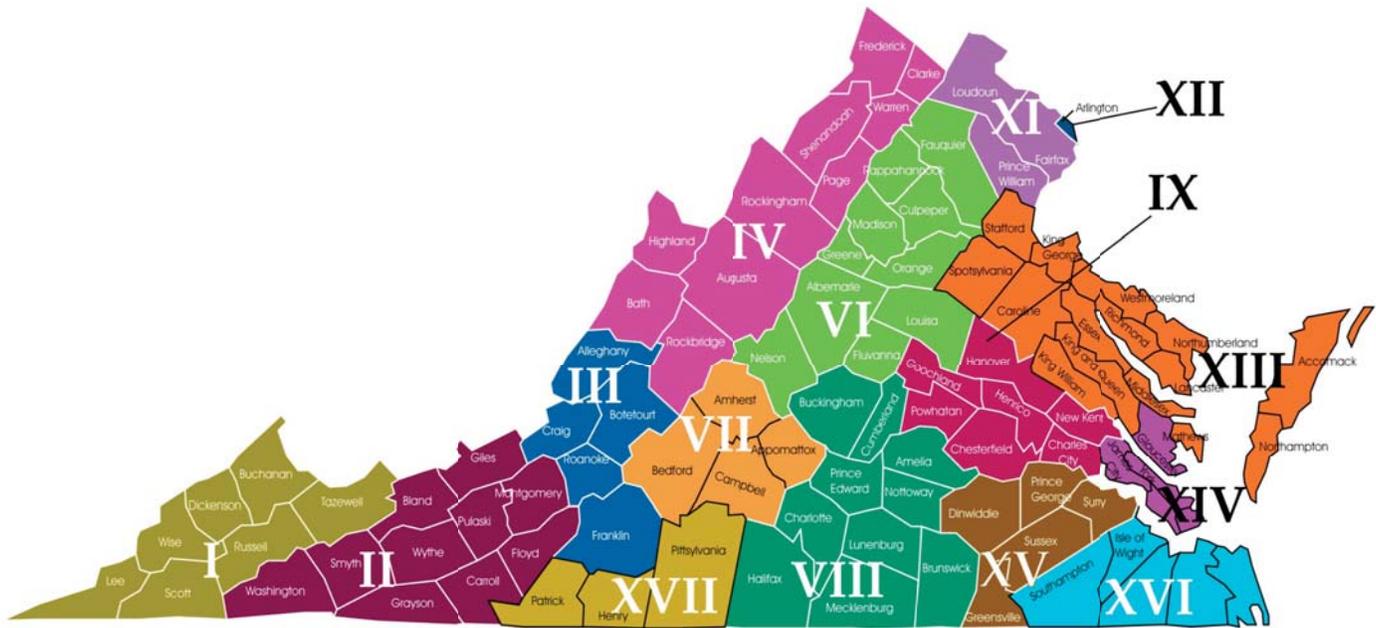
- Linkages between performance and funding are sometimes limited, and outcomes are often not specifically incorporated into funding formulas.

- Assessing societal outcomes and the effectiveness of government investments can be difficult.

- Multiple regional divisionary systems complicate reform.

## Examples of Other Regional Divisionary Systems

- In developing Virginia Performs, the Council on Virginia's Future needed to adopt a divisionary system for regional analysis. This process, which culminated in the adoption of an eight-region system, included a review of existing regional divisionary systems in use in the Commonwealth. That study, *Issue Insight #1: Regional Analysis and Refinement* (available on the Council's website), found multiple, inconsistent models for the dividing the state into regions.

- Examples of other regional divisionary systems, which are profiled in the following pages, include:

  ‣ Community Services Boards
  ‣ Workforce Investment Boards
  ‣ Local Health Districts
  ‣ VDOT Transportation Districts
  ‣ Planning District Commissions
  ‣ Area Agencies on Aging

# Community Services Boards (CSBs)

## Characteristics

Community Services Boards (CSBs) provide a single point of entry for the Virginia public mental health system.  Every locality must be part of a CSB.

Created in 1968, there are a total of 40 CSBs; twelve serve a single locality.

CSBs are licensed by the Department of Behavioral Health and Developmental Services (DBHDS).

## Funding

The introduced 2010 Budget Bill (December 2009) included $294,389,510 as grants to localities for "Financial Assistance for Health Services."

In addition, the CSBs receive funds from localities, Medicaid and private insurance payments, and other funds.

# Workforce Investment Boards (WIBs)



I.   Southwest Virginia
II.  New River/Mount Rogers
III. Western Virginia
IV.  Shenandoah Valley
VI.  Piedmont Workforce Network

VII.  Region 2000/Central Virginia
VIII. South Central
IX.   Capital Region Workforce Partnership
XI.   Northern Virginia
XII.  Alexandria/Arlington

XIII. Bay Consortium
XIV.  Greater Peninsula
XV.   Crater Area
XVI.  Hampton Roads
XVII. West Piedmont

NOTE: Region V (Northern Shenandoah) was combined with Region IV.  Region X (Richmond) was combined with Region IX.
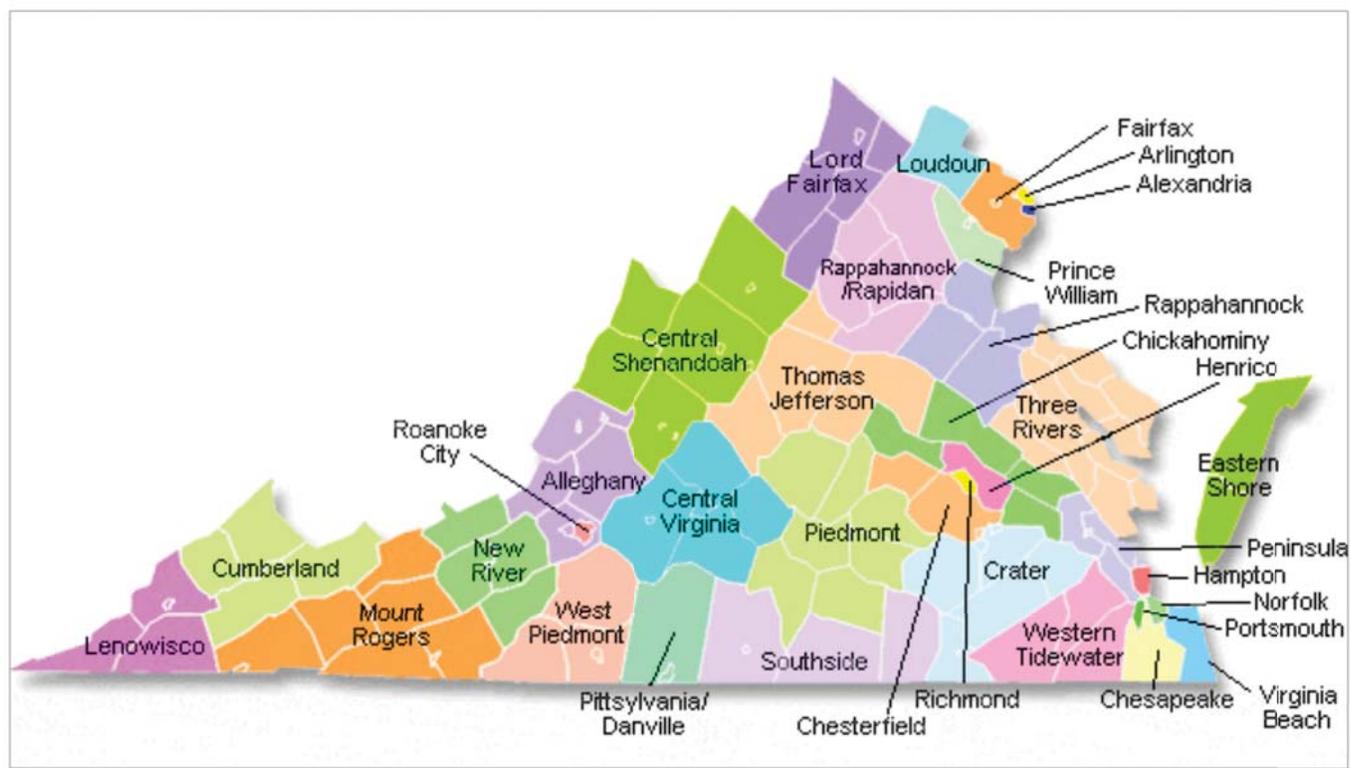
## Characteristics

Workforce Investment Areas (WIAs) were created by federal statute in 1998.  Each WIA must have a Workforce Investment Board.

State responsibility for the program has shifted from the Virginia Employment Commission to the Virginia Community College System as part of an effort to ensure greater coordination of workforce services.

## Funding

The introduced 2010 Budget Bill (December 2009) included $48,850,629 of nongeneral funds (largely federal) for "Management of Workforce Development Program Services," to support the WIBs.  In addition, the WIBs receive funds from localities, fees for services, and other grants.  More than 15 percent of the total appropriation is earmarked for special programs.

## Virginia Department of Health Local Health Districts



### Characteristics

The Virginia Department of Health delivers health services through 119 local health departments organized into 35 health districts. Arlington and Fairfax manage their own health programs under a contractual agreement with the state.

A range of services is provided in collaboration with private providers, including communicable disease prevention, childhood health services, maternal health services, and environmental health. Optional local funding supports other services such as dental care, school health services, immunizations, and home health.

### Funding

The introduced 2010 Budget Bill (December 2009) included $236,688,089 for "Community Health Services." In addition, the local health districts and departments receive funds from localities, Medicaid and private insurance payments, and other programs.

# Virginia Department of Transportation Districts
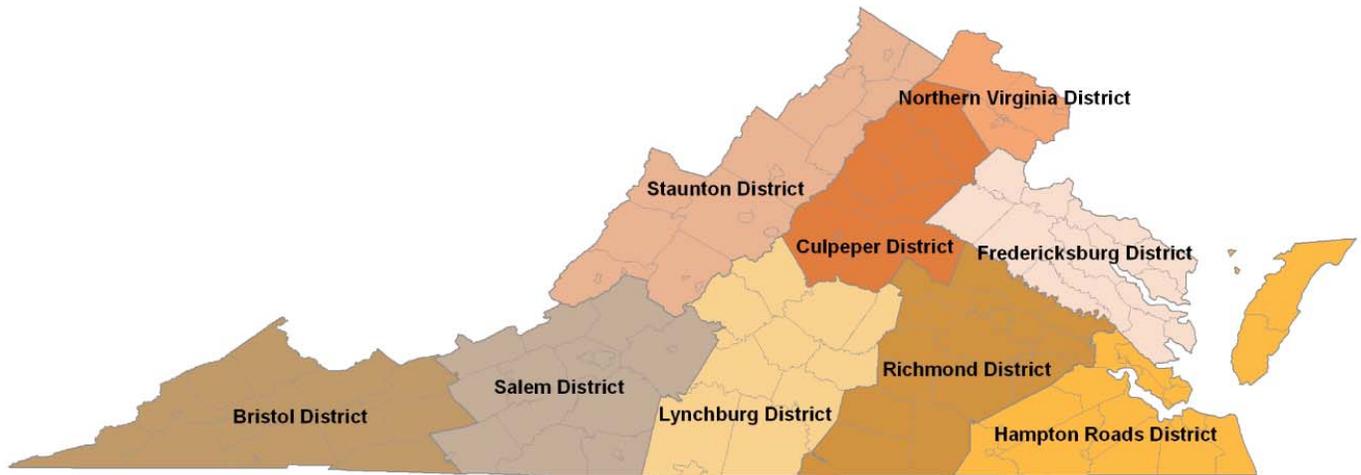


## Characteristics

The Virginia Department of Transportation (VDOT) divides the state into nine districts, each of which oversees maintenance and construction on the state-maintained highways, bridges and tunnels in its region.  Arlington and Henrico maintain their own roads, as do cities and many towns.

## Funding

According to VDOT, the Commonwealth has allocated $983.9 million for construction and $1,345.3 million for maintenance by district.  This includes previously undistributed funds and federal reserves.

# Planning District Commissions (PDCs)
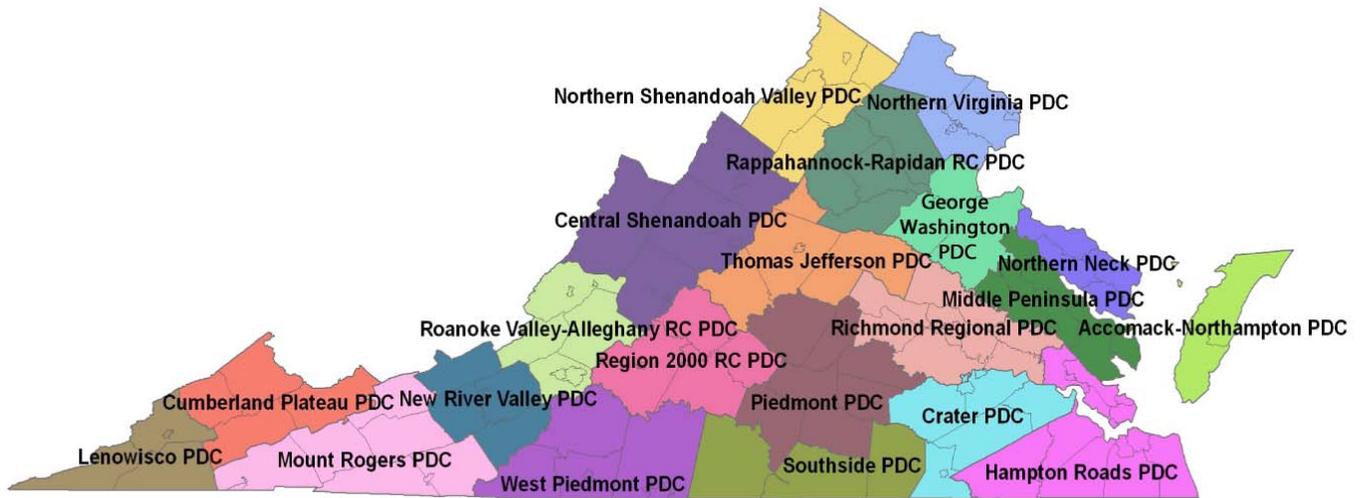


## Characteristics

Virginia's 21 planning district commissions (PDCs) were created in 1968 to support regional planning and collaboration and to provide a range of planning and technical services to local governments. The PDCs are voluntary associations of local governments. (Five localities belong to two PDCs.)

The Regional Cooperation Act of 1995 clearly articulates that PDCs were created to provide a forum for state and local government officials to address issues of a regional nature. The PDC program is administered by the Department of Housing and Community Development.
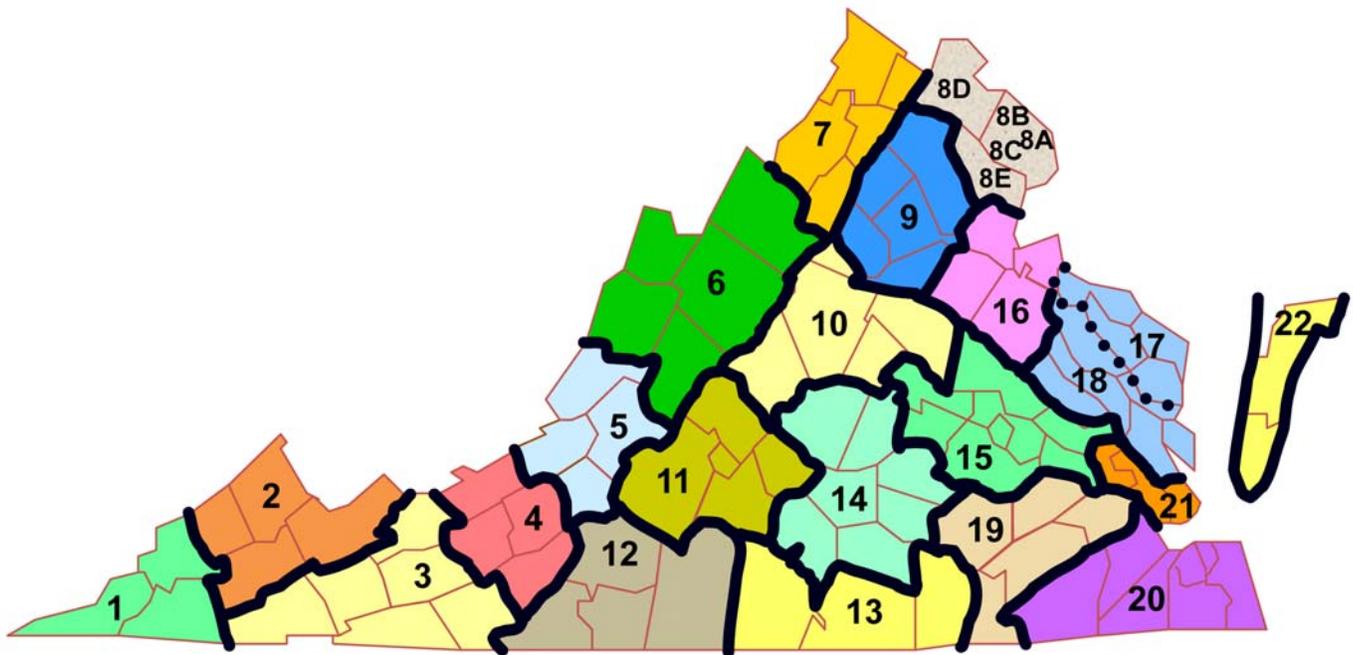
The PDCs often play an important role in regional transportation planning, especially in urban areas, by administering the federally established and funded Metropolitan Planning Organizations.

## Funding

The introduced 2010 Budget Bill (December 2009) included about $1.8 million in direct general fund support for the PDCs. However, this represents a small portion of the total PDC budget,* which includes significant funding from the localities and from other agencies for transportation planning activities.

*NOTE: While detailed financial reports were not available for all PDCs, examination of posted reports for two PDCs suggests that the $1.8 million represents less than five percent of total PDC expenditures.

# Area Agencies on Aging (AAAs)



1 Mountain Empire Older Citizens
2 Appalachian Agency for Senior Citizens
3 District Three Senior Services
4 New River Valley Agency on Aging
5 LOA Area Agency on Aging
6 Valley Program for Aging Services
7 Shenandoah Area Agency on Aging

8A Alexandria Office of Aging and Adult Services
8B Arlington Agency on Aging
8C Fairfax Area Agency on Aging
8D Loudoun County Area Agency on Aging
8E Prince William Area Agency on Aging
9 Rappahannock-Rapidan Community Services Board and Area Agency on Aging

10 Jefferson Area Board for Aging
11 Central Virginia Area Agency on Aging
12 Southern Area Agency on Aging
13 Lake Country Area Agency on Aging
14 Piedmont Senior Resources Area Agency on Aging
15 Senior Connections, The Capital Area Agency on Aging

16 Rappahannock Area Agency on Aging
17/18 Bay Aging
19 Crater District Area Agency on Aging
20 Senior Services of Southeastern Virginia
21 Peninsula Agency on Aging
22 Eastern Shore Area Agency on Aging - Community Action Agency

## Characteristics

The Virginia Department for the Aging (VDA) works with 25 regional Area Agencies on Aging (AAAs), as well as various other public and private organizations to help older Virginians and their families find the services and information they need. VDA is a central point of contact for information and services.

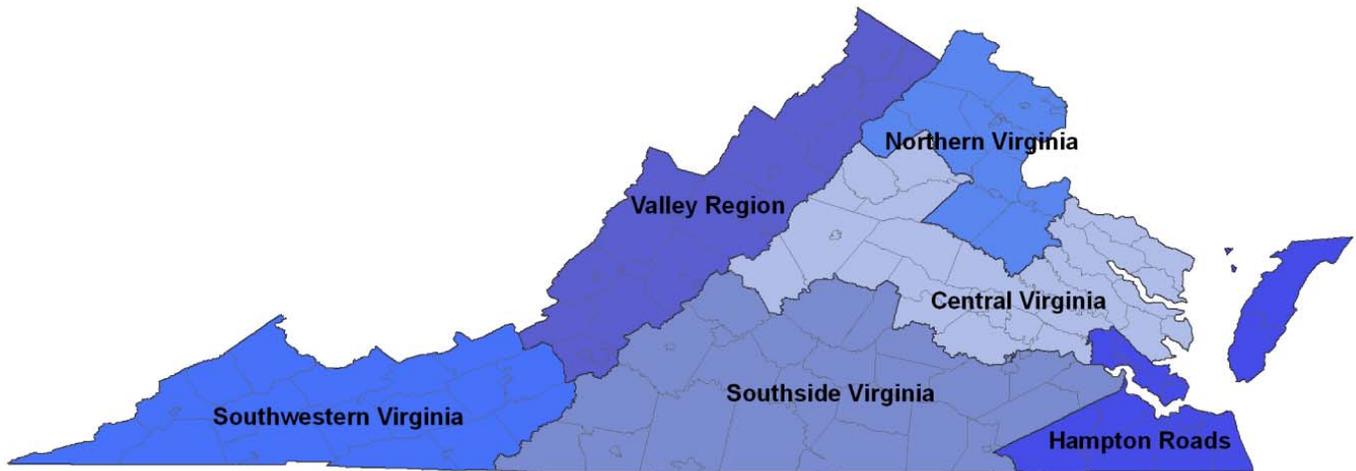## Funding

The introduced 2010 Budget Bill (December 2009) included $28,902,375 for "Individual Care Services" and $20,002,635 for "Nutritional Services." A small portion of these funds is set aside for nonprofit organizations other than the AAAs.

## Other Regional Systems

A number of regional systems and/or organizations have been established across the Commonwealth that do not affect funding flows from the state. The Virginia Economic Partnership Marketing Regions and the Virginia Technology Alliance Regional Councils systems pictured below are examples.

In addition, regional public-private economic development organizations span the Commonwealth. Examples include the Greater Richmond Partnership, the Shenandoah Valley Partnership, and the Roanoke Valley Economic Development Partnership.

### Virginia Economic Development Partnership Marketing Regions



### Virginia Technology Alliance Regional Councils
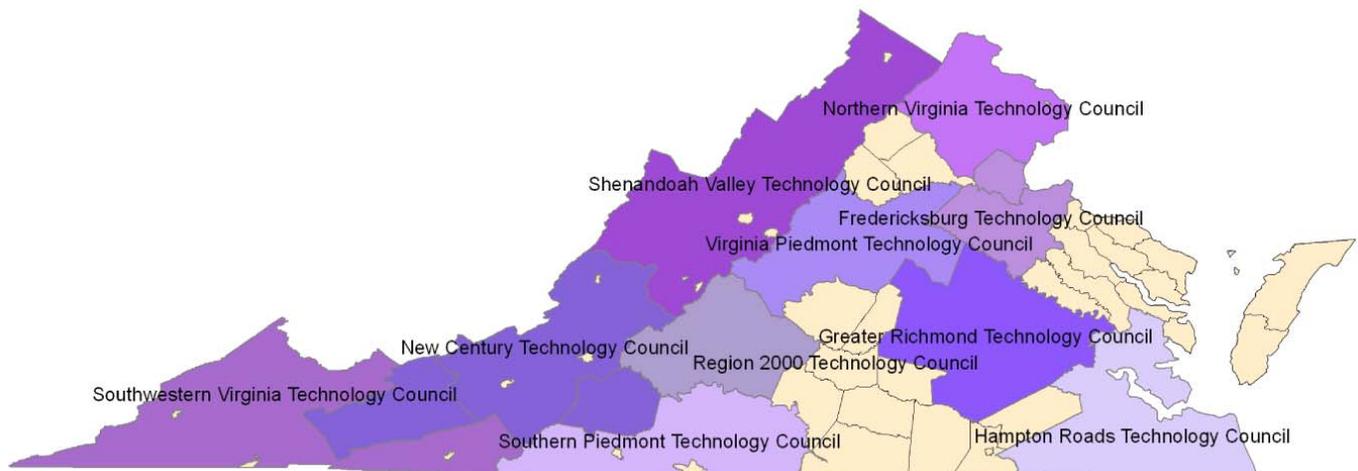
# III.  Summary

## Concluding Remarks

- Government services have evolved over time, with multiple funding streams, shared and sometimes overlapping responsibilities, fragmented accountability, and, in certain cases, redundant infrastructure.

  ‣ Significant state and federal funds are simply "passed through" to the localities or to a variety of regionally based organizations, which often serve similar constituencies.

  ‣ The services needed to achieve key outcomes often transcend agency or jurisdictional boundaries, and linkages between performance and funding are sometimes limited. Outcomes are often not specifically incorporated into funding formulas.

  ‣ Virginia's state government system lacks a consistent approach to defining or serving its various regions and to working with its local governments.

- These issues have been studied periodically over the years, and there have been a number of commissions and high-level groups that have analyzed regional issues and the division of service responsibilities between the state and its local governments.  Three of these are listed below.*  In spite of a long history of analysis and study and a strong desire for change, much still needs to be accomplished to promote greater regional collaboration, more efficient and effective shared service delivery systems, and meaningful accountability.

- Emphasis needs to be placed on reducing the number of regional divisionary systems, providing stronger incentives and leadership for regional collaboration, and reengineering service delivery systems.

- Accomplishing fundamental change on this scale will require a process that engages a broad array of stakeholders, service providers, and constituents, as well as state and local leaders.

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* Selected Studies of Regional Issues and State-Local Government Relations:

- Final Report of the Advisory Commission on Intergovernmental Relations on the Condition and Future of Virginia's Cities; Senate Document 14; 2003.

- State/Local Relations and Service Responsibilities: A Framework for Change, Senate Document No. 37, Joint Legislative Audit and Review Commission (JLARC), 1993.

- Report of the Virginia Metropolitan Areas Study Commission (Hahn Commission), Senate Document No. 16, 1967.

# IV. Additional Information

## Sites of Interest

Virginia Performs:  VaPerforms.virginia.gov

Hampton Roads Performs:  HamptonRoadsPerforms.org

Council on Virginia's Future:  future.virginia.gov

## Council Contact Information

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COUNCIL ON VIRGINIA'S FUTURE

Futures Forum Summary
Assessing Customer Satisfaction with Virginia Government Services

Friday, July 23, 2010
Capital One, West Creek Campus, Richmond, VA

## Forum Overview

The purpose of the forum was to help establish an approach for assessing and improving customer service in government operations in Virginia. The forum was structured to review successful customer service initiatives in public- and private-sector settings and to explore the opportunities and issues related to enhancing customer service in state government.

## Introduction and Framework

Opening remarks were provided by Ms. Heather Cox, Chair of the Customer Service, Performance, Accountability, and Transparency Committee of the Governor's Commission on Government Reform and Restructuring. Ms. Cox is Senior Vice President of US Card Customer Operations for Capital One. Attachment A is a list of attendees with contact information.

An introduction to the purpose and framework of the forum was provided by Ms. Jane Kusiak, Executive Director, Council on Virginia's Future (JaneKusiak@virginia.edu).

- One of the core goals of the Council on Virginia's Future is to help improve the assessment of state services. Virginia Performs (www.VaPerforms.virginia.gov), the Commonwealth's performance leadership and accountability system, provides a structured approach to improving outcomes and transparency by linking an array of agency performance measures with important long-term goals.

- The Council works closely with state leaders to continually improve the value and effectiveness of these performance metrics. As the system has evolved, the Council has sought to develop a useful assessment of government operations at the "enterprise" level, that is, across all agency services and activities conducted on behalf of Virginia citizens. The ability to assess citizen satisfaction remains an important issue in further developing a complete operations scorecard.

- Governor McDonnell recently established the Governor's Commission on Government Reform and Restructuring to identify opportunities for creating efficiencies, eliminating redundancies, implementing innovative service delivery approaches, and improving the focus on core missions. An important task for the Commission is to examine ways for state government to be more transparent, user friendly, and accountable. The Commission's Committee on Customer Service, Performance, Accountability, and Transparency is exploring opportunities to improve customer service levels in state government.

- This forum was developed in support of these joint goals. Specifically, the goals for the forum were to:

  ‣ Review successful customer service initiatives in public- and private-sector settings.

  ‣ Review work being done in Virginia's state government to assess and improve customer service.

  ‣ Explore insights gained and remaining questions.

- Assessing and improving customer service at the enterprise level of state government are complicated by a number of factors, including the scope and variety of services that reach every citizen and business across the Commonwealth and the diverse nature of the infrastructure delivering those services. Customers include those served directly by state-run programs, point-of-service customers served through non-state intermediaries, and internal customers.

- Most agencies are taking steps to assess and improve customer satisfaction. For instance, at least 16 agencies include direct measures of customer satisfaction, and many more include measures of customer service such as transaction "cycle times," processing accuracy, and wait times. A brief survey of some of the agencies with significant direct interaction with customers suggests that they all have long been using an array of methods and approaches for assessing and improving customer satisfaction.

## Other Presentations

Presentations are available at the Council on Virginia's Future website: http://www.future.virginia.gov/FuturesForums.php.

Mr. Donald Busick, Managing Vice President, Customer Operations, Capital One (don.busick@capitalone.com)

- Capital One has transformed its approach to customer service in just a few years and has seen significant improvements in customer service, cost structure, and other business results. This major, global change initiative was structured around three pillars:

  ‣ Aligning the organization around the customer experience: Deploying a single-minded focus on customer satisfaction included a significant and visible commitment by executive management and establishing appropriate performance goals for all associates. Supplier contracts and scorecards were redesigned to support customer service goals, and enhanced training was provided to associates working with key customer segments.

- Moving customer servicing online:  The goal was to make a massive shift to electronic statements and payments by delivering new capabilities and increasing online functionality and usability.  This led to a rapid growth in account statement "suppression" rates (that is, an increased reliance on online statements as opposed to mailed statements) and online customer satisfaction.  New capabilities include online chat capabilities and the planned development of mobile banking.

- Leveraging technology to deliver a modern infrastructure:  New technologies are improving customer service through better automated call answering, intelligent call routing, and call recording, monitoring, and analysis.

Ms. Diana Sun, Director of Communications and Assistant County Manager for Public Affairs, Arlington County (dsun@arlingtonva.us)

- Measuring citizen satisfaction at the enterprise level (from the county's perspective) is important because typical channels of communication can sometimes lead decision-makers to overemphasize specific issues or problems compared to real need.  Arlington County conducted countywide citizen satisfaction surveys in 2004 and again in 2008.

- While services were rated highly both times when compared to a national peer group, the surveys provided useful information to county executives and managers about current successes and opportunities for improvement.  The surveys also provided feedback on what citizens considered most important for the county to address.  This led to a more informed assessment of where to devote limited county resources for service improvement.

- The survey process used multiple channels to solicit survey responses and great effort was expended to ensure a strong statistical sampling of population segments and different neighborhoods.

Mr. Robert Schultze, Director, Virginia Retirement System (rschultze@varetire.org)

- VRS serves about 600,000 individuals and administers a number of pension and insurance programs.  Demand for services is increasing and VRS has undertaken three significant customer service initiatives in the last five years:

  - Reengineering the contact center:  This involved installing a new phone system in 2005 and improving key business processes for the center, including routing calls to the most appropriate agent, improved training, faster information availability, call recording, and predictive call volumes for better staffing.

  - Improving online self-service:  Registrations for *myVRS* online services continue to grow.  For instance, the ability of workers nearing retirement to run "what-if" projections on pension benefits has significantly reduced administrative paperwork.

  - Continuous improvement of customer service:  VRS is embarking on a major four-year effort to revamp the entire customer service infrastructure, including replacing obsolete technology, reengineering business processes, integrating third-party administrators for customer service tasks, streamlining application processes, and integrating "back office" with "customer facing" functions.

- VRS employs a range of methods for assessing customer satisfaction and uses a national pension benchmarking service to help focus improvement efforts.

Mr. Larry Durbin, Assistant Commissioner of Customer Service, Department of Taxation (larry.durbin@tax.virginia.gov)

- The Virginia Department of Taxation collects about $17.3 billion per year; "customers" include 5.3 million individuals and 5.5 million businesses dealing with about 20 different types of taxes. As with the other organizations presenting here, Tax Department customers use a wide variety of communication channels for a range of activities.

- Tax tracks a number of customer service-related measures, including mail turnaround times, rates of call abandonment, online transaction volume, and system availability. Tax has also implemented a number of quality measures.

- The agency has embarked on a number of web-based initiatives for both individuals and businesses, including electronic filing and payments processes. Other web-based services include Quick Pay, Teleplan (to set up partial payment schedules), Live Chat, Secure E-Mail, Refund Status Tracking, and e-Subscriptions to improve communications.

- Tax also employs a range of methods for assessing customer satisfaction and uses the information to isolate systemic problems, identify training needs, and better target improvement efforts.

Ms. Diane Boothroyd, Principal (diane.boothroyd@northhighland.com), and Mr. Mark Vita, Principal (mark.vita@northhighland.com), The North Highland Company

- Key customer service satisfaction attributes include accuracy, speed, experience, empathy, exceptions, and expectations. These will vary in important ways from agency to agency.

- While "sales" aren't usually a goal of state agencies, improving customer satisfaction can also mean increased online transaction volumes and improved rates of accuracy that can lead to large cost reductions. Setting clear goals relevant to the organization is vital.

- Improving the customer service experience includes knowing your customers and their needs, understanding what needs to be fixed, and building a culture and infrastructure to sustain the customer satisfaction improvement process.

## Overall Summary

The goal of improving customer service appears to be widely embraced by state agencies. At the same time, the presentations suggest that an enterprise approach could enhance agency-driven efforts and generate long-term gains in both effectiveness and efficiency.

While the organizations represented by the presenters are exceptionally diverse, several themes for improving customer satisfaction emerged:

- **Executive Leadership**:  Improving customer service requires a strong, visible, and ongoing commitment by executive leadership.  At Capital One, senior executives continually emphasize the importance of customer service through town hall meetings, regular communications, and a consistent, visible commitment to what is a key global initiative.  The director of the Virginia Retirement System reviews customer calls with staff to emphasize the importance of quality and best practices.  In Arlington County, executives work directly with department leadership to review the results of citizens surveys and to develop plans for improvement.

- **Organizational Culture**:  Improving customer focus starts at the top -- but that commitment must be carried through the organization in ways that align behaviors and competencies with customer satisfaction goals.  For instance, reward systems and training programs need to reinforce and support a focus on customers.  It was noted that it was important also to align the work of vendors and third-party service providers with customer service objectives through contract provisions and performance targets.

- **Assessing Performance**:  Each of these customer service leaders noted that it is important to assess customer service accurately and that this is not a simple process.  Metrics and performance data need to be structured to reveal the key drivers behind customer satisfaction levels.  Measures of quality and effectiveness are vital and need to reinforce the right behaviors.  For instance, a strong focus on productivity (such as calls handled per hour) might have a negative impact on the quality of the customer experience.

- **Understanding the Customer**:  While this seems of obvious importance, the diversity of each of these organization's customers and their needs make it a difficult task to get right.  Correctly characterizing customer segments is one of the critical success factors in designing an effective and efficient customer service system.  Presenters emphasized the importance of being able to align their response to the specific needs of a customer, with the goal of getting the customer to the service agent with the right competencies and information to meet those needs quickly and effectively.  Characterizing and segmenting customers can be as much an art as it is a science.  The idea of defining typical customer "personas" was cited as a useful way to approach the segmentation process, something that Volvo, for example, was cited as doing well.

- **Expanding Use of Technology**:  Rapid advancements in technology are enabling entirely new avenues for improving customer service and efficiency.  The growing acceptance of online services is perhaps the most visible trend in this regard, and each of the presenters emphasized the importance of their electronic services to future business and customer service goals.  To make this channel even more appealing, organizations are adding "online chat" capabilities that connect a customer with a service agent during a web session.  Online customers prefer to stay online if they can, and working directly with an agent not only allows the customer to learn how to navigate the system but helps the provider better understand problems with their site design.  New technology is also making phone communication more convenient and efficient.  Capital One noted that they were using a new technology that allowed them to significantly improve their analysis of customer call quality and the root causes behind service issues.

- **Continuous Improvement**:  The presenters emphasized the importance of viewing the improvement of customer service as an ongoing journey.  Customers and their expectations evolve, technology moves ahead, and services continue to change.  It was also noted that it might take three to four years for customers to significantly change their perception of the organization's level of customer service.

## Attachment A
## Futures Forum on Customer Satisfaction
## Attendee Contact Information

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